

RAY VALLEY SOLAR FACT FILE

Total installed capacity: 19 MW

Annual generation: 18 GWh

Annual CO₂ savings: 4,200 tonnes

Project lifetime: 40 years

Land lease length: 41 years

Timeline

- December 2020** Agreement of full construction contract
- January 2021** Final design signed off
We exercise our option and take a 40 year lease on the land
- March 2021** Construction starts on site
- Autumn 2021** Installation is commissioned and starts generating

Ownership

The solar park will be owned by Ray Valley Solar Limited, a Special Purpose Vehicle (SPV) which is 100% owned by the Low Carbon Hub IPS Limited.

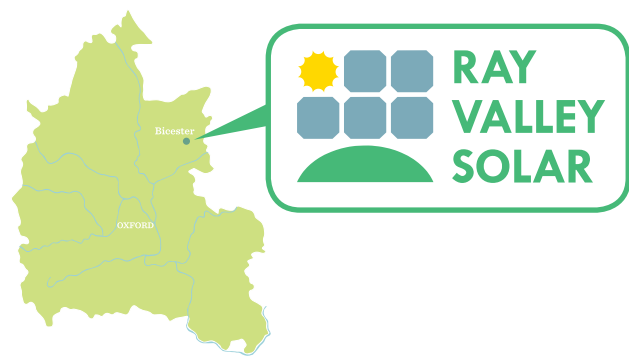
Project development

The project is already fully consented with planning permission and accepted grid connection offer in place. The option and lease have passed legal due diligence.

The original project was taken through planning by specialist developer Low Carbon Limited. Given the scale of the project, we have taken a cautious approach to project development. We have retained the services of Low Carbon Limited to act as project managers until commissioning, as they are an experienced and specialist developer of this scale of project.



Low Carbon Limited has a strong track record in delivering successful large-scale solar projects having realised projects powering over 100,000 homes to date. As a B Corp certified organisation they are similar in ethos to the Low Carbon Hub and our deal is structured with incentives to ensure their interests are aligned with the long-term performance of the project.



Anticipated project costs

The project costs and financial forecast in this document reflect the proposal approved by our internal Investment Committee in September 2020. The finalised design and its accompanying costs may vary.

Capital expenditure	£9,498,000
Project management and financing costs	£240,000
Contribution to working capital	£347,000
Interest during construction	£15,000
Total project expenditure	£10,100,000

Financing

The project will be paid for through a combination of equity, loans, and grant funding. Our ability to secure both the grant funding and loans is reliant on us providing our own funding, which is why capital raised through the Community Energy Fund is so important to the success of the project.

Grant funding

The Low Carbon Hub IPS is owned by its Members, and as a Registered Society our assets and our profits are under an 'asset lock', protected for the benefit of the community. Innovate UK funding contributes 45% of the Low Carbon Hub's capital expenditure in Project LEO. This grant funding means that we can use the Low Carbon Hub's generation assets to participate in the innovative trials described above, without putting our Members' investment or our long-term community benefit at risk.

Short-term loans

Our Oxford City Council 12-month revolving loan facility of £2.3 million will help cash flow the project through development.

Long-term loans

We have a detailed, firm offer from Triodos Bank for a £2 million loan structured over 15 years. We aim to reach financial close on this by the end of January 2021.

Equity

We anticipate the total long-term investment required through our Community Energy Fund for the project, will be £3.8 million. This is based on the financial model set out on page 30.

Thanks to our 2020 Community Energy Fund share raise we already have £1.3 million of funding available for the project, which has enabled us to secure the rights to the project and begin pre-development work.

We need to raise at least £1.5 million of additional investment by 31 March 2021 to trigger the release of the Triodos loan in time for the main construction to take place.

We will then need to raise an additional £750,000 by December 2021 in order to replace the short-term loan.

Should the final design result in project costs increasing, we will only raise additional equity to cover these additional costs, should there also be sufficient upside from the design to warrant these changes. We will base the decision to raise additional equity on whether any revised project design and associated financial model will deliver an internal rate of return that is at least as good as that in the original model set out in this document.

Post-construction financial forecast

The table on page 30 sets out our long-term financial forecast for Ray Valley Solar Limited, based on the financial model which was approved by our Investment Committee in September 2020. This is based on our indicative costs, and assumes a conservative PPA price due to market volatility observed last summer. The market is now showing signs of stability and higher energy prices; however, we have decided to continue to model the project using those conservative assumptions, which we hope will prove a 'worst case' scenario.

