

INVESTING IN PLYMOUTH'S ENERGY FUTURE

**PEC Renewables Limited Second Solar Share Offer
Prospectus — 10th February 2015**



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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 Society have approved 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 Society 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 Society may not be suitable for all recipients of this Document.

PEC Renewables Limited

(Community Benefit Society Registered in England and Wales, number 32286 R).

Offer for subscription of up to £950,000 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. The Society expects individuals to inform themselves about and observe any restrictions imposed by the Society through this Document.

The Society 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.

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Society Details

Society name

PEC Renewables Limited

Directors

Dave Garland
Michael Harriott
Chris Penberthy
Tracey Sherston
Tim Sydenham

Company Secretary

Tracey Sherston
(who is also a Director)

Registered office

c/o Low Carbon Team,
Plymouth City Council, Floor 2,
Ballard House, West Hoe Road,
Plymouth, PL1 3BJ

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
Unity Trust Bank

Advisors to the Share Offer

Commercial advisors to the Share Offer

Communities for Renewables CIC
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Penryn, Cornwall TR10 9TA
www.cfric.co.uk

Legal advisors to the Share Offer

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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 and promotion of the share offer

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 Registrars
153-157 Cleveland St, London,
W1T 6QW
www.registry-trust.org.uk

WINNER

'Investment Deal of the Year'

2014 UK Social Enterprise Awards

WINNER

'Best Community Initiative'

2014 Regen SW Green Energy Awards

WINNER

'Best Green Project'

2014 Abercrombie Awards

WINNER

'Volunteer of the Year'

Barbara Hampson

(PEC Director, former PEC Renewables Director)

2014 UK Community Energy Awards

FINALIST

'Best Community Energy Start Up'

2014 UK Community Energy Awards

FINALIST

'Community Project'

2014 Pride of Plymouth Awards



CHAIR'S WELCOME

Dear Potential Member,

On behalf of the Directors of PEC Renewables, I am delighted to invite you to take part in our second community energy share offer.

Our first share offer was a big success. It was significantly oversubscribed, and raised over £600,000 in under seven weeks. This, together with our loan, has enabled us to put solar PV installations on 21 schools and community buildings across Plymouth. All of these installations are now generating electricity, resulting in cheaper electricity bills for the institutions involved and putting PEC Renewables on track, based on the information available to date, to generate surplus income over the next 20 years. This will be used to support fuel poverty, energy efficiency and related community energy initiatives in Plymouth.

We remain committed to helping Plymouth take control of its energy future through locally generated and owned renewable energy and have been busy looking for more roofs that would be suitable for the installation of solar panels. This second Share Offer is the fruit of that work.

Energy spend is a challenge for Plymouth's industries, businesses, community organisations and households. Fuel poverty is a serious issue affecting over 11,500 or 10% of the City's households. As a Director of PEC Renewables I want to help change this.

Although energy spend is currently a challenge for the City, it presents an opportunity if we chose to generate our own energy and retain the income and cost-saving benefits locally. Plymouth is not just our "Ocean City" but is one of the sunniest cities in the UK, and has a large number of suitable buildings on which we can generate electricity from solar panels.

PEC Renewables is a professionally managed Community Benefit Society owned by its Members. It was established in 2014 by its sister organisation, Plymouth Energy Community, to deliver locally owned renewable energy installations that could reduce bills, save carbon and generate income to support other local energy and fuel poverty projects across the City.

For our second share offer, we are 'going large'! We are looking to raise up to £950,000 to install solar panels on roofs in the City, including the iconic Plymouth Life Centre (which aims to be the biggest solar roof in Plymouth!), more schools and community buildings. These solar installations will help reduce energy bills for the host building, provide great educational benefits and any surplus funds will be transferred to Plymouth Energy Community to help Plymouth households and businesses reduce their energy consumption and bills.

The installations to be funded by this Offer and those already installed are expected to generate over £1.2million of surplus community income over the next 20 years.

We are again fortunate to have the backing of Plymouth City Council, and funds raised from this Share Offer will be supplemented by a £500,000 loan facility from them.

We intend to pay Members a return of 6% per year, as well as returning Members' capital over 20 years. Members may also benefit from tax relief, explained in detail later in this Document. Members are encouraged to become actively involved in the Society and will have an equal vote in decisions put to the Members, regardless of the number of shares for which they subscribe.

Once again, we want the people of Plymouth to get behind this, and are giving first priority to local residents, although anyone over 16 years old 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 supported 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 support which is already inspiring other councils to look at similar models.

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

Dave Garland



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“For us now leading the way as a school has made a huge impact, the Eco Team were very excited when the solar panels were put in place.”

**Sarah Green, Teacher,
Montpelier Primary School, Plymouth**

GLOSSARY



Annual General Meeting (AGM):

A meeting held every year to elect the Board of Directors and inform Members of previous and future activities.

An opportunity for the Members to receive copies of the Society accounts.

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 Society from Applicants.

Asset Lock: A legal provision that prevents the assets of a Community Benefit Society (income or capital) being used for private gain rather than the stated purposes of the Society.

Board: The Board of Directors of the Society.

Community Benefit Society: A Society entity established and registered by the FCA under the Co-operative and Community Benefit Societies Act 2014 or its predecessor, the Industrial and Provident Societies Act 1965.

Directors: The Directors of the Society from time to time.

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

EIS: Enterprise Investment Scheme.

FCA: The Financial Conduct Authority.

IRR or Internal Rate of Return: A way of representing investment returns to also reflect the time value of money and return of capital; 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.

MW (megawatt): A unit that measures power and is equal to 1 thousand kilowatts.

Members: The Members of the Society from time to time.

Offer: The offer to subscribe for Offer Shares in the Society described in this Document.

Offer Shares: A denomination of and confirmation of the withdrawable capital amounts paid by a proposed Member to the Society and issued in the Society. 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. N.B. The reference to Shares in this Document 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.

Plymouth Energy Community (PEC): Plymouth Energy Community Limited (Registered Community Benefit Society number 32108 R).

PEC Renewables: PEC Renewables Limited (Registered Community Benefit Society number 32286 R).

PEC Loan: The loan facility provided from Plymouth Energy Community to PEC Renewables.

Plant: The electricity generating equipment owned by the Society.

Power Purchase Agreement (PPA): An agreement for the sale of electricity. This can be a PPA with the host building occupier or an export PPA, where electricity is exported to the grid.

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

Register of Members: The Register of Members and the Shares held by each shareholder.

Rules: The rules of the Society 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.

Share Certificate: Share certificates issued by the Society which act as a 'statement', confirming the number of Shares and therefore the amount of capital of the Society held or paid by a Member.

Share Interest: Interest payments made to Shareholders as a percentage of their investment value.

SITR: Social Investment Tax Relief.

Society: PEC Renewables Limited (Registered Community Benefit Society number 32286 R).

Solar Electricity: Electricity generated by the renewable energy installations owned by the Society.

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.

PLYMOUTH ENERGY COMMUNITY AND PEC RENEWABLES

This Share Offer is an opportunity to become a social investor and Member of PEC Renewables. PEC Renewables is a Community Benefit Society set up by Plymouth Energy Community to deliver locally owned renewable energy installations. The aim is that surplus income from these will be used to support projects addressing fuel poverty and climate change in the City.

Plymouth Energy Community is an independent 'not-for-profit' Community Benefit Society, established in June 2013 to help local people and organisations in Plymouth transform how they buy, use and generate power in the city. It has 750 local members and 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.

Working in partnership with a number of energy-related organisations, Plymouth Energy Community is helping local people create their own energy future.

Plymouth faces significant issues in responding to the energy challenges linked to climate change and fuel poverty. Latest figures show that the city has over 11,500 households or 10% in fuel poverty and a housing stock that is characterised by a large number of poorly insulated and energy inefficient properties.

Since it was established, Plymouth Energy Community's activities have included:

- The launch of a Fuel Debt Advice Service to help residents in arrears apply for funding to clear their debt. This programme has cleared over £40,000 fuel bill debt in only nine months, from over 350 referrals.
- The promotion of grant schemes for free cavity and loft insulation and subsidised external wall insulation. Over 23,000 households have been targeted, with nearly 1,000 surveys completed. As a result, the measures installed will save residents over £750,000 over the lifetime of the measures, reducing heating bills by up to one third (average £260 per year per household).
- The provision of energy tariff advice to over 600 households, offering average savings of £180 per year.
- The training of energy champions, who have attended over 80 community events, supported over 280 residents and subsequently trained 100 resident support staff, who in turn reach hundreds of vulnerable energy consumers.
- The provision of energy efficiency information through events, online and offline communication channels (since Feb 2014 PEC has attended or presented at over 120 events and held six member events).
- The employment of two energy marketing apprentices, supporting skills-based employment in Plymouth.

- The launch of a volunteer programme: training 30 community volunteers to provide free home energy advice visits to more than 200 households in Plymouth at risk of fuel poverty. Volunteers will enable these residents to save a total of £16,000 in 1 year on energy costs. Their wider community work will provide direct energy saving knowledge to over 800 residents.

For more information (including PEC's rules) see www.plymouthenergycommunity.com.



PEC RENEWABLES LTD.

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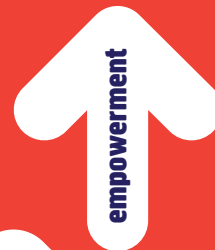
Plymouth Energy
COMMUNITY

OUR COMMUNITY BENEFITS



Reduction of

Increase of



PLYMOUTH ENERGY COMMUNITY AND PEC RENEWABLES

PEC Renewables is a Community Benefit Society, which has been set up by Plymouth Energy Community to fund and manage community owned renewable energy installations in the City.

PEC Renewables provides these installations and energy monitoring display packages free of charge to each host building. A long term (20-year) lease is agreed with the building owner, enabling installation and maintenance of the solar PV panels.

PEC Renewables earns income from the installations through three sources:

- Solar electricity generated, which can be used directly by the host building, is sold to the building occupier under a long term agreement at a lower cost than they currently pay for electricity.
- Solar electricity generated, that cannot be used directly by the host building, is exported to the local electricity grid and sold to an electricity supplier.
- A subsidy called the Feed-in Tariff provides payments for every unit of electricity generated. The Feed-in Tariff is guaranteed for 20 years and increases annually with inflation.

This income is used to:

- Cover the costs of maintaining the renewable energy installations, running the Society (e.g. management costs, insurances, accountancy and audit fees) and building up a reserve fund.
- Repay loans to the Society and pay Members a return on their social investment.

Any surplus income will be transferred to Plymouth Energy Community to support projects addressing fuel poverty and climate change in the City.

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

“Investing in PEC Renewables seemed a great way to make a practical difference to tackling climate change - and one that had local community support.”

Sam Daws, PEC Renewables Member

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

COMMUNITY BENEFIT SOCIETY



Solar PV panels make electricity from the sun

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



Schools/community buildings get cheap electricity

Plymouth Energy
communityTM

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

TRACK RECORD

PEC Renewables' first community share offer in 2014 was a great success. It raised over £600,000 in just 7 weeks. Together with a £500,000 loan the money raised paid for solar PV arrays on 21 schools and community buildings across Plymouth, with a total installed capacity of 780kW – increasing solar PV generation in Plymouth by 6%. Share Offer 1 was the first community energy share offer in Plymouth and over 50% of Shareholders came from the local area.

In less than a year of generation the solar roofs have saved an estimated £12,000 for the host buildings and reduced their carbon emissions by around 170 tons. The first round of installations is anticipated to save 6,960 tons of CO₂ over the 20 years.

Pupils are able to see how much energy their solar roofs are generating via digital displays located in the schools' reception areas and also via on-line interfaces. These web-based displays not only show the electricity generated but also the equivalent environmental benefits. The energy data allows pupils 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 provides a great resource for all kinds of scientific and mathematical enquiry - together with opportunities for data handling activities.

The success achieved in its first year has earned PEC Renewables and Plymouth Energy Community a number of awards:

- 'Investment Deal of the Year' at the UK Social Enterprise Awards (in conjunction with Ethex).
- 'Best Community Initiative' at the 2014 Regen SW Green Energy Awards.
- 'Best Green Project' at Plymouth's Abercrombie Awards.
- Barbara Hampson (Plymouth Energy Community Director and former PEC Renewables Director) won 'Volunteer of the Year' at the UK Community Energy Awards.
- Plymouth Energy Community was also shortlisted for 'Best Community Energy Start Up' at the UK Community Energy Awards and 'Community Project of the Year' at the Pride of Plymouth Awards.

The table to the right shows all the schools and community buildings that have benefited from PEC Renewables funded installations. These were all delivered by contractors from Devon and Cornwall, supporting local business.



PEC Renewables current financial position

PEC Renewables has not yet completed a full trading period for its first audited accounts, which will be prepared to include the period 10th January 2014 - 30th June 2015. The installations funded by the first share offer were installed between April and November 2014.

Turnover from electricity sales and Feed-in Tariff payments from the start of trading in April 2014 to 31st December 2014 was approximately £52,000.

At 31st December 2014 PEC Renewables' balance sheet showed net assets of approximately £555,000. Cash reserves were approximately £118,000 and all of the funds raised through the first share offer have now been deployed.



Name of location	Installed capacity (kW)
Boringdon Primary School	30
Egguckland Vale Primary School	30
Glen Park Primary School	30
Montpelier Primary School	70
Pennycross Primary School	25
Stoke Damerel Primary School	25
Victoria Road Primary School	30
Woodford Primary School	25
Widey Court Primary School	30
Tor Bridge Primary School	90
Jan Cutting Healthy Living Centre	50
Mary Dean Church of England Primary School	30
Thornbury Primary School	30
Dunstone Primary School	30
Ridgeway School	60
Plympton St. Maurice Primary School	30
Yealmpstone Farm Primary School	30
Salisbury Road Primary School	30
Plaistow Hill Infants School	30
Plymouth Science Park (5 Research Way)	30
Mountbatten Watersports Centre	50
Total	785

Table showing the schools and community buildings that benefited from PEC Renewables funded installations in 2014. Based on data from the short period of generation to date, all these installations are on track to meet forecast performance expectations.

RENEWABLE ENERGY INSTALLATIONS TO BE FUNDED BY THIS SHARE OFFER

PEC Renewables' second share offer aims to raise £950,000 to install more community owned solar PV panels on roofs in the City, including an array of up to 850kW on the Plymouth Life Centre which aims to be the biggest solar roof in the City! In addition, PEC Renewables is looking at installations on four more schools.

Discussions are also being progressed with the National Maritime Aquarium and Chelson Meadow Civic Amenity Site. The sites and progress achieved with each are summarised in the tables below.

Table A. Property where agreement in principle to enter into a Lease and PPA with PEC Renewables is confirmed, surveys completed, grid capacity confirmed and installation quotes obtained;

Property	Installation size (kW)
Plymouth Life Centre	850
Hele's School	120
Coombe Dean School	90
Marine Academy	196
Mayflower Community School	115
Illustrative installation cost	£1,250,000

Table B. Other sites under discussion;

Property	Installation size (kW)
National Marine Aquarium	40
Chelson Meadow Civic Amenity Site	2 x 250
Plymstock School	200
Illustrative installation cost	£770,000





RENEWABLE ENERGY INSTALLATIONS TO BE FUNDED BY THIS SHARE OFFER

About Plymouth Life Centre

The Plymouth Life Centre is an iconic sports and leisure facility, with over 1 million attendances per year and was host to a number of international swimming and diving teams in the build up to the 2012 London Olympics. The Plymouth Life Centre was opened in 2012 and is prominently located in Central Park, Plymouth's largest public space, next to the Plymouth Argyle football stadium. It is run by Everyone Active (SLM) in partnership with Plymouth City Council, the building owners.

The aquatic facilities are the largest of their kind in southern England (outside of the Olympic Park).

As one of the busiest leisure centres in the country the Life Centre uses a lot of energy and most of the electricity generated by the proposed solar array is expected to be used on-site. This makes it an ideal place to install the biggest solar roof in the City.

Capital funding and deployment

In addition to the target of £950,000 to be raised through the Share Offer, the Plymouth City Council Investment Board has approved a £500,000 loan to support these installations, giving total potential funds of £1.45million.

On the basis of the commitments and interest received from building owners 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 £100,000 to the target maximum of £950,000 by the end of 2015, with installations beginning in Spring 2015.

If the Share Offer raises more than £950,000, then PEC Renewables may choose to use the excess to add further installations to the portfolio rather than return funds. It will only accept the additional capital if the additional installations can be contracted within nine months of the final close of the Offer and they provide returns similar to those in the core portfolio of sites.

Some of the sites already identified offer the potential for PEC Renewables to install larger or smaller installations, to match the capital raised.

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.



Technology to be used

The tender documents have requested that installations will use high-quality equipment and the installers selected will be required to provide the following warranties:

- Workmanship and installation warranty (insurance backed) 10 years
- Panel performance warranty (insurance backed) 25 years
- The option for an extended 20-year inverter warranty (see below)

Solar PV is a solid state technology and panel failure is rare. However, inverters are likely to need replacing within 20 years. To cover inverter replacement costs, PEC Renewables intends to build up a reserve fund sufficient to replace all inverters between years 10 and 15.

Installation and maintenance contractors

The contractors for the installation, maintenance and performance monitoring of the solar PV installations will be selected through a competitive procurement process that includes local companies based in the South West. Quotations received so far are within the target price ranges for the financial model.



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.

THE OPPORTUNITY

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. To raise 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 £950,000 through this second Share Offer which will be supplemented by a £500,000 loan facility from Plymouth City Council.

The installations to be funded by this Offer and those already installed are expected to generate over £1.2million of surplus community income over the next 20 years.

The Share Offer is open to anyone of 16 years of age or over (16 being the minimum age of a Member under the Rules).

Individuals can invest between £50 and £100,000 each in the Society. Shareholders will become Members of PEC Renewables and will be entitled to one vote in Member decisions, regardless of the amount they subscribe for or the number of Shares they hold.

Should the Share Offer become over-subscribed and PEC Renewables is not able to deploy additional capital raised, applicants may have their investment scaled back. In this case first priority will go to people residing within the City of Plymouth, and second priority to people resident within Devon and Cornwall. Applicants for over 20,000 shares may also have their investment scaled back in order to maximise participation in the Offer.

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 up to 20 years and return Members' capital by the end of 20 years, or earlier as funds allow and subject to the approval of the Board. The first interest payment will be made following the AGM in autumn 2016. The interest in the first year may be lower than in subsequent years to reflect the timing of the completed installations. Each AGM will also forecast the level of interest that the Directors will hope to pay for the year ahead. The interest paid may be reduced if operating surpluses are lower than expected.

Shares under this share offer are classed as 'Withdrawable Shares', which means that Members can request to withdraw their Shares. 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 Society 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. If requests for Shares to be bought back are less than the Directors deem appropriate to acquire, then the Board may decide to repay Member capital early on all such requests in a given year.

The table below sets out the anticipated cash returns per £1000 subscribed.

Estimated Member Returns per £1,000 investment			
Amount Invested			£1,000
Estimated IRR without EIS			6.0%
Total accumulated estimated cash return			£1,780
Estimated IRR with EIS*			10.5%
Time	Accumulated Member's Interest (£) at 6% per year	Capital repayments	Total cash received during period (£)
Years 1-5	300	-	300
Years 6-10	260	333	593
Years 11-15	160	333	493
Years 16-20	60	333	393
Total	780	1,000	1780

*The estimated IRR with EIS of 10.5% assumes that a taxpayer obtains full 30% income tax relief under EIS on their shareholding and the Members' capital is returned in equal instalments between year 6 and 20.

Payment of the Members' interest and repayment of capital is not guaranteed and will be subject to PEC Renewables earning sufficient operating surplus and having sufficient cash reserves.

The Directors have commissioned financial advisors Francis Clark LLP to assist in the production of financial projections and provided 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 this basis at the time of the Offer based on 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.

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

Applying for Offer Shares

The Offer is open to individuals, groups, Community Benefit Societies and other legal entities.

PEC Renewables is using the Ethex social investment platform to professionally manage the Share Application and payment process. A professional share registrar services provider (Registry Trust Ltd) is 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 a Share register.

To save costs and paper, PEC Renewables would prefer investors to apply and pay for Shares online. You can pay by cheque, bank transfer or Go Cardless at: www.plymouthenergycommunity.com/invest. When you click the online shareholding option, you will be directed to the Ethex website to apply for your Shares. Ethex are responsible for managing Share Applications and the payment process.

If you don't have access to the internet, you can fill in the share application form at the back of this document and post it with your cheque to Ethex. You will receive acknowledgement of your application.



WHAT'S IN IT FOR ME?

Member and Community Benefits

- **Help generate over £1.2 million of income for Plymouth Energy Community to continue to tackle the challenges of energy costs, fuel poverty and climate change**
- **Supporting schools and community buildings to get free solar panels**
- **Be part of a multi award-winning community energy organisation**
- **One member, one vote - all Members have an equal say in decisions put to Members**
- **Members earn a fair return on their capital - intended at 6% per year**
- **Up to 30% of your investment back as income tax relief**
- **Potential tax savings through capital gains deferral and loss relief**
- **Inheritance tax exempt - an income-earning asset that you can leave to your family**

EXPECTED TIMETABLE

The Board expects that the following timetable will apply:

Date	Action
10th February 2015	Share Offer opens
24th March 2015 (unless closed early)	First close date
2nd April 2015	First issue of Shares
By mid-April 2015	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	950,000
Net proceeds of the Share Offer	£886,000
Minimum investment per Member	£50
Maximum investment per Member	£100,000
Minimum amount to be raised through the Share Offer	£100,000
Maximum amount to be raised through the Share Offer (the Directors may extend this if the Offer is oversubscribed)	£950,000
Target investor 20-year IRR	6% (10.5% with EIS)
Target cumulative £ returned over 20 years per £1,000 subscribed, assuming capital is returned from year 6 to 20	£1,780

TAX RELIEF AND INCOME TAX ON INTEREST

Enterprise Investment Scheme (EIS) & Social Investment Tax Relief (SITR)

An investment in PEC Renewables is eligible for tax relief under the Enterprise Investment Scheme (EIS). EIS is a Government incentive to encourage investment in new and growing 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 Society. As an example, if an Investor invests £1,000 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 2014/2015 tax year may be carried back into the 2013/2014 tax year up to the annual limit of £1,000,000.

Inheritance tax relief - Once an Investment in the Society 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 Society. 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 45%, then the maximum exposure would be even lower at 38.5%).

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/

Notification has been received from HMRC to confirm that PEC Renewables has EIS status (Appendix B). Following an announcement in the Autumn 2014 budget statement, qualifying community energy enterprises receiving energy subsidies such as the Feed-in Tariff remain eligible for EIS until 5th April 2015. Following that, it is proposed that community energy enterprises with a qualifying legal structure (including the asset locked community benefit society structure adopted by PEC Renewables) will cease to be eligible for EIS, but will be eligible for Social Investor Tax Relief (SITR), which provides similar investor benefits to EIS.

This transition is pending changes to be made to SITR regarding its current state aid cap and eligibility of companies receiving energy subsidies. Until these changes have been made, the Government has indicated that EIS eligibility will be extended on a transitional basis.

The First Close date has been set to enable Shares to be issued prior to 5th April and enable investors to benefit from EIS. PEC Renewables intends to apply for SITR eligibility once the required changes, as referred to above, have been made, although this is subject to the final outcome of the new regulations. Updates and further details will be provided on www.plymouthenergycommunity.com as further details and guidance are released by HMRC.

Income tax treatment of share interest received by Members

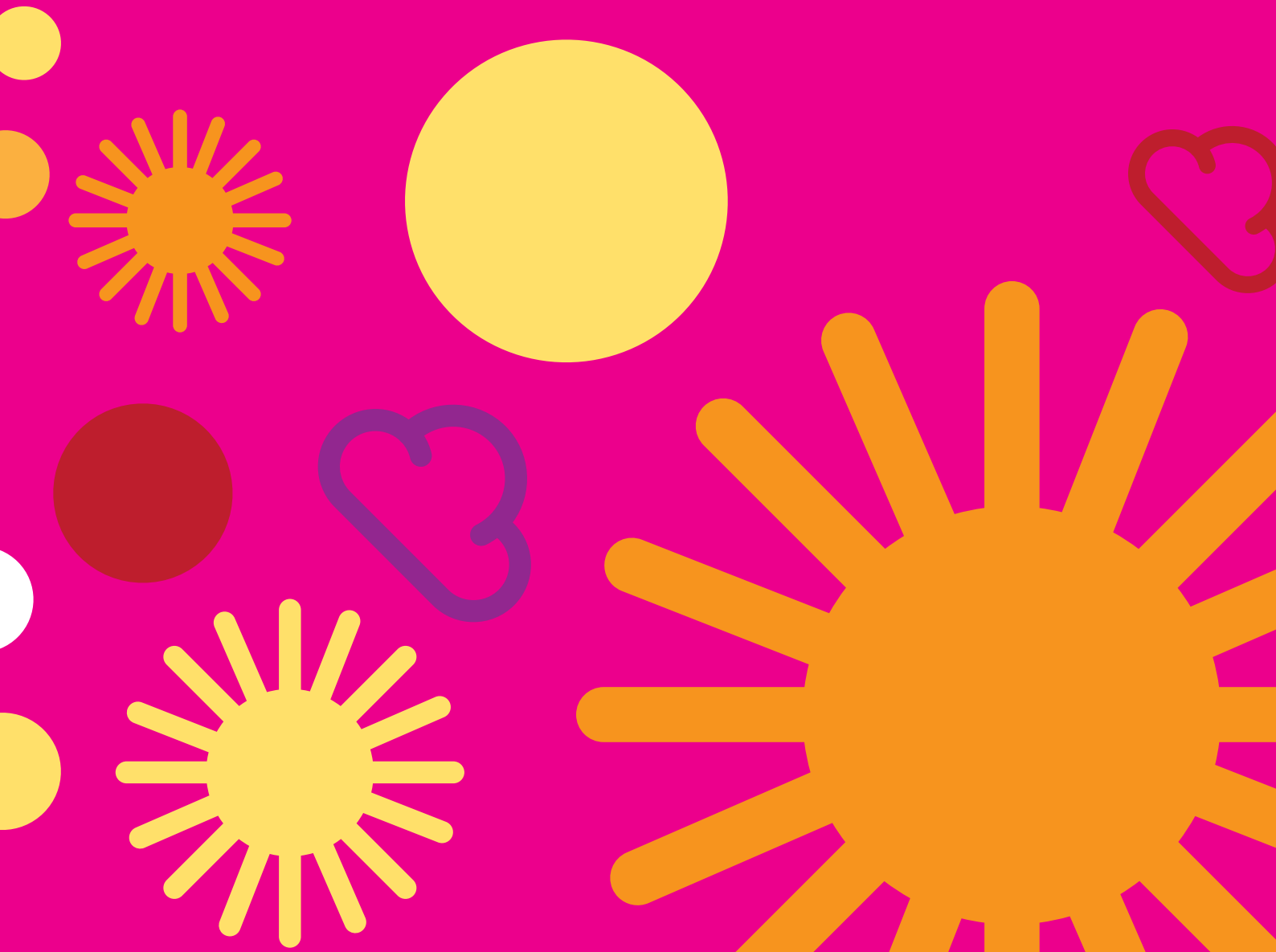
As PEC Renewables is registered as a Community Benefit Society, any payment to a Member which is not a capital repayment but refers to share interest paid is not treated as a distribution for tax purposes, i.e. it is not taxed as a dividend. Payments of this kind, whether described as interest, dividend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

The Society 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 Society 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.

“I was listened to and supported with care and respect right through to a happy conclusion. This service enabled me to sleep at night.”

Beneficiary of Plymouth Energy Community's Fuel Debt Advice Service



GOVERNANCE & MANAGEMENT

Ownership

The Society 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 a Community Benefit Society, the Society is regulated by the FCA. This function of the FCA is distinct from its role as regulator of the financial services industry in the UK. The Society will publish audited accounts each year.

Management and administration of PEC Renewables

The administration of the Society 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 management and administrative services agreement covers management of all aspects of the day-to-day operation of the Society including: bookkeeping, management accounting, annual accounts, audit, annual returns, and Member relations. It also covers asset management including the monitoring of the performance of the installations, host relations and managing the contractors and agreements required to operate and maintain the installations.

The Society 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 Register of Members maintained by the Society 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 Society in accordance with the Rules.

Board of Directors

The Society will be overseen by a non-executive Board of Directors who are responsible for key decision-making of the Society and shall be appointed and governed in accordance with the Rules. Three Directors have been elected by Members in accordance with the Rules at the Society's first Annual General Meeting, together with two additional Directors nominated and appointed from Plymouth Energy Community. The Directors will bear ultimate responsibility to the Members. The Board may co-opt up to two further Directors with relevant skills and qualifications.

Director remuneration and disclosures

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.

None of the Directors listed here 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 recrimination or sanction by a statutory or regulatory authority or designated professional body, or been disqualified from any function by any court.

BOARD MEMBERS

Dave Garland - Chair

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 2010/2011 and was involved with arranging and running the school financial systems and working closely with its governors, solicitors and accountants.

Dave was recently appointed as a governor at saltash.net and is Joint Vice-Chair of Governors at Stuart Road Primary School (Plymouth). He sits on the Plymouth Independent School Appeals Panel and is a marker for one of the main examination boards.

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



Chris Penberthy

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

Chris is also Vice Chair of the Co-operative Councils Innovation Network and Chair of their Values and Principles Board.



Tracey Sherston

Tracey is from Plymouth and has lived in the City all of her life. She is a Senior Finance Manager at Plymouth Community Homes; a housing association which manages the largest housing stock in Plymouth and has established an extensive retrofit programme. As a result of 15 years' experience in finance for the public and private sectors, plus 10 years banking experience, she has strong financial knowledge and skills and is CIMA certified.

Tracey is the nominated representative for Plymouth Community Homes. She supports PEC Renewables in providing Director level oversight of the financial operations of the business. Tracey also acts as Company Secretary for PEC Renewables.

Tracey is enthusiastic in supporting such a positive and forward thinking initiative for Plymouth and its residents.



Michael Harriott

Michael is an independent non-executive Director of the Co-operative Group, responsible for the strategic direction of the Group, a £13 billion co-operative. His role has included providing scrutiny and oversight of the Groups Executive in accordance with the Co-operative Group's strategic direction and effective risk management. Michael also has extensive experience in the NHS; as a Senior Manager for a number of NHS providers, running large NHS departments and IT systems, with particular skill in contract negotiations.

He also has a proven track record in the voluntary sector, founding a family services charity, which has delivered high quality family services over a 15 year period. Michael is a Founding Director of Ashburton Co-operative Transport, a transport social enterprise, with an innovative approach to rural transport and climate change issues.

He is a Director of Plymouth Energy Community and has been nominated by Plymouth Energy Community to stand on the PEC Renewables Board.



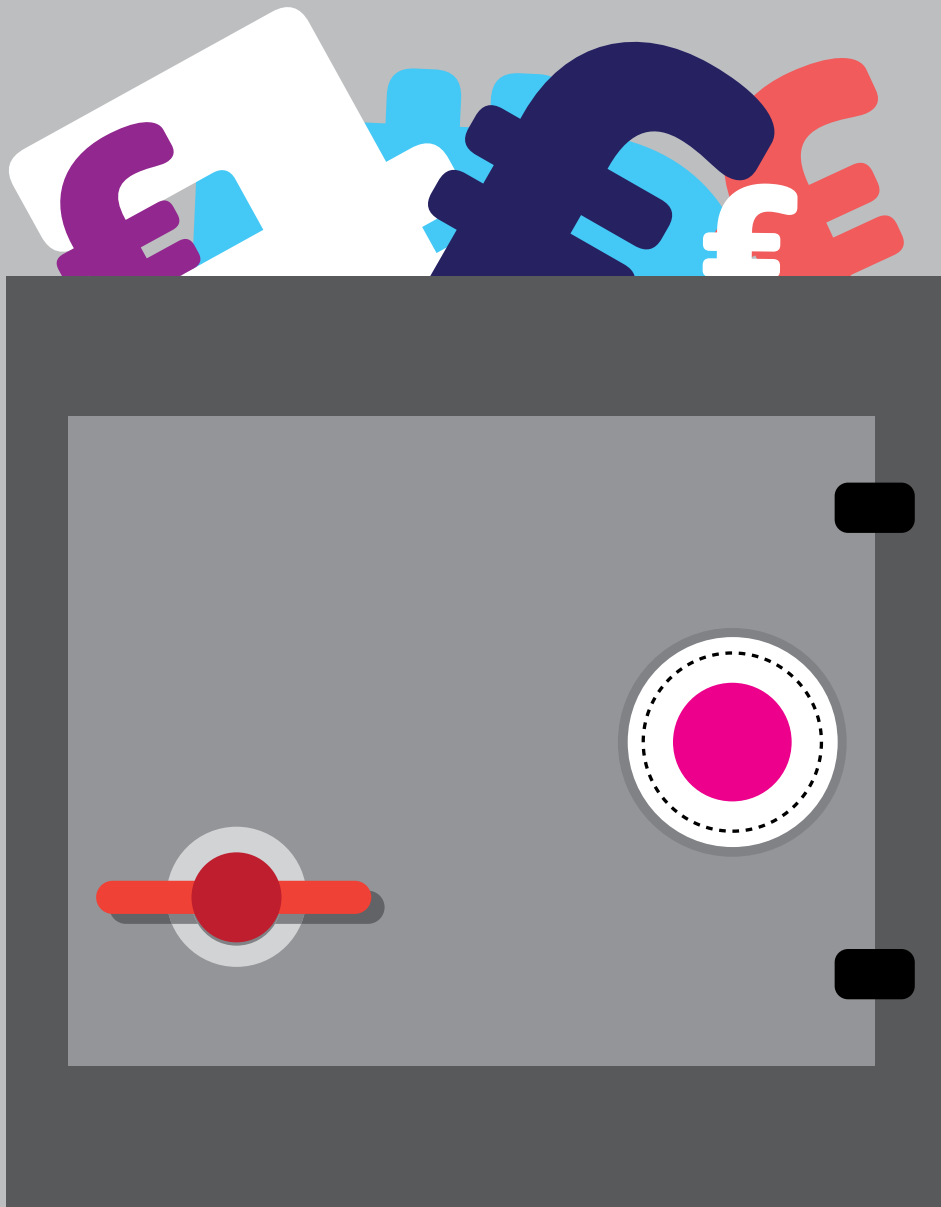
Tim Sydenham

Tim works for Plymouth University whilst studying part-time for a PhD in governance and strategy implementation. Until recently, he advised the Welsh Government on its energy strategy, in particular energy efficiency and renewable energy including micro-renewables such as solar. He was the Founder-Director of Arbed, Wales' flagship community-scale retrofit programme - he oversaw over £68m investment into solar, heating and energy efficiency measures for 7,500 Welsh homes from 2009-2011 and secured a further £45m EU funding to support a minimum of 4,800

homes during 2012-2015, helping the Arbed programme win the '2011 British Renewable Energy Award.' He also advised on the procurement of Nest, Wales' flagship energy efficiency and fuel poverty programme, and as an Associate of Regen SW, Tim further advised on the development and delivery of the £6.3m South West Ready for Retrofit programme.

He is Chair of the Board of Directors of Plymouth Energy Community and has been nominated by Plymouth Energy Community to stand on the PEC Renewables Board.





KEY RISK FACTORS AND HOW THEY ARE MANAGED

All investment and commercial activities carry risk. Therefore shareholders 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 with long-term social and environmental investment should be the primary motivation for investment. Depending on the personal circumstances of the shareholder 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. An investment in PEC Renewables is an investment in a trading business and is not a loan or deposit. Prospective shareholders 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 Society 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 Society's business and the information set out below does not purport to be an exhaustive summary of the risks affecting the Society. 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 Society does not achieve the financial performance forecasted at the time of the Offer shareholders may not get back the amount invested.
- The target share interest rate may not be achieved if the Society 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 Society (and the Society 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 Society).

If the Society 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 Society and thereby own the Society. If the Society 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 Community Benefit 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 Society 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 Society'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 Society and the attractiveness of an investment in a Society.

- Financial projections - The Directors have commissioned financial advisors Francis Clark LLP to assist in the production of financial projections and provided 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 this basis at the time of the Offer based on 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
- The Society'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 quotations.
- 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 in the production of financial projections. The financial projections show that the business (including the intended target Member payments) is viable on this basis at the time of the Offer in relation to 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 the solar 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 delay the Society's ability to pay Share Interest.
- If the Minimum Amount is not reached then the Board may return all shareholding 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.
- While the Society has confirmation of EIS relief from HMRC, there can be no guarantee that this status will be maintained or that it will be replaced by SITR. Furthermore the Society can make no guarantee that individual shareholders will be eligible to claim such relief.

TERMS AND CONDITIONS OF THE OFFER

Eligibility

The Offer is open to anyone of 16 years of age or over (16 being the minimum age of a Member under the Rules).

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 Society 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. The maximum shareholding per Member (for any person other than another Community Benefit Society) in the Society is 100,000. This maximum holding includes Shares purchased under PEC Renewables previous Offers. Each Offer Share is £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 Society 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:

- meet the eligibility criteria.
- is not (unless it is a Community Benefit Society) making Applications for a total of more than 100,000 Offer Shares in the Society.
- is not relying on any information or representation in relation to the Offer Shares, the Society, or its activities which is not included in this Document.
- will provide all additional information and documentation reasonably requested by the Society 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 Society 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 Society 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 Community Benefit Society) holding more than the limit of 100,000 Offer Shares in the Society.

The Society 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 Subscriber, 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 Maximum Amount 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 the City of Plymouth

2nd priority

- Resident within Devon and Cornwall.

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

In addition, members investing over £20,000 may also have their investments scaled back at the discretion of the Board.

Finalising the Offer.

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

The Society 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 Society undertakes to Applicants not to use such funds, subject to the Minimum Amount being reached at which point costs incurred by the Society in connection with the Offer will be paid.

The Society 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 and any dispute or claim arising out of or in connection with them or their subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and the courts of England shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this Document or the Terms and Conditions or their subject matter or formation (including non-contractual disputes or claims).

APPENDIX A: APPLICATION 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 Society; and
- The Rules of the Society available on www.plymouthenergycommunity.com/invest, because by subscribing for Offer Shares you may become a Member of the Society and be bound by those Rules.

Applying for Offer Shares

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

Amount to subscribe

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 in the Society (including previous Share Offers) is 100,000 except for investment by other Community Benefit Societies).

This is determined by law applicable to Community Benefit 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, Community Benefit Society or other legal entity. In accordance with the Rules, individuals under the age of 16 cannot become Members.

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 Society, subject to the Terms and Conditions. If you are signing on behalf of another individual or on behalf of another legal person (such as an organisation), you are confirming absolutely that this is in accordance with due explicit authorisation for you to commit that other individual or person (such as an organisation) to a contract to subscribe for Offer Shares in the Society. 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, PEC Renewables would prefer investors to apply and pay for Shares online and you can pay by cheque, bank transfer or Go Cardless. If you are able to do so please apply online at: www.plymouthenergycommunity.com/invest.

Once you have clicked the online investment option you will be directed to register on the Ethex website, the investment platform, who are managing Share Applications and the payment process.

If you wish to apply by post, please complete the Application Form on the next page and post it to Ethex, The Old Music Hall, Cowley Road, Oxford OX4 1JE, making a payment by cheque payable to PEC Renewables Ltd. You will receive acknowledgement of your application.

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

IMPORTANT. BEFORE COMPLETING YOU MUST:

Read the Share Offer Document in full

**Pay special attention to the Key Risk Factors set out
in the relevant section of the Share Offer Document**

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

Read the Rules of the Society available at www.plymouthenergycommunity.com/invest

PLEASE USE CAPITALS AND DARK INK

Appendix B: 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 not more than £100,000 (please refer to terms and conditions on maximum holding per member). 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:

Previous address (if Applicant has lived for less than 3 years at the current 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 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 Society forms a contract subject to English law on the Terms and Conditions of the Document;
- 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 shareholding 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 16 years or over 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 Society or its advisers for any such advice;
- The Society is hereby authorised to make such enquiries as are deemed necessary to confirm the eligibility of this Application;
- The Applicant is not (unless an Community Benefit Society) making an Application or multiple Applications for a total of more than 100,000 Shares in the Society;
- The Applicant will provide any additional information on request from the Society in connection with this Application (including any information to provide the Society 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 Society and agree to be bound by its rules.

Signature:

Date:

Please send your completed Application Form and cheque (made payable to PEC Renewables Ltd) to:
Ethex, The Old Music Hall, Cowley Road, Oxford OX4 1JE

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

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Vantage Point
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Exeter
EX2 5FD

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DX 135611 Exeter 16
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Our ref:
8209CF/DEL/BR

6 February 2015

Dear Sirs

Enterprise Investment Scheme/Social Investment Tax Relief

You have requested confirmation that a proposed share offer in PEC Renewables Limited ('the Company') will qualify under the EIS rules.

Eligibility for relief

You will be aware that, in respect of the first share offer (dated 26 February 2014), the Company received advance assurance from HM Revenue & Customs (dated 13 March 2014) that, based on the information provided, the Company and the share offer would qualify under the EIS scheme. The Company has subsequently successfully raised funding and issued EIS certificates to the investors. Based on the information provided to us, our understanding of the second proposed share offer and the Company's current and intended activities, we are not aware of any reason why this second share offer would not also qualify under the EIS scheme.

Social Investment Tax Relief

The current availability for qualifying EIS investment into companies whose trade consists largely of the subsidised generation of energy from renewable sources is to be withdrawn from 6 April 2015. However, in April 2014, the Social Investment Tax Relief (SITR) was introduced and this provides the same reliefs as under EIS although the scheme is currently limited in terms of the amount that can be raised by a single qualifying entity to approximately £285k in a 3 year period.

It was announced in the Autumn Statement 2014, and confirmed within the draft Finance Bill for 2015, that the value of the investment opportunity under SITR would be extended to the level of EIS, i.e. a qualifying entity will be able to raise up to £5m in any 12 month period (although only up to a total maximum investment of £15m). This amendment is subject to EU State Aid clearance being received. It is our understanding that the reliefs currently available to community organisations under EIS will not be withdrawn until such time as the EU State Aid clearance has been granted and SITR then provides a suitable replacement. Once this clearance has been given, SITR legislation will be amended such that community energy companies in receipt of Feed in Tariffs will cease to be excluded from the relief.

Based on our understanding of the draft rules on the extension of SITR, the proposed share offer would also qualify for this relief, although until such time as the legislation is finalised, this cannot be guaranteed.

Yours faithfully



FRANCIS CLARK LLP

E-mail: mail@francisclark.co.uk



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The registered office is Sigma House, Oak View Close, Edginswell Park, Torquay TQ2 7FF where a list of members is available for inspection and at www.francisclark.co.uk.
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PEC Renewables Limited

c/o Low Carbon Team, Plymouth City Council,
Floor 2, Ballard House, Plymouth, PL1 3BJ

General Enquiries: 01752 477 117

Investment Enquiries: 01752 477 550

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