



# OFFER FOR SHARES AND MEMBERSHIP IN M&S ENERGY SOCIETY

(the trading name of Two Rivers Community Energy Society Limited)

**Initial offer shares: £1,230,000**

Closing date: 31 July 2016 - or when fully subscribed if earlier

## M&S ENERGY SOCIETY

GENERATE SOLAR POWER ON MARKS & SPENCER ROOFTOPS AND HELP MAKE BRITAIN A CLEANER, GREENER COUNTRY

# CONTENTS

CHAIR'S WELCOME	3
ABOUT M&S ENERGY SOCIETY: THE COMMUNITY AND ENVIRONMENTAL BENEFITS	4
SUMMARY	6
RISK FACTORS	8
THE INSTALLATION	10
ADMINISTRATION & MANAGEMENT OF M&S ENERGY SOCIETY	12
ACCOUNTANTS' LETTER	15
FINANCIAL INFORMATION	16
FURTHER INFORMATION ABOUT M&S ENERGY SOCIETY	20
TERMS AND CONDITIONS OF THE OFFER	24
GLOSSARY	26
GUIDANCE NOTES	28
SHARE APPLICATION FORM	29



# CHAIR'S WELCOME

*Thank you for requesting this Offer Document. It sets out an exciting opportunity to apply for Shares in M&S Energy Society, which will install solar panels on the roofs of up to 9 Marks & Spencer stores in England. Joining M&S Energy Society will provide you with an opportunity to:*

- Generate renewable energy, helping tackle energy security and climate change;
- Reduce demand for grid electricity in commercial buildings and support educational and sustainability work;
- Support sustainable development and contribute towards reducing CO<sub>2</sub> emissions;
- Generate funds to be used to alleviate fuel poverty.

Members should receive Interest on their investment<sup>1</sup> targeted to be at an annual rate of 5% for the first three years. After the third year the targeted interest rate will be increased by the rate of Inflation in the previous three years, and each year after the third year the targeted interest rate will be increased by Inflation in the previous year.

M&S Energy Society has been formed to be an ethical, community-owned, profitable social enterprise. It is the result of a unique partnership between Marks & Spencer and Energy4All, which is the leading promoter of community-owned renewable energy in Britain. The mission of M&S Energy Society is to help reduce climate change emissions, to help address Fuel Poverty and to make renewable energy more commonplace. To achieve this, Marks & Spencer has agreed to provide access to the roofs of up to 9 of their stores and to buy all the electricity generated from the Solar Panels to be installed there. We are looking for new Members to share that mission by funding the installation of the Solar Panels. The more money we raise, the more panels we can install on more buildings.

We want as many people as possible to join M&S Energy Society, which is why the minimum investment is as low as we can make it at £100. Every Member, no matter how much they have subscribed, has an equal vote in the running of the Society. You can stand to be elected as a Director, or offer your time as a volunteer, to help the Society achieve its social and environmental aims.

Parents and grandparents can apply for Shares in M&S Energy Society now and hold for their children and grandchildren or can apply for Shares on their own behalf now and give their Shares to their children and grandchildren in their will. Shares in M&S Energy Society are believed to be exempt from inheritance tax under present rules.

Our Project was registered before the recent big reductions to the Feed-in tariffs, so this offer is likely to be one of the last chances to invest under the old rates of Feed-in tariffs.

M&S Energy Society is supported and assisted by Energy4All. Energy4All projects have raised over £50 million to construct and operate community-owned renewable energy generation at sites throughout the UK.

**Unless extended the Offer will close when fully subscribed or, if later, on 31 July 2016. In the event of oversubscription when shares are issued, priority will be given to M&S Energy Customers.** In the event of under subscription by 31st July the deadline for membership may be extended at M&S Energy Society's discretion.

## How to Apply

An Application Form is attached at the end of this Offer Document. The minimum number of £1 Shares you can apply for is 100 and the maximum is 100,000 (except for investment by other Societies).

Please read this Offer Document and consider the risks, including those set out on pages 8 and 9 before deciding. You should consider taking appropriate financial and other advice before making your choice.

I look forward to welcoming you as a new member of M&S Energy Society.

Yours sincerely,

*Mariana Spater,*  
*Chair, M&S Energy Society*

<sup>1</sup> Anyone buying shares in M&S Energy Society is at risk of losing some or all of the money invested and there is no guarantee that you will receive any return on your investment. The shares are not covered by the Financial Services Compensation Scheme or the Financial Ombudsman Service. Accordingly the money you pay for shares is not safeguarded by any deposit protection scheme or dispute resolution scheme.

# ABOUT M&S ENERGY SOCIETY: THE COMMUNITY AND ENVIRONMENTAL BENEFITS



## 1. The Proposed Activities of M&S Energy Society

M&S Energy Society proposes to install, own and operate Solar Panels on the roofs of Marks & Spencer retail stores, to generate renewable electricity. The electricity generated will benefit from a 20 year inflation-protected price known as the Feed-in tariff or FIT, paid by licensed electricity companies to M&S Energy Society under government regulations. M&S Energy Society will receive income from the FIT and from selling the electricity generated to Marks & Spencer for use in the Host Buildings.

This Project is a unique collaboration between a major retailer and a community energy organisation<sup>2</sup> and M&S Energy Society hopes its example will encourage other major landowners to make their buildings available for community-owned renewable energy generation.

Members should receive Interest on their investment targeted to be at an annual rate of 5% for the first three years. After the third year the targeted interest rate will be increased by the rate of Inflation in the previous three years, and each year after the fourth year the targeted interest rate will be increased by Inflation in the previous year. Interest is paid on the amount of capital invested in M&S Energy Society from time to time, taking into account the annual return of your capital investment which is targeted to commence at the end of the third year.

## 2. The Environmental Benefits

Solar Panels generate renewable electricity from the sun. Installing them on roofs makes use of an otherwise unused asset and means they don't displace agricultural production (as they would if they were on farmland). All the electricity generated is provided to the Host Building – we anticipate that it will all be used on site, reducing the amount of electricity bought via the national grid.

## 3. The Community Benefits

After paying Interest to its Members, any other profit from M&S Energy Society will be used for Community Benefit, to help deliver M&S Energy Society's social and environmental objectives. Members can take part in discussions on how best to use the Community Benefit Fund – the aim is to use it to reduce carbon emissions, support the further development of renewable energy and support educational, sustainability and community work. We hope that the Fund will help support community projects local to the M&S stores which have Solar Panels.



<sup>2</sup> This investment offer is brought to you by M&S Energy Society with the support of M&S and Energy4All and is not governed or endorsed by SSE Energy Supply Limited and/or Southern Electric Gas Limited, both members of the SSE Group.



# SUMMARY



## **Potential Applicants should note that:**

- *This Summary should be read as an introduction to the Offer Document*
- *Any decision to apply for Shares should be based on consideration of the Offer Document as a whole*

## **1. The Content of this Offer Document**

This Offer Document has been prepared by M&S Energy Society and its Directors who are responsible for the contents.

Technical and other words or phrases used in this Offer Document with a particular meaning are defined and explained in the Glossary. No advice on investments is given in this Offer Document by M&S Energy Society or its Directors in relation to it. If any person has any doubt about the suitability of the Shares which are the subject of this Share Offer, they should contact an appropriate authorised person for advice.

## **2. Purpose of this Summary**

This Summary is intended to provide an overview of the Share Offer.

Two Rivers Community Energy Society Limited (which trades as M&S Energy Society) is a Community Benefit Society registered under the Co-operative and Community Benefit Societies Act 2014 (number 7101). It is managed for the benefit of the community and owned by its Members, who are protected by limited liability status. Its constitution is in the form of Rules approved by and registered with the FCA. The founders of M&S Energy Society are committed to the high ethical standards adopted by the international co-operative movement and intend M&S Energy Society to be operated in line with the values of co-operation and democracy as well as a sound commercial ethos.

Constitutionally, key characteristics of M&S Energy Society, as a Community Benefit Society, are: M&S Energy Society operates for the benefit of the community; a Member must have the minimum number of Shares (100 Shares pursuant to this Offer) each with a nominal value of £1; all Members have one vote regardless of how many Shares they hold; no Member, except another registered society, may hold more than 100,000 Shares; the Board is elected by the Members; and only Members are eligible to serve on the Board.

The purpose of M&S Energy Society in making this Share Offer is to raise capital to install Solar Panels on the roofs of up to 9 Marks & Spencer retail stores by 29 September 2016 and after that to generate renewable electricity from them which will be sold to Marks & Spencer and used in those stores. M&S Energy Society will receive income from:

- payments under the Feed-in tariff, a 20 year inflation-linked price paid for generating electricity from renewable resources; and
  - sales of electricity generated by the Solar Panels to M&S.
- M&S Energy Society will agree leases with M&S entitling it to install Solar Panels on up to 9 of its stores and to operate them for 20 years subject to the satisfaction of various conditions.

## **3. The Offer**

Through this Offer, M&S Energy Society proposes to raise up to £1,230,000, by the issue of up to 1,230,000 Shares at £1 each, payable in full on application, to install up to 891KW of Solar Panels on up to 9 Marks & Spencer stores in England. The Offer will give people an opportunity to participate in renewable energy generation. The principal appeal is to people who are interested in supporting environmental and social purposes. Applicants are also expected to receive a targeted annual return of 5% (increasing by inflation each year) on their shares during the lifetime of their investment. In the event of oversubscription when Shares are issued priority will be given to M&S Energy customers.

## **4. Principal Activities**

The principal activity of M&S Energy Society is the construction and operation of solar panel installations on Marks & Spencer stores in England.

## **5. Environment, community and education – Social Objectives**

M&S Energy Society has been formed to be an ethical, community-owned, profitable social enterprise, which enables Members to make a real contribution to the development of renewable energy and to the UK's response to climate change and energy security. Using rooftops to generate electricity uses space that is otherwise not used.

After paying Interest to its Members, M&S Energy Society will operate a grant scheme distributing all profits for Community Benefit. It will apply these profits to alleviate fuel poverty, reduce carbon emissions and support the further development of renewable energy and support educational, sustainability and community work.

## 6. Interest and return of your investment

When applying for Shares, potential Members should regard their Shares as a long-term proposition for the life of the Project, which is 21 years (20 years of rooftop generation with the final year being used to administer the cessation of the Society). The Financial Projections and the calculation of return for Members are based on expert advice and experience derived from other Energy4All projects. Financial Projections are by their nature uncertain, illustrative only and must not be taken to be an indication of any assurance about the ultimate return of capital or any level of return. The Financial Projections indicate that Members should receive Interest on their investment targeted to be at an annual rate of 5% for the first three years until 30th September 2019. After the third year, from 1st October 2019, the targeted interest rate will be increased by the rate of inflation in the previous three years, and each year after the fourth year the targeted interest rate will be increased by inflation in the previous year.

This is a 21 year Project, and M&S Energy Society would like Members to remain investors for the long term. However the Society recognises this is not possible for everyone. After three years Members may apply to withdraw some or all of their Shares and for their investment to be repaid. However, it is not guaranteed that investment can be repaid on demand. For more information please refer to 10. Risks. It is planned that in any case Members will start to be repaid their investment (by redeeming their Shares) from that date, on an annual basis, depending on the cash resources of the Society. M&S Energy Society currently targets redeeming about 15% of its Shares after three years and redeeming about 5% of its Shares each year thereafter. The redemption of Members' Shares will reduce the amount of capital Members have remaining in the Society which, in turn will reduce the amount of Interest paid, as Interest is paid on the capital remaining invested from time to time. When returning capital priority will be given to Members who wish to receive their money back and any remaining cash available to redeem Shares will be used to redeem all Members' Shares in proportion to their shareholdings. All redemptions will be £1 per Share, the same price at which Members invested.

## 7. Financial Information

M&S Energy Society will only start to trade once the Solar Panels have been installed and have begun to generate electricity, thus no accounts have been drawn up to date.

M&S Energy Society understands that its Shares are likely to be treated as exempt from inheritance tax under current rules. Members should seek advice on this point for certainty on their personal position if it is important to them.

## 8. Investment in M&S Energy Society by Directors

The current Directors of M&S Energy Society and of Energy4All intend to invest at least £20,000 in aggregate under the Share Offer on the same terms as other Members.

## 9. Project Development

The following preliminaries have been completed or are well advanced in respect of the Project:

- Subject to the satisfaction of various conditions, agreements will be entered into with Marks & Spencer permitting the Society to install Solar Panels on the roofs of the Host Buildings and for Marks & Spencer to buy all the electricity generated at those Host Buildings
- Grid connections have been obtained
- FIT Pre-accreditation of 8 of the Sites has been obtained (with pre-accreditation expected imminently on the 9th), entitling the Society to the rate of FIT that applied in September 2015
- Surveys of the Sites and detailed design work have been undertaken
- Fixed prices for the installation works have been obtained
- Joju Solar has been appointed on a fixed price to design and install the Solar Panels.

The Board will be responsible to the Members for the management of the Project.

## 10. Risks

Anyone buying Shares in M&S Energy Society is at risk of losing some or all of the money invested and there is no guarantee that Members will receive any return on their investment. The Shares are not covered by the Financial Services Compensation Scheme or the Financial Ombudsman Service. Accordingly the money Applicants pay for Shares is not safeguarded by any deposit protection scheme or dispute resolution scheme.

People interested in becoming Members should take appropriate advice and make their own risk assessment whilst also bearing in mind the financial, social and environmental aspects of purchasing Shares in M&S Energy Society. This is an unregulated Share Offer, which means that Applicants will not have the protections of a regulated offer. Your attention is drawn to the specific risks identified on pages 8 and 9 which you should take into account before applying.

## 11. How to Apply and Timetable

An Application Form, with details of how to apply, is attached at the end of this Offer Document. The minimum number of Shares is 100 and the maximum is 100,000 (except for investment by other Societies). Those interested in becoming Members should do so only after reading this Share Offer Document in full and taking appropriate financial and other advice.

The Society currently intends to issue Shares when the Minimum Subscription is raised and then to make a number of further interim issues in order to fund the construction of Solar Panels at Host Buildings whilst the Offer is open. Priority will be given to customers of M&S Energy when Shares are issued.

The Share Offer will close on 31 July 2016 unless extended or applications have previously been received for the full amount, in which case the Offer will close before that date.

# RISK FACTORS

*All commercial activities carry risk and potential Members should take appropriate advice and make their own risk assessment whilst bearing in mind the wider social and environmental benefits the Project will create. Taking up Shares in a trading business is not a loan or deposit. Your capital is at risk. Holding Shares is a long-term proposition for the life of the Project (which is 21 years) with capital repaid during that period; and although arrangements have been made to enable early repayment, your Shares may not be readily realisable.*

In addition to the specific risks of a recently launched social enterprise and supporting development and construction, other risks include:

## General Risks – Shares

- Investing in Shares is not the same as investing money in a bank account as your capital is at risk and you could lose up to, but not more than, your entire investment. An investment in the Shares is not covered by the Financial Services Compensation Scheme.
- Your Shares will not be tradable. Your Shares can be withdrawn (i.e. redeemed by M&S Energy Society for the price paid for them – in this case £1 each) in accordance with the Rules but may not be withdrawable at short notice or when you wish to do so. If M&S Energy 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.
- Shares in M&S Energy Society are not regulated investments for the purposes of the Financial Services and Markets Act 2000 (as amended) and therefore you do not have the protection provided by that Act. This Share Offer is exempt from regulation under that Act and regulations made under it, so there is no right to complain to the Financial Ombudsman Service or any other ombudsman; and this Share Offer does not need approval and has not been approved by an approved person under that Act.
- This Share Offer is not regulated by the Prospectus Regulations 2005 (as amended), which do not apply because there is a specific exemption for the type of fundraising being offered in this Offer Document (non-transferable shares).
- M&S Energy Society is registered with, but not authorised, by the FCA and therefore the money you pay for your Shares is not safeguarded by any depositor protection scheme or dispute resolution scheme.

## Renewable Energy Industry risks

- Changes in legislation, especially to the value or availability of the FIT, may affect M&S Energy Society's income. In particular the FIT is subject to change at short notice. However, M&S Energy Society has been granted FIT Pre-accreditation for 8 of the proposed 9 installations, and has an application pending on the 9th installation. FIT Pre-accreditation, if granted, entitles it to a guaranteed FIT rate for 20 years provided the installations are commissioned by 29th September 2016. Solar Panels will only be installed on Host Buildings if that deadline can be met.
- Weather patterns, electricity prices and business costs can fluctuate.
- New inventions and developments may render existing technologies and equipment obsolete.
- Unexpected maintenance costs in excess of budget provision can arise.
- Unexpected difficulties or delays can arise in construction which if long enough could lead to a lower FIT rate for some Host Buildings.
- Although Solar Panel installations are extremely reliable, electrical or other failure can interrupt the generation of electricity or the distribution network and lead to unexpected costs and interruptions of generation. Manufacturer warranties and guarantees offer some protection.



## Risks specific to this Offer and to M&S Energy Society

- The target Share Interest payments are not guaranteed and may not be achieved.
- Equipment to be purchased by M&S Energy Society will be supported by guarantees from companies believed to be financially robust, but equipment suppliers, contractors or other contracting parties with M&S Energy Society could fail to meet their obligations.
- The electricity being generated by the panels is being sold to M&S and the income of M&S Energy Society depends on M&S honouring its obligations to the Society.
- On 30th September 2036 the Solar Panels will transfer to M&S without payment. M&S will take over any liability relating to the subsequent repair or removal of the panels and will benefit from the electricity generated after then. Note: whilst the leases granted are 20 years the project is 21 years in duration. The 21st year is used to collect final FIT payments and distribute grants for Community Benefit.
- M&S may decide to dispose of or sell any of the Host Buildings or to use them in such a way that the panels need to be removed. If that happens, M&S may seek to transfer the contract with M&S Energy Society to the buyer, or will pay M&S Energy Society the depreciated value of the Solar Panels at the time of disposal plus a premium and will terminate the participation of the Host Building in the Project.
- The Financial Projections stated in this Offer Document are based on financial modelling incorporating a range of variable, changeable and uncertain factors, having due regard to historic evidence and the experience gained by the Board and Energy4All including estimated hours of sunshine, operational costs, the reliability of the equipment installed and replacement and repair costs. While every effort has been made to present an accurate forecast of the financial returns, this is no guarantee of the actual return received by Members which could be less than projected.

*No advice on investments is given in this Offer Document or by M&S Energy Society or its Directors in relation to it. If any person has any doubt about the suitability of the Shares which are the subject of this Offer Document he/she should contact an appropriate authorised person for advice.*



# THE INSTALLATION

## 1. The Host Buildings

M&S Energy Society anticipates installing Solar Panels on the following 9 Host Buildings on the map opposite:

## 2. Future developments

M&S Energy Society's ambition is to install Solar Panels at all 9 Sites, funded through this Share Offer. All buildings have applied for pre-registration for FIT, so when they are built M&S Energy Society will receive the higher rate of FIT which applied at the 30th September 2015 (when the application for pre-registration was made). All Sites have received grid consent and have had surveys which confirm they are suitable. The principal outstanding matters are receipt, in some cases, of the grant of pre-registration for FIT and the consent of the ultimate landowner if that is not M&S. If these are not forthcoming on time or on reasonable terms it is possible that installations on some of the Sites may not proceed. The Financial Projections assume that at least one Site is used. It is possible that some other Sites (which have been pre-registered for FIT) may also become available for use in which case the Share Offer may be increased and extended by the Directors to raise funds to enable Solar Panels to be built as well at those new Sites. Any increase or reduction in the number of Host Buildings should not affect financial returns to Members. In the event of a reduction in the number of Host Buildings and an oversubscription of capital any excess monies will be returned to Applicants as set out in the Terms and Conditions of the Offer.

Map of Host Building locations



Host Buildings	Pre-accredited Project Size kWp
BANBURY	50
CHESHIRE OAKS	50
CHESHUNT	156
HAYLE	223
HEMPSTEAD VALLEY	112
LONGBRIDGE	50
TORBAY	100
TRURO LEMON QUAY	100
WEST QUAY SOUTHAMPTON	50



# ADMINISTRATION & MANAGEMENT OF M&S ENERGY SOCIETY

## 1. M&S Energy Society's Directors



### MARIANA SPATER (CHAIR)

Mariana is the Managing Director of Fountain Television Limited in Wembley, the largest purpose built TV studio in Britain, from where the X Factor is broadcast. She qualified as a Chartered Accountant with a predecessor firm of Haysmacintyre.

Mariana has also been a trustee of the charity Royal Surgical Aid Society since 2007 and chaired it from 2010 to 2014. Mariana has been a long standing supporter of community energy and is a member of a number of other community energy projects.



### JONATHAN HAZELDINE

Jonathan has been Head of M&S Energy, the domestic gas and electricity business of Marks & Spencer, since 2011. He was instrumental in setting up the M&S Energy Community Energy Fund which launched in May 2015 and has issued grants worth £340,000 to 26 community energy

projects across the UK to date. Prior to joining M&S, he was responsible for Green partnerships at British Gas Trading Ltd, where he helped to create Energyshare, the community energy platform. He lives in west London.



### MIKE SMYTH

Mike is a solicitor who lives in Milford, Surrey. He is the volunteer chair of Energy4All Limited, and also the volunteer chair of Wey Valley Solar Schools Energy Co-operative Limited and The Schools' Energy Co-operative Limited, both of which install Solar Panels on schools. Previously he was a

partner of Lawrence Graham, a major London based firm of solicitors, for more than 20 years, specialising in corporate and commercial law. He chaired Friends of the Earth Trust until 2012.



### TOM RAFTERY

Tom is the Solar PV manager for Bauder Ltd, a business specialising in the manufacture, design and installation of flat roofs and solar PV solutions for flat roofs. In addition to Solar Panels Tom has extensive experience in installing flat and green roofs. He was involved in Transition

Town Berkhamsted's Solar Panel offer, which, in partnership with Energy4All, installed a community-funded solar array on the local secondary school, and he has been involved in a number of other community-funded solar schemes.

## 2. Other matters relating to the Directors and the management of M&S Energy Society:

### Investment in M&S Energy Society by those connected with the Share Offer

The current Directors of M&S Energy Society and of Energy4All intend to invest at least £20,000 in aggregate under the Share Offer on the same terms as other Members.

### Major shareholders

There are currently no major shareholders in M&S Energy Society and in the context of a Society such a concept is of limited significance. There is a principle of one vote per Member whatever a Member's holding and a limit of 100,000 Shares for individuals and for organisations except other registered societies.

No individual, organisation or groups of individuals or organisations has control, given the one Member, one vote governing principle.

### No Payment to the Directors

The Directors are acting as volunteers and are not paid by M&S Energy Society. Directors may claim reasonable expenses. They are acting as Directors because they are committed to the success of the Society, the ethos it represents, the ability of members of the public to make a difference by their own actions and the financial, environmental and community returns the Society has been established to deliver. Directors invest in M&S Energy Society on the same terms as all other Members. There are no pension schemes or share option schemes or other benefits for the Directors.



### **Board Practices**

Directors serve in accordance with the Rules. There are no service contracts for them. At each annual general meeting one third of the Board will retire. Societies are democratic organisations and the Board is appointed by M&S Energy Society's Members.

### **Disclosure Statement**

Neither Energy4All or its officers nor the officers of M&S Energy Society have been convicted of any fraudulent offence or received any public reprimand or sanction by a statutory or regulatory authority or designated professional body or been disqualified from any function by any court.

### **Conflicts of Interest and related party transactions**

Mike Smyth is the unpaid chair of Energy4All, which is providing development and management services to M&S Energy Society. Jonathan Hazeldine is the Head of M&S Energy, the domestic gas and electricity business of Marks & Spencer. The Directors are not aware of any other actual or potential conflicts of interest.

### **Management**

M&S Energy Society will have no employees and the business is not dependent on key individuals. Administration, accounting and day-to-day operations will be managed by Energy4All under the supervision of the Board. Energy4All will project manage the solar installations and their subsequent operation. The Board will bear ultimate responsibility to the Members, and will be advised by Energy4All.

### **Energy4All**

Energy4All ([www.energy4all.co.uk](http://www.energy4all.co.uk)) is a non-profit distributing social enterprise that works to deliver community-owned renewable energy. It will undertake the day-to-day administration and management of M&S Energy Society and will provide support to its Board. Energy4All is experienced in the management of renewable energy societies, and provides similar services to 21 other such community-owned renewable energy projects in the UK.

### **Energy4All – Key Personnel**

Energy4All employs a staff of 15, the following members of which will be principally engaged in supporting M&S Energy Society:

**Annette Heslop** is the Finance and Administration Director of Energy4All, which she joined in 2002. Annette has also been a director of Baywind Energy Co-operative Limited, Britain's pioneering community energy co-operative, since 1999. She is responsible for the professional management and administration of all the Energy4All community energy organisations. As Finance Director of Energy4All, she leads on financial control, modelling, costing, projections, banking and treasury.

**Rachael Hunter** is a Project Manager for Energy4All. She has been responsible in particular for the project management and development of Wey Valley Solar Schools Energy Co-operative Limited and Schools' Energy Co-operative Limited which have installed over 1MW of Solar Panels on 16 schools, with many more in progress. She also project manages a number of other renewable energy projects for Energy4All.

### **Society Secretary:**

Annette Heslop, the Finance and Administration Director of Energy4All, is the serving Secretary of M&S Energy Society.

### **Solar Panels Installer: Joju Solar**

This Project has been developed jointly with Joju Solar, a solar installer that specialises in installing Solar Panels on complex operating buildings and which has experience of working with community energy projects. Energy4All has been working with Joju Solar and Marks & Spencer for more than two years on the development of this Project. An installation price has been agreed. There is no connection between M&S Energy Society or its Board or M&S and Joju Solar.

### **Adoption of co-operative principles**

M&S Energy Society has been formed to be an ethical, community-owned, profitable social enterprise. As a Community Benefit Society it will strive to promote the principles of co-operation: self help and self-responsibility, democracy and equality, honesty and openness, social responsibility, autonomy and independence, member economic participation, opportunities for education, concern for community and the environment, and co-operation among co-operatives, whilst trading as a commercial organisation with a view to generating a profit.

“ This project is a great opportunity for customers to invest in green energy and help the environment, while also supporting local community groups. ”

**Lydia Hopton, Plan A Project Manager, M&S**

# ACCOUNTANTS' LETTER

*The Directors*

*Two Rivers Community Energy Society Limited, (trading as M&S Energy Society)*

*7 June 2016*

Dear Board of Directors

We report on the financial projections comprising the projected income & expenditure account of Two Rivers Community Energy Society Limited, which trades as M&S Energy Society, ("the Society") for the twenty years ending 2036 (the "Financial Projections"). The Financial Projections, and the material assumptions upon which they are based, are set out on pages 16-18 of the section headed "Financial Information" (the "Offer Document") issued by the Society as a section of the Share Offer dated 10 June 2016.

## **Responsibilities**

It is the responsibility of the Directors of the Society to prepare the Financial Projections.

It is our responsibility to form an opinion as to the proper compilation of the Financial Projections and to report that opinion to you.

This report is made solely to the Society's Board of Directors, as a body, in accordance with our terms of reference dated 3 May 2016. Our work has been undertaken so that we might state to the Society's Board of Directors those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society's Board of Directors, as a body, for our work, for this report, or for the opinions we have formed.

## **Basis of Preparation of the Financial Projections**

The Financial Projections have been prepared on the basis stated on pages 16-18 of the Offer Document.

The Financial Projections are required to be presented on a basis consistent with the accounting policies of the Society.

## **Basis of Opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included evaluating the basis upon which the Financial Projections have been prepared and considering whether the Financial Projections have been properly computed based upon the disclosed assumptions and the accounting policies of the Society. Whilst the assumptions and the accounting policies upon which the Financial Projections are based are solely the responsibility of the Directors, we considered whether anything came to our attention to indicate that any of the assumptions adopted by the Directors, which in our opinion are necessary for a proper understanding of the Financial Projections, have not been disclosed, or if any material assumption made by the Directors appears to us to be unrealistic.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Financial Projections have been properly compiled on the basis stated.

Since the Financial Projections and the assumptions on which they are based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the Financial Projections and differences may be material.

## **Opinion**

In our opinion, the Financial Projections have been properly compiled on the basis of the assumptions made by the Directors and the basis of accounting used is consistent with the accounting policies of the Society.

## **Declaration**

We have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

*Yours faithfully*

*Lamont Pridmore, Chartered Accountants and Business Advisers, 136 Highgate, Kendal, Cumbria, LA9 4HW*

# FINANCIAL INFORMATION

## 1. Payment of interest to members on their investment

M&S Energy Society plans to pay Share Interest annually in arrears on the balance of each Member's shareholding with the first payment being made in September 2017, interest is accrued from the date shares are issued.

Members should receive return on their investment targeted at an annual rate of 5% for the first three years until 30th September 2019. After the third year the targeted interest rate will be increased by the rate of inflation in the previous three years, and each year after the third year the targeted interest rate will be increased by inflation in the previous year.

**As an illustration, if Inflation is 2.5% each year then the targeted annual rate of Interest is as follows:**

Year	Years 1-3	Year 4	Year 6	Year 11	Year 16
Targeted interest rate	5%	5.38%	5.66%	6.4%	7.24%
Members' investment held by The Society	£1,230,000	£1,045,500	£922,500	£615,000	£307,500

This table also shows how Members' investment is targeted to be repaid during the life of the Project. The effect of repaying the investment is to reduce the amount of capital on which Interest is paid and to correspondingly increase the profits of the Society which are paid to the Community Benefit Fund.

The Project has a modular structure and the targeted rate of return is not dependant on successfully building on all 9 sites.

## 2. Taxation of interest

Under current legislation, Interest payable to members will be paid gross without deduction of tax. Members may need to declare the Interest they receive. Under current legislation the first £1,000 in aggregate of interest from all sources received by Members who pay basic rate income tax is tax free. Members who pay income tax at 40% receive a tax free allowance of £500.

## 3. Commencement of trading and M&S Energy Society's financial year

M&S Energy Society's financial year ends on 30 September. It has not yet traded and will commence trading when it raises the Minimum Subscription.

## 4. Operational cash flow and Working Capital

Apart from the capital requirements of the Project and obligations to third party suppliers, M&S Energy Society has a limited requirement for working capital in the conventional sense, as it has no employees and few fixed costs. Normal monthly cash expenditure is projected to be small and to be amply covered by the sale of electricity and the FIT payments. The Financial Projections anticipate that M&S Energy Society will be cash positive each year from the commencement of operations.

## 5. Income and expenditure

M&S Energy Society's income will come from the sale of electricity and the FIT (which will be increased on 1 April each year in line with inflation). Electricity generated will be sold to M&S at a fixed price until 30th September 2036.

Expenses represent the cost of administering M&S Energy Society such as preparing accounts and insurance; monitoring, maintaining and repairing the panels and Inverters; business rates; loan interest and depreciation.

M&S Energy Society's operating business is comparatively straightforward and involves few transactions and reliable equipment.

## 6. Development Costs

Energy4All, Joju Solar and Marks & Spencer have met the development costs of the Project to date, such as site surveys, design, grid applications, pre-registration applications, legal costs and structural engineers' reports. These costs (budgeted at £203,500) will be refunded by M&S Energy Society upon successful fundraising of the Minimum Subscription and are allowed for in the Financial Projections.

## 7. Capital Costs

Capital costs for the construction of all 9 Site installations are projected to be approximately £1,026,500.

## 8. Minimum Subscription

The Project will only proceed if sufficient applications for Shares are received or committed to enable the Society to install Solar Panels on at least one Host Building, if M&S consents to the issue of the Shares and if the Board is satisfied that the Society is of sufficient size to deliver the targeted Share Interest. If the Minimum Subscription is not received by 31st July 2016 then Shares will not be issued and Applicants will be returned the amount they subscribed in full without interest. The costs of the Project will then be met by Energy4All, M&S and Joju Solar and will not be charged to the Society.



## 9. Financial Projections

The Financial Projections, which have been approved by the Board, indicate that on the basis of the assumptions described below M&S Energy Society can meet the targeted rate of Interest (described in Section 1 above headed “Payment of Interest to members on their investment”) and the targeted rate of return of Members’ investment (described in Section 14 below headed “Repaying the money you invest”) and make the contributions to the Community Benefit Fund described below. If less than the maximum £1,230,000 is raised under the Share Offer then payments of Interest and return of capital should not be affected but payments to the Community Benefit Fund will be reduced, reflecting the smaller size of the Society.

The Financial Projections are based on the fixed prices agreed for the survey, design and installation of the Project, supported by the expertise of Energy4All and tested against independent data as far as circumstances have reasonably allowed.

Financial projections are by their nature uncertain. The figures presented here should be taken as illustrative only. For a Project such as this, revenues will be dependent on weather and the performance of the Solar Panels. Financial returns to members are not guaranteed.

## 10. Assumptions

The Financial Projections are based on the following principal assumptions:

- M&S Energy Society installs 891kW of Solar Panels on the 9 Sites at a cost of £1,026,500 (excluding VAT, legal, surveyors’, landlords’, engineers’, development fees and the costs of the Share Offer; in aggregate these additional costs, excluding VAT, are budgeted at £203,500);
- The Solar Panel installations will all be completed by 29 September 2016;
- Capital costs incurred for the Project will be in accordance with the Financial Projections;
- Electricity output is based on calculations which use an expected electricity output per kW installed for the type of Solar Panel proposed at the installed orientation and location;

- All electricity generated is sold to M&S at a fixed price;
- The FIT Pre-accreditation rate applies to all Host Buildings;
- There will be no materially adverse regulatory changes affecting the income or costs of the Project in the period to 30th September 2036;
- Inflation is 2.5% during the life of the Project and inflation at this level applies consistently to the FIT and the expenses of M&S Energy Society;
- Expenses are projected at a similar level to those on other projects worked on by Energy4All;
- The Solar Panels continue to operate for 20 years;
- No depreciation is charged in the Society's financial year of installation, but thereafter depreciation is charged at 5% per annum;
- Share capital is redeemed from the end of the third financial year (30th September 2019) of the Society onwards;
- Each Inverter is expected to be replaced once during the Project's life.

**Note:** a higher rate of inflation is likely to improve the financial performance of M&S Energy Society, as the income from the FIT increases more than expenses. Conversely, a lower rate of inflation is likely to reduce the value of the Community Benefit Fund.

Any of the assumptions not being realised is likely to result in adjustments to the Financial Projections. Financial Projections and assumptions such as those set out above are inherently less reliable over longer time spans.

## 11. Community Benefit Fund

M&S Energy Society expects to contribute significant sums of money to Community Benefit and for these to increase each year. M&S Energy Society will pay all of its profits to Community Benefit, after payment of Share Interest, interest on any borrowings, tax, depreciation and operating expenses.

The Financial Projections produce the following amounts payable into the Community Benefit Fund (which assume that Solar Panels are installed at all 9 sites):

	Yr1-5	Yr6-10	Yr11-15	Yr16-20
Total Community Benefit Fund	£16,000	£59,000	£152,000	£271,000

## 12. EIS Tax Relief on the Offer Shares

Shares issued in community energy societies such as M&S Energy Society no longer qualify for EIS tax relief.

## 13. Taxation payable by M&S Energy Society

M&S Energy Society does not anticipate having any material liability for tax as it should receive capital allowances on its capital expenditure on the Project and because Interest paid to Members is tax deductible. M&S Energy Society has applied to register for VAT.

## 14. Repaying the money you invest

Shares are expected to be held until 30th September 2019. After that date, M&S Energy Society Members do not have the right to withdraw Shares but the Board has the power, at its discretion, to permit Shares to be withdrawn. M&S Energy Society currently targets redeeming about 15% of its Shares on that date and redeeming about 5% of its Shares each year thereafter. When returning capital, priority will be given to Members who wish to receive their money back and any remaining cash available to redeem Shares will be used to redeem all Members' Shares in proportion to their shareholdings. All redemptions will be at the par value of £1.

The intention is to redeem all share capital within 21 years after the commissioning of the last Solar Panels. Any such redemption is dependent on the performance of the business. The effect of redeeming share capital is to reduce the amount paid out in Interest and to increase the Community Benefit Fund.

If it does not prove possible to install Solar Panels on any particular Host Building for which funds have been raised the Society will promptly return the excess capital to Members without interest.

## 15. Borrowing

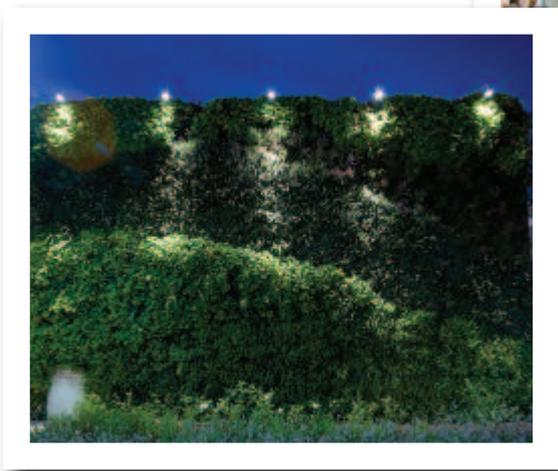
M&S Energy Society may decide to borrow in order to finance the initial development of its business and matters such as VAT. From time to time it may also decide to borrow to enable Members to redeem their Shares. The amount of borrowing will be comparatively modest, limited to 5% of its capital and is likely to be primarily from highly supportive community energy organisations that are part of the Energy4All "family" of community energy organisations and share the mission of M&S Energy Society.

## 16. Transfer of shares; buying Shares for children and gifting Shares under a will; Inheritance Tax

Parents and grandparents can buy Shares in M&S Energy Society now for their children and grandchildren; or can buy Shares on their own behalf now with a view to giving Shares to their children and grandchildren in their will. Shares can be inherited in accordance with instructions in a Member's will. Other than on the death of the holder Shares may not be transferred and will not be tradable on any stock exchange or other form of regulated market.

M&S Energy Society understands that under current legislation, Shares in M&S Energy Society are treated as exempt from Inheritance Tax. Members should seek advice on this point for certainty on their personal position.

Shares purchased on behalf of a child nominee will be held in the name of the Applicant and transferred to the child upon the child reaching the age of 16. Share Interest payable in respect of the Shares will be paid direct to the child.



# FURTHER INFORMATION ABOUT M&S ENERGY SOCIETY

## 1. The Society

M&S Energy Society is the trading name of Two Rivers Community Energy Society Limited which is a Community Benefit Society incorporated by the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 on 8 April 2015 with number 7101. Its registered office is at Unit 26, Trinity Enterprise Centre, Furness Business Park, Barrow-in-Furness, Cumbria LA14 2PN.

## 2. Legal proceedings

There have been no governmental, legal or arbitration proceedings relating to M&S Energy Society or the Projects and none are pending or threatened.

## 3. Expenses of the Share Offer

The expenses of the Share Offer are projected to be up to a maximum of £40,000. This excludes the fees of Energy4All described further in the section Material Contracts but includes the Society's accounting fees and the costs of design, advertising and promotion of the Share Offer. If the Offer is not fully subscribed Energy4All may meet all or part of these costs. Marks & Spencer will be providing material support to the promotion of the Share Offer without payment.

## 4. Material Contracts

The following contracts have been or will be entered into by M&S Energy Society and are material:

1. Contract with Marks & Spencer which governs the overall relationship between the parties and which, amongst other matters, permits the Society to use the M&S name and requires M&S to grant rent free leases of the Sites once the Minimum Subscription is raised.
2. Contract with Marks & Spencer under which M&S agrees to purchase all the electricity generated by the Solar Panels, to compensate the Society if the Solar Panels are disconnected and to buy the Solar Panels at a Site if the lease to the Society of that Site is terminated.
3. Contract with Energy4All for the supply of development services by Energy4All. The services include project managing the installation and initial operation of the Solar Panels for which it is paid a fee of £20 per kW installed and the development and delivery of this Project, preparing and handling the Share Offer and managing the marketing campaign for which it is paid up to £40,000, depending on the amount raised under the Offer.
4. Contract with Energy4All under which Energy4All will provide comprehensive management and administration services to M&S Energy Society. Energy4All will be paid an annual fee for its work of 1.25% of the capital raised under the Share Offer less the other administrative expenses of the Society. The contract runs until 30th September 2026 and can be renewed for a further ten year period. The fee will be increased each year by inflation.
5. Contract with Joju Limited under which they agree for a fixed price to design and install Solar Panels on up to 9 M&S stores.
6. Contract with Joju Limited under which they agree to provide certain maintenance services in relation to the Solar Panels they have installed.





## 5. Statement of Directors' responsibility

M&S Energy Society and each of the Directors are responsible for the information in this Offer Document and declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Offer Document is to the best of his/her knowledge in accordance with the facts and contains no omission likely to affect its import.

## 6. Offer Shares, Working Capital and Use of Proceeds

Shares are offered for subscription at £1 each on the terms of this Offer Document. Shares are payable in full on acceptance of an Application Form and pursuant to the Terms and Conditions. In the event of over subscription on any issue of Shares priority will be given to Applicants who are customers of M&S Energy.

The Shares will not be traded on a stock exchange or any other form of regulated market.

M&S Energy Society confirms that it will have sufficient working capital for at least 12 months following the date of this Offer.

The net proceeds from the Offer will be applied to install Solar Panels on up to 9 M&S stores. The intention of M&S Energy Society is to use the monies arising from this Share Offer to install as many Solar Panels as it can. If more Sites become available the Offer may be extended or re-opened to enable Solar Panels to be installed at those Sites.

Successful Applicants for Shares will receive a confirmation of Shares allotted and their details and holdings will be recorded in a share register to be kept by Energy4All, on behalf of M&S Energy Society, at Unit 26, Trinity Enterprise Centre, Furness Business Park, Barrow-in-Furness, Cumbria LA14 2PN or any successor business address. Each person or organisation issued with Shares becomes a Member of M&S Energy Society with membership rights defined in the Rules.

The principal membership rights are:

- one vote per holding on resolutions of the Members, including in relation to the appointment of Directors;
- the right to Share Interest on the amount currently invested in the Project;
- the return of the original investment during the life of the Project, subject to available surplus assets, as determined by the Directors; and
- as a Member, eligibility for election to the Board.

## 7. Complaints

Any complaints about this Offer or about the Shares should be sent to the Chairman of M&S Energy Society at Unit 26, Trinity Enterprise Centre, Furness Business Park, Barrow-in-Furness, Cumbria LA14 2PN.

## 8. The Rules

M&S Energy Society is a Community Benefit Society owned by its Members. Members elect Directors and each Member has one vote in a Members' meeting regardless of the number of Shares held. Members are protected by limited liability and are only obliged to contribute the initial cost of their Shares. M&S Energy Society is governed by Rules, which are approved by and registered with the FCA. A copy of the Rules is set out on the M&S Energy Society's web site at [www.mandsenergysociety.com](http://www.mandsenergysociety.com). A printed copy is available on request.

**Attention is drawn to the following Rules in particular:**

**Rule 4** sets out M&S Energy Society's objects, which are, in summary: to be involved in the development, management and operation of renewable energy generation and to reduce carbon emissions and to alleviate fuel poverty.

**Rule 14** states that the Board may admit to membership any person who is 16 or older who supports the objectives of M&S Energy Society and has agreed to subscribe for Shares.

**Rule 25** explains that Shares are withdrawable only, in accordance with the Rules and are not transferable, save on death or bankruptcy.

**Rule 26** provides that Members do not have the right to withdraw Shares but that the Board has the power to permit Shares to be withdrawn by agreement with the Member and subject to certain conditions.

**Rule 26** also entitles the Board to require all Members to withdraw the same proportion of their Shares and to be repaid the investment made on those Shares.

**Rule 29** states that an Annual General Meeting must be held within six months of the close of each financial year of the Society. Other general meetings may be requested by a minimum of 10% of Members or 100 whichever is the lesser figure. 14 clear days' notice must be given of the date, time, and place of the meeting and the business to be transacted.

**Rule 52** provides that each Member shall have one vote per holding, regardless of the number of Shares held by them, on resolutions of the Members, including in relation to the appointment of Directors.

**Rule 60** explains how the Board of Directors will comprise up to 9 members elected by and from the Society's Members, plus the Board may appoint two additional directors to represent a named member

**Rule 61** provides that one third of the Member Directors retire by rotation each year (this does not apply to the two additional Directors appointed by the Board).

**Rule 62** provides for the co-option of up to two independent Directors to the Board, who need not be Members.

**Rule 96** states that on a winding up of M&S Energy Society any surplus assets after repaying Members their Shares can only be transferred to a legal entity with similar restrictions on the use of its assets.



“ Community energy allows investors to see the tangible difference their investment makes. Every pound invested means increasing renewable energy generation and cutting carbon emissions every day ”

**Mike Smyth, Director, M&S Energy Society**



# TERMS AND CONDITIONS OF THE OFFER

## 1. Eligibility

This Share Offer is open to individuals over 16 years of age and to organisations which support the objects of M&S Energy Society. Individuals may apply as the nominee for a child under 16 by completing the relevant part of the Application Form.

## 2. Minimum and maximum holdings

The minimum number of Shares which can be applied for is 100 and the maximum is 100,000 (except for investment by other Societies). Shares cost £1 each.

## 3. Application procedure

- Read the accompanying Offer Document
- Pay special attention to the Risk Factors set out on pages 8 and 9 of the Offer Document
- Pay attention to the social benefits that M&S Energy Society seeks to deliver set out on page 6
- Consider whether you need to take financial advice or other advice in relation to the Terms and Conditions of this Offer Document
- Read the Rules of M&S Energy Society since if you receive Offer Shares you agree to automatic membership of M&S Energy Society and to be bound by its Rules
- Shares must be applied for using the Application Form at the back of this Offer Document
- Attach your cheque or pay by bank transfer as described below under "Payment"
- Send the completed form to Energy4All which is handling the Share application process on behalf of M&S Energy Society. By delivering an Application Form you offer to subscribe, on the Terms and Conditions contained in this Offer Document, for the number of Shares specified, or such lesser number as may be accepted by M&S Energy Society. Once an application has been made it cannot be withdrawn.

## 4. Offer Timetable

The Share Offer will remain open until 31 July 2016 (but will be closed early if the full £1,230,000 is raised). There is inevitably a degree of uncertainty over the precise dates for installing and commissioning of the Solar Panels in respect of the Project. The Society currently intends to make a number of interim issues of Shares, subject to M&S's consent, in order to fund the construction of Solar Panels at Host Buildings whilst the Offer is open. In the event of an interim share issue temporary closure of the Offer will occur to allow for processing of applications and issuing of shares. The closing date for the Offer is 31 July 2016 but the Offer may be closed early if it becomes fully subscribed.

## 5. Extension or Reduction of Offer Period and amounts

The closing date for the Offer is 31 July 2016 but the Offer may be closed early if it becomes fully subscribed. The Directors reserve the right to extend the Offer at their discretion.

The Board may reduce the number of Shares on Offer and will do so if it does not prove possible to proceed with any particular Host Building. In the event of an interim share issue, temporary closure of the Offer will occur to allow for processing of applications and issuing of shares. If further suitable Host Buildings become available in addition to the original 9 Sites then the Offer may be extended to enable Solar Panels to be installed on them too provided this does not reduce the targeted rate of interest payable to Members' or the targeted repayment of their investment described in the "Financial Information" Section of this Offer Document.



## 6. Consequences if the Offer does not raise the Maximum or Minimum Subscription

If the Share Offer does not raise the full sum to build all viable Sites, the Board may decide to build on fewer Sites, or arrange a loan for the shortfall or a combination of these actions. If the Minimum Subscription is not raised then the Project will not proceed and Applicants' money will be returned in full without interest. The Minimum Subscription is set at a level designed to ensure that M&S Energy Society is of sufficient scale for it to meet its running costs and pay Interest to Members as described in this Share Offer.

## 7. Procedures on Receipt by M&S Energy Society of Applications

- Offer cheques/bankers' drafts may be presented following receipt and may be rejected if they do not clear on first presentation.
- Surplus application monies may be retained pending clearance of successful Applicants' cheques.
- Applications may be rejected in whole, or in part, or be scaled down, without reasons being given.
- Application monies in respect of any rejected or scaled-down applications shall be returned by bank transfer through BACS to your account or if you prefer by crossed cheque, payable to the Applicant, to the postal address on the Application Form no later than one month after the end of the Offer Period (as may be extended).
- No interest is payable on submitted application monies which become returnable.
- Applications on incomplete or inaccurate Application Forms may be accepted as if complete and accurate at M&S Energy Society's discretion.
- M&S Energy Society reserves the right not to enter into correspondence with Applicants pending the issue of shares or the return of application monies.
- The results of the Offer will be published on the website [www.mandsenergysociety.com](http://www.mandsenergysociety.com) and by press release within one month after the Offer has been closed.
- In the case of oversubscription, the Directors shall, in their discretion, determine the appropriate allocation of Shares, taking into account the priority category of Applicant set out below.

## 8. Interim share issues, temporary closure and over subscription

The Society currently intends to make a number of interim issues of Shares, subject to M&S's consent, in order to fund the construction of Solar Panels at Host Buildings whilst the Offer is open. In the event of an interim share issue temporary closure of the Offer will occur to allow for processing of applications and issuing of shares. The Share Offer will be carefully managed by EALL on behalf of the Society to seek to prevent and or reduce over subscription. Priority will be given to customers of M&S Energy when Shares are issued. If the Offer is oversubscribed at a time when Shares are issued the amount oversubscribed will be carried forward to the next issue of Shares (which will not be later than 31st July 2016) or returned to Applicants if the entire Offer is oversubscribed. If the Offer or any interim issue of Shares is oversubscribed the Board will decide how to allot Shares and an application may be scaled down or even rejected in its entirety.

## 9. Pricing, trading and dealing arrangements

Shares are offered at their par value of £1. Shares will not be traded on a recognised stock exchange or any other form of regulated market. Shares are not transferable except on death or bankruptcy. Members do not have the right to withdraw Shares but the Board has the power at its discretion to permit Shares to be withdrawn and to redeem Shares from Members on a proportionate basis. The price at which Shares will be redeemed will be £1.

## 10. Governing law

The Terms and Conditions of the Share Offer are subject to English law.

## 11. Money laundering

Under applicable anti-money laundering regulations, you may be required to produce satisfactory evidence of your identity and it is a condition of this Share Offer that you do so if requested.

# GLOSSARY

<b>Applicant</b>	an applicant for Shares through submission of an Application Form
<b>Application Form</b>	the form to this Offer Document on page 29 which must be completed and returned in accordance with the Terms and Conditions on page 24 and the Guidance Notes on page 28
<b>Board</b>	the board of Directors of M&S Energy Society
<b>Community Benefit</b>	amounts that will be paid out from the Community Benefit Fund and applied to the social and environmental objectives of M&S Energy Society
<b>Community Benefit Fund or Fund</b>	a fund for the benefit of the community with allocated income from M&S Energy Society
<b>Community Benefit Society</b>	a society registered under the Co-operative and Community Benefit Societies Act 2014 that is owned and controlled democratically and trades primarily for the benefit of the community
<b>Director</b>	a director of the Society
<b>Energy4All</b>	Energy4All Limited, Registration number: 4545379, registered office Unit 33, Trinity Enterprise Centre, Furness Business Park, Barrow-in-Furness, Cumbria, LA14 2PN
<b>FCA</b>	Financial Conduct Authority, registrar and regulator of Co-operative and Community Benefit Societies
<b>Financial Projections</b>	the financial projections comprising the projected income and expenditure and return to Members of M&S Energy Society for the 21 years of operation, including the assumptions on which they are based, as set out in the section Financial Information
<b>FIT or Feed-in tariff</b>	the UK government regulated inflation linked price payable to producers of qualifying renewable electricity for 20 years
<b>FIT Pre-accreditation</b>	a pre-accreditation which allows a Site to benefit from certainty on the FIT rate it will receive once commissioned
<b>Fuel Poverty</b>	fuel poverty is defined as where a household, in order to maintain a satisfactory heating regime, is required to spend more than 10% of its income on all household fuel use
<b>Host Buildings</b>	M&S buildings that will have Solar Panels installed on them
<b>Inflation</b>	the rate of inflation as shown by changes to the Retail Price Index as published by the Office for National Statistics from time to time
<b>Inverter</b>	a piece of electronic equipment which converts the voltage of electricity generated by the Solar Panels to the voltage necessary for supply to the Host Buildings and export to the grid
<b>Joju and Joju Solar</b>	refers to Joju Limited, company number 05881628, registered office address Summit House, 170 Finchley Road, London, NW3 6BP
<b>M&amp;S and Marks &amp; Spencer</b>	refers to Marks and Spencer plc, company number 0214436, registered office address Waterside House 35 North Wharf Road London W2 1NW



<b>M&amp;S Energy Society or the Society</b>	is the trading name of Two Rivers Community Energy Society Limited, a Community Benefit Society, registered number 7101, registered office: Unit 26, Trinity Enterprise Centre, Furness Business Park, Barrow-in-Furness, Cumbria LA14 2PN
<b>Members</b>	members of M&S Energy Society
<b>Minimum Subscription</b>	the minimum amount to be subscribed or committed to be subscribed in order that the Project may proceed set out on page 17
<b>Rules</b>	the rules of M&S Energy Society which are summarised in this Offer Document and a copy of which is available from M&S Energy Society and at <a href="http://www.mandsenergysociety.com">www.mandsenergysociety.com</a>
<b>Offer or Share Offer</b>	the offer of Shares in M&S Energy Society contained in this Offer Document
<b>Offer Document or Share Offer Document</b>	this document inviting persons to subscribe for the Shares and become Members of M&S Energy Society
<b>Offer Period</b>	the period during which the Offer will remain open (including any extension)
<b>Project</b>	the installation and operation of Solar Panels on up to 9 Marks & Spencer retail stores as listed in this Offer Document
<b>RPI or Inflation</b>	the Retail Price Index as published by the Office for National Statistics from time to time
<b>Share Interest or Interest</b>	the annual payment to Members of interest on Shares
<b>Shares</b>	new shares of £1 each in M&S Energy Society, offered under this Offer Document
<b>Sites</b>	the 9 Sites listed on page 10 of this Offer Document
<b>Societies</b>	Community Benefit Societies or co-operatives registered under the Co-operative and Community Benefit Societies Act 2014
<b>Solar Panels</b>	a system for generating electric power by using solar cells to convert energy from the sun

# GUIDANCE NOTES

## *For completion of Application Forms for Shares in M&S Energy Society*

### **1. Applying for Shares:**

The Offer is open to individuals, registered societies and other organisations, which support the objectives of M&S Energy Society. It is only possible to purchase Shares in M&S Energy Society by completing the Application Form on pages 29 and 30. These notes are designed to help you complete the Application Form. Before completing the Application Form you should consider taking appropriate financial and other advice, particularly in relation to any aspect of the Offer Document which is not clear to you.

### **2. Your attention is particularly drawn to:**

- The Social Objectives described on page 7
- The Risk Factors on pages 8 and 9 which describe risks relating to an investment in the Shares.
- The specific Terms and Conditions of the Offer set out on page 24 because by completing the Application Form you will make an irrevocable promise to invest in Shares, which may be accepted by M&S Energy Society.
- The Rules of M&S Energy Society (a copy of which is available to view at [www.mandsenergysociety.com](http://www.mandsenergysociety.com) or can be obtained by post) because in buying Shares you will become a Member of M&S Energy Society and bound by these Rules.

### **3. Amount to invest:**

The price of each Share is £1. You should decide how many Shares you want to buy and put that number in the box. The minimum number (for ease of administration) is 100. The maximum is 100,000 (except for investment by other Societies). Annual Interest payments on Shares will be based on the number of Shares you hold, but you will only have one vote, regardless of the number of Shares you hold.

### **4. Personal details:**

You may apply as an individual, or if you are properly authorised, on behalf of a registered society, or other organisation. Pursuant to the Rules, those under 16 years of age cannot become Members. If you wish to invest as a trustee or nominee on behalf of a child you may need to take advice on any tax implications and please note that the maximum investment of £100,000 includes any Shares purchased as a nominee for a child. Shares issued in these circumstances could be transferred to a child when he or she becomes 16 and the Board will endeavour to assist with that intention where requested. If you do wish to take the Shares as a nominee or trustee of a child, please complete the appropriate section of the Application Form. Organisations that wish to apply for Shares should also contact us to obtain the appropriate form.

**Note:** applications cannot be in joint names.

### **5. Priority Application:**

The number of 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 applications are welcome, but in the event that the Offer is oversubscribed, the Directors will endeavour to give priority to customers of M&S Energy. To indicate you are entitled to be considered for priority treatment please tick the applicable box and provide your gas or electricity account number (maximum 12 digits).

### **6. Declaration:**

In signing the Application Form, as an individual, you are personally making an irrevocable and enforceable promise to invest in Shares in M&S Energy Society. If you are signing on behalf of an organisation or on behalf of another adult individual, you are personally representing that you have been expressly authorised to do so. Non-UK residents must take responsibility for ensuring that there are no laws or regulations in their own country of residence that would prevent them from buying Shares or receiving income from a UK Society. Under applicable anti-money laundering regulations, 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.

### **7. Payment:**

Please attach a cheque or banker's draft, drawn on a UK bank or building society, for the exact amount shown in the box under 'Amount to invest' and post the Application Form and payment to M&S Energy Society. If there is a discrepancy between the two, or if the cheque is not honoured on presentation, your Application Form may be rejected without further communication. Alternatively you can pay direct through the banking system into the M&S Energy Society bank account. Please quote your surname and date of birth as a reference and pay to Account Number 87975997 Sort Code 40-51-62. You should email the Application Form to M&S Energy Society or complete the on-line application form at [www.mandsenergysociety.com](http://www.mandsenergysociety.com).

### **8. Optional:**

It will help with the launch of other renewable energy social enterprises if we can identify the most effective means of communicating with potential investors. We would be grateful, therefore, if you would indicate on the Application Form how you first heard of M&S Energy Society.

### **9. Communication with Members:**

As a Member, you will receive various communications. It will help to reduce paperwork (and carbon dioxide emissions) if we can contact you by email. Please provide your email address on the Application Form.

# SHARE APPLICATION FORM

**Important: before completing the Application Form overleaf you must:**

- Read the accompanying Share Offer of M&S Energy Society (the trading name of Two Rivers Community Energy Society Limited) (the “Offer Document”);
- Pay special attention to the Social Objectives described on page 7 of the Offer Document;
- Pay special attention to the Risk Factors set out on pages 8 and 9 of the Offer Document;
- Consider whether you need to take financial advice or other advice in relation to the Terms and Conditions of the Offer contained in the Offer Document; and
- Read the Rules

**Declaration** (if applicable, also on behalf of an Applicant organisation)

I confirm my understanding that:

- this application may be withdrawn if a supplementary Offer Document is issued, but not otherwise, and, if and when accepted by M&S Energy Society, this application forms a contract subject to the law of England on the Terms and Conditions of the Offer Document;
- an Applicant who/which is not UK resident is responsible for ensuring that this application complies with any laws or regulations applicable outside the UK to which he/she/it is subject; and
- if the Offer is oversubscribed, it is possible that an otherwise eligible application will not be accepted in part or in whole.

**I confirm that:**

- I support the aims and objectives of M&S Energy Society;
- I have read the Offer Document, including the Risk Factors, the Rules and the Terms and Conditions of the Offer;
- I am over 16 and I meet the Offer eligibility criteria;
- M&S Energy Society is hereby authorised to make such enquiries as are deemed necessary to confirm the eligibility of this application;
- I am not making an application or multiple applications for a total of more than 100,000 Shares;
- I am not relying on any information or representation in relation to the Shares, M&S Energy Society or the Offer which is not included in the Offer Document; and
- I shall provide all additional information and documentation as may be requested by M&S Energy Society in connection with this application, including in connection with anti-money-laundering, taxation or other regulations applicable to M&S Energy Society.
- if signing this application on behalf of any person/organisation I am doing so with express authority.





“ Since the launch of Plan A in 2007  
M&S has lowered its carbon emissions  
by 23% and is carbon neutral across  
its worldwide operation. ”

(June 2016)



## M&S ENERGY SOCIETY

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