

Sheffield Renewables
Draft Share Offer Document
September 2011



Contents	Page 1
The Community Share Offer	Page 2
About Sheffield Renewables	Page 3
Business Plan	Page 4
Jordan Dam Hydro	Pages 5 - 7
Terms of the Community Shares	Pages 8 - 10
Share offer Contingencies	Page 11
Risk Factors	Page 12
Tax relief benefit (EIS) and Asset Lock	Page 13
Our Management Team, Advisors, and Institutional Supporters	Page 14

Supporting Documents

- 1- The Rules of Sheffield Renewables Limited
- 2- Sheffield Renewables Outline Business Plan

These documents will be available on request or to download from

www.sheffieldrenewables.org.uk/resources - The Outline Business Plan will be published on or before the launch of the Public Share Offer.

Guidance on Community Shares

“Investing in Community Shares” published by the Community Shares project (Co-operatives UK & Development Trusts Association) provides information and guidance for those considering investing in Community Share Offers. This can be downloaded from www.communityshares.org.uk or is available to purchase from Sheffield Renewables for £1.00.

The Community Share Offer

Sheffield Renewables Limited* (Sheffield Renewables or The Society) and the Board of Sheffield Renewables (The Board) accept responsibility for the information contained in this document. To the best of the knowledge of the Society and the Board the information contained in this document is in accordance with the facts and contains no omission likely to affect its substance.

Prospective investors should read the whole text of this document and should be aware that the intended outcomes of an investment in the Society are speculative and involve significant risk. Prospective investors are advised to read with particular care the sections of this document headed 'Terms of the Community Shares' (pages 8-10) and 'Risks' (page 12).

This share offer is exempt from the Financial Services and Markets Act 2000 or subsidiary regulations; this means there is no right of complaint to an ombudsman. A Community Benefit Society is registered with but not authorised by the Financial Services Authority. The money paid for shares is therefore not safeguarded by any depositor protection scheme or dispute resolution scheme, so investors may lose some or all of their investment. As the whole of the investment could carry this risk, please consider it carefully in the context of the complete share offer document, and if needed seek independent advice.

Sheffield Environment Weeks Launch
2011



* Sheffield Renewables Limited is a Community Benefit Society incorporated under the Industrial and Provident Societies Act 1965. Registered with the Financial Services Authority. Registration No: IP030736. VAT Registration No. 102929725. Registered Address: 25 Alexandra Road, Sheffield, S2 3EE

Aims, Motivations and Ethos

Sheffield Renewables was established to develop, own and operate renewable energy projects in and around Sheffield, in a way that brings wider benefits. It is both a social enterprise and a community brought together by a shared concern about climate change, pride in the city and a belief in the strength of working together. The Sheffield Renewables community is built on participation through its Volunteer, Support, Invest approach. It has a strong volunteer ethos, and benefits enormously from the work of its many volunteers. Likewise it enjoys a broad base of local support. Investors too become part of this community, and are encouraged to take an active role within it. A broad membership and supporter base will give Sheffield Renewables a strong voice with which to promote renewable energy and environmental sustainability.

History and Track Record

Sheffield Renewables was first established in late 2007, and has grown into an energetic and committed enterprise that has made good progress towards its goals.

In 2009 Sheffield Renewables Limited was incorporated, launched a business plan, set up an office and recruited its first employee. It now has around 20 active volunteers, employs two part time staff, and will recruit a Development Manager in September. Contributions of voluntary time are currently equivalent to two full time employees.

The organisation has attracted significant grant funding, winning around £60,000 between 2008 and 2010, and £40,000 in 2011. These revenue grants have met the costs of start-up, overheads and business advice and the majority of the costs of project development and employing staff. Funding has come from other sources, including the 2010 "Pioneer Share offer" to volunteers and stakeholders. Sheffield Renewables has now raised around £17,000 of investment by selling shares which is contributing to project development and staff costs. A £5000 interest free loan is held in reserve.

The efforts of volunteers and employees, combined with success in securing funding, has built a capable organisation and allowed great progress in bringing Jordan Dam Hydro to fruition (as described on page 6). These achievements have already attracted the attention of the local media, with a number of articles in the press, and interviews on TV and radio. Sheffield Renewables also has more than 1000 supporters, who follow progress by email newsletter, facebook or twitter.

Business Plan

Sheffield Renewables' vision is to develop a series of energy projects in and around the city, each bringing significant carbon savings and boosting local energy supplies. Each of these will be part-financed by a community share offer, and will be owned and operated by Sheffield Renewables.

To realise this vision, plans have been made to develop a core paid staff and in parallel work to maintain and expand the level of volunteering. Plans for growth and development of the business are described in full in the Sheffield Renewables Outline Business Plan (to be available on request and on www.sheffieldrenewables.org.uk). To ensure that commitments to investors can be met if growth plans are not realised, the Business Plan includes a contingency plan that would allow basic operations to continue solely on the income from Jordan Dam Hydro.

The plan to develop additional projects has some important consequences, which anyone investing in Sheffield Renewables should be aware of:

- Investments will be in Sheffield Renewables, rather than in the Jordan Dam Hydro project. The returns to investors will be a “blended return”, dependent on the performance of ALL projects.
- The success of future projects could affect the performance of investments. Members will therefore be informed of plans for new schemes, and will have a say in which go ahead.



Investor Tour Presentation 2011

This project will install an 80 kW Archimedes screw at Jordan Dam weir on the outskirts of Sheffield at Blackburn Meadows.

Environmental and Social benefits

Renewable Energy and Carbon Savings: The scheme is projected to generate 310,000 kWh of electricity per year, equivalent to the annual consumption of 80 average homes, and bringing emission savings of approximately 170 tonnes CO₂ /yr.

The Sheffield Renewables Project Fund: Surplus revenues will provide seed funding for more renewable energy projects, and other local environmental initiatives. The target is to match all interest paid to investors with payments to this fund.

Stimulating Community Renewables: This project will position Sheffield Renewables to deliver more projects, and contribute to the growing interest in community energy elsewhere.

Volunteering, Skills and Jobs: The project will support Sheffield Renewables in providing a range of high quality, challenging volunteering opportunities. It will also create one part time job during construction, and by supporting the growth of Sheffield Renewables, may create additional jobs.

Public engagement and communication: The project will be a vehicle to raise awareness of environmental issues and prudent energy usage. For example, Sheffield Renewables is working with South Yorkshire Energy Centre to run the “Tinsley Energy Buzz”, which is promoting interest in renewable energy and helping people reduce their energy usage and fuel bills.

Project Finance: Purpose of the Share Offer

The target cost for construction of Jordan Dam Hydro is £500,000, and the goal is to raise this sum from a combination of grants, loans and shares by the close of the share offer. The £250,000 raised from the Share Offer will go towards these construction costs.

Jordan Dam Hydro – Capital funding

Grant	£100,000
Loan	£150,000
Community Share Offer	£250,000
Total	£500,000

The final cost will be confirmed once the tender for construction is completed. It is possible that this cost will be higher than planned, and contingency plans are in place to manage this outcome. In particular, Sheffield Renewables is seeking the highest possible price for sale of the electricity. This would increase the forecast revenue and allow a larger loan. The scheme will go ahead only once Sheffield Renewables is confident that the final costs and funding package will allow commitments to shareholders to be met.

Projected Revenue and Surplus

Financial models for Jordan Dam Hydro have been completed by external consultants. The table below shows the expected income for the project during a typical year, and how it will be distributed (more detail will be provided in the Sheffield Renewables Outline Business Plan).

Income		Notes
Feed in Tariff	£55,000	Generation Tariff at 17.8 p / kWh
Electricity Sale	£10,000	Minimum income from Export Tariff at 3p / kWh
Total	£65,000	

Expenditure		Notes
Operations and maintenance	£16,000	
Sheffield Renewables overheads	£7,000	
Loan repayment and interest	£15,000	20 year term at 6.5%
Tax	£5,000	
Shareholder withdrawals and interest	£20,000	
Surplus (Project Fund)	£2,000	
Total	£65,000	

Project progress and development schedule

A feasibility study for the Jordan Dam site was completed in 2010 which included calculations of power output, cost estimates and outline designs. Ecological survey work has also now been completed. Progress on the major agreements and permissions required for the scheme is as follows:

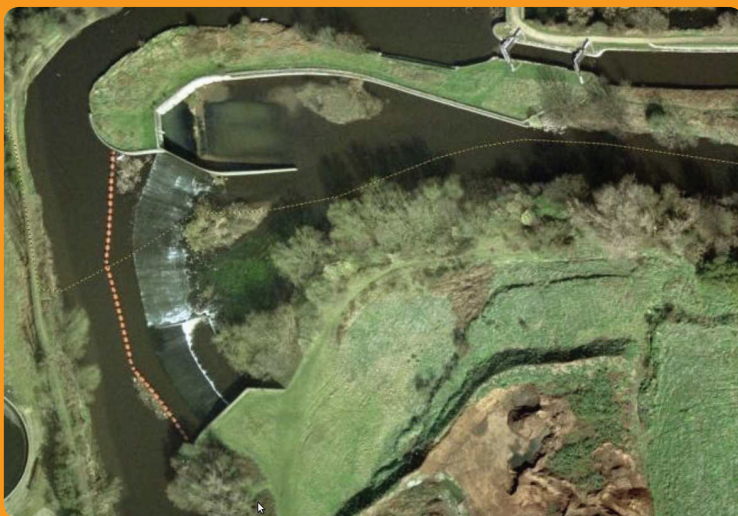
- (1) **Planning permission:** Conditional planning permission has been granted and work is on schedule to discharge the conditions by November.
- (2) An **Abstraction Licence** must be issued by the Environment Agency to allow water to be drawn from the river. After extensive preparation, the application has been submitted and is expected to be granted by November.
- (3) The site **Lease** has been agreed in principle, a draft agreement is in preparation and contracts will be completed by December.
- (4) A **Power purchase** agreement will give the terms of electricity sale. Two different parties have expressed interest in buying the electricity and the aim will be to secure the highest possible price.

All other finance, including the grant and loan, must also be secured before going ahead. The timetable for completing these milestones and building the scheme is shown below.

Milestone	Scheduled Date
1- Complete 'Early Bird' Share Offer	Sept 2011
2- Outstanding permissions & licences	Nov 2011
3- Partner agreements, including lease	Dec 2011
4- Complete Public Share Offer	Jan 2012
5- Secure Grant and Loan funding	Jan 2012
6- Decision to proceed with Jordan Dam Hydro Project	Jan 2012
7- Complete scheme	Jul 2012



Jordan Dam 2010



Jordan Dam Ariel View

Terms of the Community Shares

Sheffield Renewables is issuing 'Community Shares'. The 'Community Shares' concept has been developed through a joint initiative of the Development Trusts Association (now Locality) and Co-operatives UK. Sheffield Renewables has adopted principles which they have established for share offers of this kind. The words 'Community Shares' do not, however, have any legal meaning and the rights of investors buying Community Shares in Sheffield Renewables Limited are those set out in this part of the offer document and by the Rules of Sheffield Renewables Limited. The Community Shares on offer are withdrawable shares issued by the Board as permitted by the Rules of the society.

Withdrawable shares can be 'cashed-in' with the organisation that issued them, in this case Sheffield Renewables. These shares are not transferable, which means they cannot be sold to a third party.

The terms under which the shares are offered are as follows:

1. Type of Shares Issued

- 1.1 The value of the shares is £1.
- 1.2. The shares are not transferable, except in case of death or bankruptcy.
- 1.3. Any individual, group, corporate body or firm owning the minimum number of shares required for membership is a member of the Society. Each member has one vote at General Meetings of the Society.
- 1.4 Shares may only be bought by individuals over the age of 16.

2. Maximum and Minimum Investments

The minimum investment is £250 and the maximum is £20,000. For those who are unable to afford a single payment of £250, there are a limited number of places available to pay by installments (See below for more details of the Inclusion Scheme)

3. Offer Timescale

- 3.1 Unless extended by the Board, the Public Share Offer will be open for three months from the start date.
- 3.2 On receiving payment, a single £1 share will be issued to each applicant that will give membership rights until such time as the remaining shares are issued or payments are returned, when the minimum share holding required for membership will increase to £250.
- 3.3 The remaining shares will be issued only after the Board decides to proceed with construction of the Jordan Dam project. If the Board decides not to proceed with the project, or has not decided to proceed by 31st December 2012, investments will be returned less a £10 administration fee.

4. Interest Payments

Interest not exceeding 3% per annum may be paid on the shares with effect from the second anniversary of the date on which Jordan Dam Hydro starts generating electricity (but not for any period before that date), subject to the following conditions:

- 4.1. Any payment of interest must be from trading surpluses and is at the discretion of the Board having regard to the long term interests of Sheffield Renewables, the need to maintain prudent reserves and the Society's primary commitment to community benefit;
- 4.2. The Board may, having regard to the principles set out in the preceding sub-paragraph, pay no interest or interest at a rate lower than 3% per annum;
- 4.3 In exceptional circumstances and having regard for the principles set out in paragraph 4.1, the Board may alter the 3% per annum maximum interest rate.

5. Withdrawal of Shares

The shares may be withdrawn with effect from the third anniversary of the date on which Jordan Dam Hydro starts generating electricity, subject to the following conditions:

- 5.1. After the close of the Society's financial year (30th September), the Board will allocate a fund for withdrawal of shares over the following year. The funds allocated for withdrawal will be from income in the previous year, and will be dependent on scheme performance in that year.
- 5.2. Applications to withdraw shares must be made on a withdrawal form. All withdrawals require three months notice and shall be paid in the order in which applications are received by the Society until the maximum total withdrawal allocated for the year has been reached, at which point no further withdrawal payments shall be made.
- 5.3. All withdrawals must be funded from trading surpluses and are at the discretion of the Board having regard to the long term interests of Sheffield Renewables, the need to maintain prudent reserves and the Society's primary commitment to community benefit.
- 5.4 In exceptional circumstances, the Board may, at its discretion, waive the notice required for a withdrawal, or allow a payment to be made after the total allocated for withdrawal has already been paid out.

6. Reduction in Share Value

If the Society's auditors or independent qualified accountants find that the Society's assets are insufficient to meet its liabilities to creditors and shareholders, the Board may decide to reduce the value of the society's shares for the purposes of withdrawal of shares.

7. Dissolution

On the solvent dissolution or winding up of Sheffield Renewables, holders of the shares will have no financial entitlement beyond payment of outstanding interest approved by the Board and repayment of paid-up share capital.

The Rules of Sheffield Renewables Limited lay out the rights of members and the Society in full (www.sheffieldrenewables.org.uk/resources).

The Inclusion Scheme

Sheffield Renewables is committed to making this share offer open to as many people as possible within the Sheffield community, recognising the support received since the beginning of the organisation.

This scheme is to enable those on a low income who cannot afford a single payment of £250 (the minimum investment) to invest in instalments. There are a limited number of places on this scheme for the Early Bird Share Offer. These will be awarded on a first come, first served basis. Applicants must be able to complete the total payment of £250 in one year (as required by the Rules). Anyone investing through this scheme will become a member of Sheffield Renewables with full voting rights from the receipt of the first payment.

Please contact **Jean Tinsley** for an Inclusion Scheme application form. Applicants will also need to complete the 'Application for Sheffield Renewables Community Shares', on page 4 of the 'Early Bird' Offer Document.

Email: jean@sheffieldrenewables.org.uk

Telephone: 0114 250 8367

Post: Sheffield Renewables Ltd, 25 Alexandra Road, Sheffield S2 3EE



**Community
Shares**

promoting enterprise, equity and
engagement through community
shares and bonds



Investments will be held in a holding account. No funds will be spent from this account until the final decision has been made to proceed with procurement and construction of Jordan Dam Hydro. As soon as this decision has been made shares will be issued to the full value of the investment. A number of factors may delay the scheme or prevent it from going ahead, which would have the following consequences for investors:

- If the scheme does not go ahead, investments will be repaid less a £10 administration fee. A decision to go ahead must be made by 31st December 2012.
- If the scheme goes ahead after a delay, there will be a delay in shares becoming eligible for interest or withdrawal.

One of the most significant risks is a shortfall in funding from the Community Share Offer, which would be managed as follows:

- If the target has not been met by the closing date, the Share Offer will be extended by three months.
- If the Share Offer target is not met by the end of the extended period, the board may decide to extend the offer for a further period.

Pioneer Investors

Sheffield Renewables is looking for investors who wish to volunteer to release some or all of their funds from the holding account immediately to finance legal work which must be completed before proceeding with construction. Investors choosing this option would have shares issued immediately and so be exposed to a much higher degree of risk. If the scheme did not go ahead, it is very likely that 'Pioneer Investors' would lose their money. 'Pioneer investors' would however be making a valuable contribution that would allow the project to proceed as quickly as possible and save Sheffield Renewables having to take on high cost loans to finance the legal work.

Please contact Sheffield Renewables if you wish to discuss making a Pioneer Investment.

Risk Factors

Sheffield Renewables is committed to the success of Jordan Dam Hydro and the organisation. At the same time, investors should be aware that the money they invest is at risk. Investors may not receive the projected returns, and could lose some or all of their investment. The Board have identified the following risks:

Factors which may delay or prevent completion of Jordan Dam Hydro

1. There may be a shortfall in capital funding from grants, shares or loans.
2. The prices offered from the tender process may be higher than planned.
3. Legislative changes, for example reductions in the Feed in Tariff, could affect the scheme.
4. Failure to secure all permissions or licences, for example the Abstraction Licence.
5. Failure to complete partner agreements, for example the Lease Agreement.

Factors which may affect operations of Jordan Dam Hydro

1. Revenues may be lower than planned due to low flows, changes in electricity prices or other factors.
2. Operation may be interrupted due to mechanical failure, flood or other factors.
3. There may be delays, or potentially failure, in accrediting the scheme to receive the Feed in Tariff.
4. Legislative changes may affect the operational phase, for example via changes to the Feed in Tariff.

Factors which may affect Sheffield Renewables operations

1. Income from the Jordan Dam Hydro scheme is unlikely to cover the costs of growing Sheffield Renewables and developing more schemes, so grants and other income must be secured.
2. Availability of volunteers: Sheffield Renewables is supported by significant voluntary contributions.

This list is not necessarily comprehensive, and represents the opinion of the Board as to the most significant risks at the present time. The measures being taken to manage these risks are described in the Sheffield Renewables Outline Business Plan.

Tax relief benefit (EIS)

Subject to personal circumstances, Enterprise Investment Scheme (EIS) tax relief may be available to people who make investments of £500 or more in a Community Benefit Society in a tax year. Any updates on the eligibility of this share offer will be made available on www.sheffieldrenewables.org.uk or in the Public Share Offer Document.

(Further information on EIS is at: www.hmrc.gov.uk/eis)

Asset Lock

The Rules of Sheffield Renewables Limited contain a statutory asset lock which restricts the ability of the Society to use or deal with its assets other than for the benefit of the community. In particular:

- the only payments that can be made to members are the value of withdrawable share capital or interest on withdrawable share capital
- the Society's assets cannot be transferred except to another organisation whose assets are similarly protected.

This means that the value of Sheffield Renewables' assets, including the Jordan Dam Hydro scheme, is secured for community benefit and cannot be 'demutualised' or cashed in. This reflects the Society's commitment to its social and environmental purposes and the basis on which shares are issued.

Our Management Team, Advisors, and Institutional Supporters

Management Group

In common with charities and many social enterprises, Sheffield Renewables is governed by a voluntary board of directors. The board is assisted by other members of the management group.

Rob Pilling (Chair and Managing Director)	Project manager and environmental consultant (Green Sphere Ltd)
Mark Wells (Director and Treasurer)	Independent environmental professional (contracted by Sheffield Renewables Ltd; recently contributed to a separate project to develop Low Carbon Social Enterprise in Sheffield)
Dr Richard Collins (Technical Director)	Lecturer in Water Engineering (University of Sheffield)
Jean Tinsley (Director and Secretary)	Retired, with experience of managing budgets in the public sector (Norfolk County Council) and charity governance (King's Lynn Home-Start)
Steve Barnard	Enterprise Project Manager (High Green Development Trust) & Development Worker in Governance and User Involvement (Jantela Partnership)
David Berry	Property manager (The Ethical Property Company)

Director Investments

Each of the current directors has invested in Sheffield Renewables. These investments total £4500.

Advisors

Sheffield Renewables participated in the Community Shares project (Co-operatives UK & Development Trusts Association), which was aimed at refining and promoting best practice in Community Share offers, and has assisted development of this offer. Advice from a number of external professionals and organisations has guided development of Sheffield Renewables and the Jordan Dam Hydro scheme.

Wrigleys LLP	Advice on legal structure and rules
Co-operatives UK	Advice on community share offer and incorporation
About-turn Interim Management Ltd	Core financial model and business development advice
Derwent Hydro Ltd	Jordan Dam feasibility study
South Yorkshire Housing Association	Jordan Dam procurement strategy
J. S. Lewis Ltd	Jordan Dam economic model
Sleeping Consultants Ltd	Jordan Dam cash flow model

Institutional Supporters

Sheffield City Council is working closely with Sheffield Renewable to access funding, and has previously provided grant funding to assist start up.

Grant funding has also been awarded from the **Co-operative Enterprise Hub**, **CO2Sense**, and **South Yorkshire Community Foundation**

Key Fund, an institutional investor in Social Enterprise, has invested over £14,000 in Sheffield Renewables. Sheffield Renewables will continue to work with Key Fund to secure finance.

COMMUNITY ACTION FOR OUR ENERGY FUTURE



Project Part-Financed
by the European Union

European Regional
Development Fund



Email: info@sheffieldrenewables.org.uk

Telephone: 0114 250 8367

Post: Sheffield Renewables Ltd, 25 Alexandra Road, Sheffield S2 3EE