

# **GROWING RESILIENT AND ENERGY EFFICIENT NEIGHBOURHOODS (GREEN)**

## **SHARE OFFER 2011-12**



## **SUMMARY**

Growing Resilient and Energy Efficient Neighbourhoods Ltd. (GREEN) is a new co-operative society, registered under the Industrial and Provident Societies Act 1965. GREEN's mission is to initiate, develop and support projects that address environmental and social justice issues in East London and that promote co-operative ways of working between members.

This document details and contains an invitation to people in East London and beyond to invest in the withdrawable share capital of GREEN. We are seeking to raise approximately £30,000 by 20 January 2012 to invest in a community-owned renewable energy project in northeast London. This project will benefit from the UK Government's feed-in tariff for solar photovoltaic installations and will provide a financial and social return on the investment.

GREEN is a co-operative society and, therefore, each member will have one vote each (regardless of the amount of shares held). The members of GREEN will determine, collectively and co-operatively, what to do with any financial return that results from this investment. This may include a combination of reinvestment into other renewable energy projects, investment into other social and environmental projects and a financial return to the investors.

The information contained in this document has been prepared under the supervision of GREEN's Management Committee, who take responsibility for its contents. To the best of their knowledge, all information is accurate.

This share offer is exempt from the Financial Services and Markets Act 2000 or subsidiary regulations, which means you have no right of complaint to an ombudsman. An industrial and provident society is registered with but not authorised by the Financial Services Authority and therefore the money you pay for your shares is not safeguarded by any depositor protection scheme or dispute resolution scheme.

All prospective investors should read the whole of this document and should be aware of any risks they are taking in making an investment (see ***Terms and Conditions of Share Offer***). They should also read the rules of the co-operative (the Rules), which are available for viewing at <http://www.organiclea.org.uk/wp-content/uploads/GREEN-Rules.pdf>. If you have any doubts, you should seek independent advice.

Further information about community investment is available at [www.communityshares.org.uk](http://www.communityshares.org.uk).

## **SECTIONS**

- 1. SHARE OFFER, LAUNCH AND CLOSING DATE***
- 2. INVESTMENT PLANS***
- 3. WHO WE ARE***
- 4. RETURN ON INVESTMENT***
- 5. TERMS AND CONDITIONS OF SHARE OFFER***
- 6. APPLICATION FORMS***

## **SECTION 1 – SHARE OFFER, LAUNCH AND CLOSING DATE**

GREEN is offering ordinary withdrawable shares for purchase. Each ordinary share in GREEN has a nominal value of £1.00. The minimum shareholding for individuals or organisations is £100 and the maximum (set by law) is £20,000. It is possible to invest with others as joint shareholders (up to four individuals).

GREEN is seeking to raise approximately £30,000 for an initial investment in a renewable energy project described in more detail below (See **Investment Plans**). Following this initial investment, GREEN intends to identify future opportunities for investment in similar renewable energy and social justice projects.

Membership is open to British citizens and/or UK residents aged 16 and over. Corporate bodies, voluntary organisations and public sector investors may also become members.

The share offer will be launched on 8 December 2011.

The closing date for the offer is 20 January 2012.

## **SECTION 2 – INVESTMENT PLANS**

One of GREEN's founding members is Organiclea Ltd, a food-growing workers' co-operative. In January 2010, Organiclea entered into a long-term lease with Waltham Forest council on a twelve-acre site in northeast London, the Hawkwood Plant Nursery, which includes glasshouses and a large warehouse (See cover photo). Together with other partner organisations, Organiclea was interested in installing renewable energy to increase the environmental and economic sustainability of its food-growing work.

On 1 April 2010, the UK Government introduced a feed-in tariff (FIT) scheme for the generation of electricity from small-scale renewable energy projects, including solar photovoltaic. The primary financial benefits related to the FIT are:

- **Generation tariff:** the electricity supplier pays for each unit (kilowatt hour) of electricity generated by an approved scheme;
- **Export tariff:** the electricity supplier pays an additional amount for each unit of electricity that is not used onsite and is exported to the national electricity grid; and

The generation tariff under the FIT scheme is divided into bands depending on the amount of renewable energy that is installed. The relevant tariff bands considered by GREEN include projects of less than 4kW, 4-10kW and 10-50kW installed capacity. Payments under the FIT are guaranteed for 25 years.

The founding members of GREEN agreed to install a solar photovoltaic project on the roof of the Hawkwood Plant Nursery and that an installation within the 4-10kW band would be most appropriate considering the size of the warehouse roof space available for use, the capital cost of the project and the level of generation tariff. To maximise the opportunity, GREEN intends to install a project of up to 9.9kW installed capacity. Following the closing date of this Share Offer, GREEN intends to order the equipment and expects the project to be installed and operational by 15 March 2012.

The FIT scheme is currently under review by the Department of Energy and Climate Change (DECC). A consultation was launched on 31 October regarding the tariffs to be paid for small-scale solar photovoltaic installations (250kW or less) and is scheduled to end on 23 December. If implemented, the generation tariff for the initial proposed installation will be 16.8p

per kWh of generated electricity. The export tariff will be 3.1p per kWh. For more information on the FIT and the current consultation, please refer to information from DECC at [http://www.decc.gov.uk/en/content/cms/meeting\\_energy/Renewable\\_ener/feedin\\_tariff/feedin\\_tariff.aspx](http://www.decc.gov.uk/en/content/cms/meeting_energy/Renewable_ener/feedin_tariff/feedin_tariff.aspx).

The current estimated capital cost for this project is £27,000. In addition, setup costs for the co-operative together with other ancillary and administrative costs are estimated at £3,000 requiring a total initial capitalisation of £30,000.

### ***What if we raise more or less than the planned initial investment?***

It is possible that we will receive interest in share capital for more or less than the planned initial investment of £30,000.

In the event that GREEN receives more interest, the Management Committee will meet to determine, in its sole discretion, whether it will reduce the amount of share capital available for all or some investors or whether it will sell additional share capital to provide a capital surplus for GREEN. For instance, the additional capital may be used to invest in other renewable energy projects. A decision to invest in other projects would be made by the members of the co-operative in accordance with the Rules.

In the event that GREEN receives less interest than the planned initial investment, the Management Committee will meet to determine, in its sole discretion, what action to take, which may include any of the following actions, depending on the level of shortfall:

- Contacting some or all initial investors (including User Members) to raise additional capital to meet the initial investment plans;
- Scaling back the level of the initial investment to match the amount of share capital that is subscribed; and
- Cancelling the Share Offer and returning the investments.

### ***Further Investment Opportunities***

GREEN is interested in pursuing additional investment opportunities for the installation of renewable energy and social justice projects. We intend to fund future investments by attracting new capital investment and from some of the financial returns from the initial investment. As an investor, you will have the opportunity to re-invest the returns from your investment on any future projects. As a member of the co-operative, you will have a vote in determining how the returns from the initial project will be used by the co-operative.

## ***SECTION 3 – WHO WE ARE***

GREEN is a co-operative society registered in December 2011 and incorporated under the Industrial and Provident Societies Act 1965.

GREEN has been formed as a multi-stakeholder co-operative using the model rules of Somerset Co-operative Services and includes User Members and Non-User Members. User Members include organisations that will provide ongoing services to the co-operative. At present, there are four founding User Members (see description below), though more User Members may be added. Non-User Members include investors in the co-operative. By investing in GREEN, you will become a Non-User Member.

The founding members of the co-operative are all User Members that will be providing services to the co-operative and include the following:

### ***Organiclea***

Based in Waltham Forest, Organiclea produces and distributes food and plants locally, and inspires and supports others to do the same. Organiclea is a workers' cooperative, and brings people together to take action towards a more just and sustainable society. For more information, please visit <http://www.organiclea.org.uk/>.

### ***Forest Recycling Project***

FRP is an innovative community business promoting social and environmental justice through practical initiatives to reuse, recycle and reduce waste in East and North London. For more information, please visit <http://www.frponline.org.uk/>.

### ***The Hornbeam Centre***

The Hornbeam is organised and run by its users and based in Walthamstow. It provides a community café, a base for local food and environmental projects and a space for people to find out what's going on locally and how to get involved. For more information, please visit <http://www.hornbeam.org.uk/>.

### ***The HEET Project***

HEET is a non-profit organisation working in the Borough of Waltham Forest to help vulnerable and low-income households save money on their fuel bills, reduce carbon and keep their homes healthy and warm. For more information, please visit <http://www.theheetproject.org.uk/>.

### ***Management Committee***

GREEN's ongoing business is managed by a Management Committee, which currently consists of a representative from each of the User Members. In addition, the User Members intend to engage actively with the Non-User Members. Accordingly, at the co-operative's first annual meeting, the User Members will recommend that at least one Non-User Member is appointed as a representative to the Management Committee.

## ***SECTION 4 – RETURN ON INVESTMENT***

### ***Financial Return***

The information provided here is given as an illustration only of the possible financial returns that will be generated from this project. There are a number of variables that may affect the amount of energy generated by this project and, therefore, it is not possible to provide a definitive estimate of the amount of financial return for this project. GREEN intends to award a modest financial return on your investment in order to provide a reasonable incentive for investors to maintain their support, however, investors should not expect payments that mirror the returns of commercial investments.

The FIT for solar energy includes a generation tariff based on the size of the system and the amount of power (measured in kWh) that the system generates and an export tariff based on the amount of energy from the system that is exported to the national grid. Payments under the FIT are guaranteed for 25 years and the payment rates are index-linked to inflation (using the Retail Price Index).

Under current expectations, the generation tariff for the proposed system will be 16.8p/kWh and the export tariff will be 3.1p/kWh. The amount of revenue generated from the project will depend on the amount of available sunlight for any given year. GREEN has received different estimates from installers, averaging approximately 8000kWh of annual estimated output. In

practice, the amount of available sunlight will vary from year to year. The ability of solar photovoltaic cells to convert sunlight to electrical energy diminishes over time with an approximate 1% loss of efficiency every year. In addition, approximately 10% of revenues will be set aside annually for ongoing operations and maintenance of the project.

The Rules of the co-operative provide for certain guidelines on the application of annual profits (gross revenues less operating expenses), including:

- at least 20% of profits to be used as a general reserve for the continuation and development of the co-operative;
- no more than 20% of profits to pay dividends to User Members as payment for each member's contribution to the co-operative's business; and
- no more than 80% of profits to pay interest and dividends to Non-User Members in proportion to their shareholding.

In order to ensure the continued success of GREEN's business, no payments of dividends will be made in the first three years. The exact application of profits, in line with the Rules, will be made each year at GREEN's annual general meeting.

### ***Social Return***

GREEN's mission is to initiate, develop and support projects that address environmental and social justice issues. We are living in increasingly difficult times, with pronounced and growing strain on the environment and the supply of energy for our modern lives. As a result, many people and small organisations are starting to develop their own solutions. The rapid rise in recent years to use of industrial and provident societies to raise money at a community level is a significant example of this trend.

This share offer combines a number of important features that focus on the social returns of the project, as well as the financial returns. By investing in this project, you will be exemplifying the power of community to affect change at an individual and local level. This project would not be possible for any of the User Member organisations or individual investors but only through the combined power of all acting together to a common goal.

In the current economic system, many people are increasingly disenchanted with the lack of opportunities for ethical financial investment. With the recent announced changes to the level of FIT support for small-scale renewable energy projects, GREEN believes it is even more important to pursue this and similar projects. You will be helping to illustrate that, while some financial return on your investment is desired, this is not the primary motivation for seeking meaningful change and progress today.

Finally, the ability to fund and install this project will serve as a demonstration and beacon for other individuals and organisations. GREEN intends to highlight the project and showcase to the communities of its member organisations and beyond how to develop socially meaningful and financially rewarding projects that build local, secure and environmentally aware energy projects. For instance, Organiclea hosts regular volunteer and open days at the Hawkwood Plant Nursery and GREEN expects the project will provide for significant opportunities to discuss the installation and funding opportunities for community-owned renewable energy.

## ***SECTION 5 – TERMS AND CONDITIONS OF SHARE OFFER***

Please read this section carefully – it sets out the details for becoming an investor in the co-operative. Membership is open to individuals, corporate bodies and voluntary organisations.

While you may hear about this investment opportunity from other sources, you should make your decision based solely on the information contained or referenced in this document.

### **Shareholdings**

The minimum shareholding that you can apply for under this share offer is £100 and the maximum is £20,000 (as prescribed by law). It is possible to invest with others as joint shareholders (up to four individuals). Investors in GREEN will be Non-User Members and able to participate in the co-operative on a one-member, one-vote basis. Other rights apply to Non-User Members and you should refer to the Rules for more information.

Each share in GREEN has a nominal value of £1, which will not increase but may decrease if the co-operative suffers sustained losses. The shares are withdrawable but are not transferable. Shares may be withdrawn at the sole discretion of GREEN's Management Committee, and subject to 180 days' notice; no withdrawals will be possible within the first three years of investment. In the case of joint investments, all joint investors must agree to a withdrawal. All applications for withdrawal of shares are subject to the terms set out in the Rules. The Management Committee has the right to change the notice period for withdrawals, or to suspend withdrawals, but it does not presently intend to do so except in exceptional circumstances.

Shares will normally be repaid at the original price, but GREEN's Management Committee has the right to write down the value of the shares if the liabilities of GREEN (and its share capital) should exceed the value of its assets. Shareholders who then withdraw their shares will only receive the written down value of their shares.

### **Voting**

Each member of the co-operative will have one vote regardless of the size and value of their shareholding. However, different rights apply to the classes of User Members and Non-User Members. For instance, the standard rules used by GREEN for multi-stakeholder co-operatives provide for User Members to have 75% voting strength, as a class, to ensure the efficient day-to-day management of the organisation. In practice, the User Members intend to review and discuss major business decisions with Non-User Members before making such decisions.

The Rules of GREEN provide that the co-operative has a general aim of consulting with, empowering and serving its membership. In addition, the sovereign body of the co-operative is the general meeting, which appoints a committee to manage the co-operative (the Management Committee), and the business of the general meeting and the Management Committee is governed by such resolutions as may be adopted at a general meeting. The User Members will review the Rules and their effectiveness to ensure that the co-operative is serving its membership.

You should review the Rules to understand the differences between User Members and Non-User Members, which are available for viewing at <http://www.organiclea.org.uk/wp-content/uploads/GREEN-Rules.pdf>. It is intended that Non-User members will be kept informed of GREEN's activities through an occasional newsletter, a website, annual reports and the co-operative's annual general meeting.

### **Interest**

Provision is made in the Rules for payment of dividend as interest on the share capital at such rate or rates as may be determined by the co-operative's Management Committee from time to time. GREEN intends to award a modest financial return on your investment in order to

provide a reasonable incentive for investors to maintain their support. Investors should not expect interest payments that mirror the returns of commercial investments. No payment of interest will be made in the first three years GREEN's activities.

### ***Terms and Conditions for Applying for Shares***

You cannot withdraw your application for shares after we receive your application form. We do not have to accept your application for shares. We may decide not to issue shares to you or we may decide to issue fewer shares than you apply for. We do not have to give any reason for our decisions.

This share offer will close on 20 January 2012. Your application for shares will only be accepted if we have met the conditions laid out in this offer document.

Your application must be considered for approval at the next Management Committee meeting. We will acknowledge receipt of your cheque and application. We may cash your cheque as soon as we receive it. We will hold that money on trust until we issue shares to you.

We will return your money to you (within fourteen days of the Management Committee meeting at which we consider your application) if we decide not to issue shares to you. If we decide to issue to you fewer shares than you apply for, we will return the balance to you (within fourteen days of the Management Committee meeting at which we consider your application). We will not pay you interest on any money that is returned to you.

You will be bound by the Rules (as may be amended from time to time) if we issue shares to you.

### ***Nomination Option***

In the event of the death of a shareholder, the repaid value of the shares will normally be added to the estate for probate purposes. You may (if you wish) elect to nominate a recipient for the value of the shares (but only up to £5,000) and thus (under current legislation) remove the value of the shares (up to £5,000) from your estate for probate purposes (but not for capital tax purposes). If you have any questions, you should seek independent advice.

### ***Warning and Disclaimer***

You may lose the value of your investment. This share offer is exempt from the Financial Services and Markets Act 2000 or subsidiary regulations. This means that you have no right of complaint to an ombudsman. A co-operative formed under the Industrial and Provident Societies Act 1965 is registered with but not authorised by the Financial Services Authority and therefore any money you invest is not safeguarded by a depositor protection scheme or dispute resolution scheme.

In the event GREEN gets into financial difficulties:

- We may have to suspend your rights to withdraw your shares;
- We may have to write down the value of your shares;
- You may lose all the money you have paid for your shares.

Can you afford to be without the money you pay for these shares? If not, you should not buy them. If you are in doubt about any information contained in this document, you should consult an Independent Financial Advisor under the Financial Services Act 1986, or you should seek advice from a solicitor or accountant.

### ***Your Promises to Us***



You promise that:

- Your cheque will be honoured on presentation;
- You, as an individual, are at least 16 years of age;
- You will supply us with proof of your identity and address if we ask for it (we may need this to comply with Money Laundering Regulations 2003); and
- You are a UK resident and/or a British citizen.

## **APPLICATION FORM – INDIVIDUAL**

To become a member of Growing Resilient and Energy Efficient Communities (GREEN) requires a minimum of 100 shares. Each share costs £1.00. Each shareholding member has one vote, regardless of the size of the shareholding. The maximum permissible shareholding is £20,000.

Applications must be received at the office of GREEN, Hawkwood Nursery, 115 Hawkwood Crescent, Chingford E4 7UH by 20 January 2012.

I/We wish to become a member of GREEN in accordance with the Rules and apply for \_\_\_\_\_ shares, and enclose payment for that amount (cheques payable to GREEN).

In the case of joint applications, all applicants (up to four persons) must sign (please photocopy this form if there are more than two joint applicants).

	Person 1	Person 2
Name		
Address		
Phone		
Email		

If you wish to nominate a person to whom you wish your shares to be transferred to on your death, please tick here:  and complete a "Nominee Application Form."

### **AGREEMENT**

I am at least 16 years old. I agree to be bound by the Terms and Conditions included in the attached Share Offer and the Rules of GREEN. I understand the co-operative's Management Committee may reject my application without further explanation.

### **DATA PROTECTION & MONEY LAUNDERING**

The data provided by you on this form will be stored within a computerised database. This data will only be used for GREEN's purposes and will not be disclosed to any third party without your prior written consent. It is a term of this share offer that to ensure compliance with the Money Laundering Regulations 2003, GREEN may at its absolute discretion require verification of identity from any person seeking to invest.

### **SIGNED AS A DEED**

	Person 1	Person 2
Signature		
Date		
Witness signature		
Name and address of witness		

## **APPLICATION FORM – CORPORATE**

To become a member of Growing Resilient and Energy Efficient Communities (GREEN) requires a minimum of 100 shares. Each share costs £1.00. Each shareholding member has one vote, regardless of the size of the shareholding. The maximum permissible shareholding is £20,000 except for other Industrial and Provident Societies.

Applications must be received at the office of GREEN, Hawkwood Nursery, 115 Hawkwood Crescent, Chingford E4 7UH by 20 January 2012.

I/We wish to become a member of GREEN in accordance with the Rules and apply for

\_\_\_\_\_ shares, and enclose payment for that amount (cheques payable to GREEN).

Full official name

Address for correspondence

Registered number

Contact name

Telephone

Email

### **AGREEMENT**

We agree to be bound by the Terms and Conditions included in the attached Share Offer and the Rules of GREEN. We understand the co-operative's Management Committee may reject our application without further explanation.

### **DATA PROTECTION & MONEY LAUNDERING**

The data provided by you on this form will be stored within a computerised database. This data will only be used for GREEN's purposes and will not be disclosed to any third party without your prior written consent. It is a term of this share offer that to ensure compliance with the Money Laundering Regulations 2003, GREEN may at its absolute discretion require verification of identity from any person seeking to invest.

### **SIGNED AS A DEED**

Director

Secretary

Signature

Name

for and on behalf of  
(name of organisation)

Date

## ***NOMINEE APPOINTMENT FORM***

This form should only be completed if you wish to nominate a person to receive your shares on your death.

You can nominate a person to whom you wish your shares to be transferred on your death. We will respect those wishes (as far as UK law and the Rules permit).

If you are a joint holder and you do not wish your holding to pass to the other joint shareholder(s), then you must complete this form. You may nominate a person to whom you wish your joint shareholding to be transferred on your death.

Name

Address

Phone

Email

I understand that it may not be possible for GREEN to action this request and I and my heirs will not hold GREEN responsible for its actions.

I understand that these restrictions can only be revoked or amended by my giving clear written instructions to the Secretary of GREEN at the co-operative's registered office.

I understand that trustees will need to be appointed if my nominee is under 16 years of age.

### ***SIGNED AS A DEED***

Signature

Date

Witness signature

Name and address  
of witness