

Dingwall Wind Co-op

Share Offer Document
September 2013

Directors' Letter

September 2013

Dear Potential Co-op Members,

Dingwall Wind Co-op is a unique opportunity for local people to own part of a wind turbine and directly benefit from the wind resource in Ross-shire.

The Co-op will own a 250 kilowatt wind turbine at Knockbain Farm, just above Dingwall. We believe it will be the first wind turbine in Scotland 100% owned by a co-operative.

You are invited to become a member of the Co-op. You will receive a good return on your investment – projected at 7.5% - along with potentially significant tax benefits.

The Co-op will also contribute to a substantial local community fund.

To date the turbine project has been developed by the landowners, and already has planning permission and a binding grid connection offer. This share offer will raise the £856,000 needed to build the turbine and to repay the landowners' development cost so the turbine belongs completely to the Co-op.

This Share Offer Document is designed to give you the information you need in order to decide if this investment is right for you. We hope you do decide to join us and become a member of Dingwall Wind Co-op.

The Directors

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Declaration

Each of the Directors of Dingwall Wind Co-op whose names are set out below hereby 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 knowledge, in accordance with the facts and contains no omission likely to affect its import.

Miles
Davis

David
Lockett

Richard
Lockett

Dennis
Overton

John Fraser
McKenzie

Summary of Offer

Summary of offer to acquire shares in the Dingwall Wind Co-operative Ltd ('the Co-op')

Introduction

The purpose of this share offer is to raise sufficient funds to pay for the installation of a 250kW wind turbine, and to buy the project as developed to date from the existing owners.

The Co-op aims to be generating electricity by the Summer of 2014.

Important Information

This document has been prepared on behalf of the Directors of the Dingwall Wind Co-op, who are responsible for its contents. Full details of the terms of the offer and how to invest are set out in this document. Technical and other words and phrases are defined and explained in the Glossary. This summary should be read as an introduction only and any decision to invest should be made on the basis of the document as a whole.

The Project

The project's purpose is to generate electricity from the wind resource available and to reduce the reliance of the Dingwall area on fossil-fuel-derived electricity. Electricity generated by the turbine will feed directly into the local electricity network and will generate the electricity equivalent to the average consumption of 120 homes. It is estimated that the project will displace the equivalent of 240 tonnes of CO₂ every year.

The Co-op will generate revenue from the sale of electricity and receive income from the Feed in Tariff (FiT). A projected annual surplus over expenses will enable the Co-op to pay interest payments to members and to endow a local Community Fund.

The Offer

This Offer Document seeks to raise funds by the issue of Offer Shares at £1, payable in full on application.

This share offer is designed to be eligible for Enterprise Investment Scheme tax relief (EIS and Seed EIS) so that members who are taxpayers can obtain tax relief on their investment.

The share offer will be opened for applications from 20th September 2013. The closing date is 30th November 2013 but the offer may be extended by the Directors.

Those applying for membership should regard these Shares as a long-term investment. They may subscribe for a minimum of 250 and a maximum of 20,000 offer shares at their £1 par value.

Advanced Assurance has been obtained from HMRC that SEIS and/or EIS tax relief will be available at a rate of 30% or 50% depending on the timing of Members' investment. Neither the Co-op's nor the Members' eligibility for SEIS or EIS tax relief can be guaranteed.

Returns to Members are calculated according to projected income and expenditure during the life of the Installation using the assumptions stated in the Offer Document. The projected rate of return over the expected life of the Project equates to an internal rate of return (IRR) of 7.5% over a 20 year project period. Any benefit of tax relief is in addition to this.

Shares will not be traded on a recognised stock exchange and shares are not transferable. Members may apply to withdraw shares after the end of the third year of operation. Share withdrawal may be authorized at the discretion of the board.

It is the intention of the Co-op to repay members' share capital at or before the end of a 20-year period, subject to financial performance and available funds.

Each shareholder, whatever the relevant stake, automatically becomes an equal co-operative member of the Dingwall Wind Co-op on a 'one member one vote' basis.

Risks

All investment and commercial activities carry risk. Investors should take appropriate advice and make their own risk assessment whilst bearing in mind the social and environmental aspects of the Project. **Those interested in investing should do so only after reading this document in full and taking appropriate financial and other advice.**



WTN 250 kW turbine

Business Overview

This section provides details about the Project and the organisations that have put it together.

Co-operatives & Renewable Energy

Co-operative ownership of renewable energy is familiar to many in continental Europe and has been growing rapidly in the UK in recent years. The first renewable energy co-operative in the UK was Baywind Co-operative in Cumbria, established in 1997. There are now renewable energy co-operatives across the UK and across the technologies. Scotland has several successful wind co-operatives that own part of larger commercial wind farms. As far as we are aware this is the first Scottish wind co-op which will fully own a wind turbine installation.

Co-operatives using the Industrial and Provident Society form such as this one are democratic structures with the legal ability to raise money directly from members of the public. With a 'one member one vote' system and a board elected from the membership, they offer a fair and transparent way to operate a community owned renewable energy business. They also have the power to prioritise investment from the local area, ensuring that financial benefits from renewable energy flow to people in the locality. Industrial and Provident Societies are registered with the Financial Conduct Authority (FCA).

The Project

Knockbain Farm is a family farm in the ownership of David Lockett. The farm produces beef, lamb, barley and potatoes on 700 acres of land. A large amount of new wildlife habitat, including native woodlands hedges and wetlands, as well as an extensive footpath network has been created on the farm.

The landowners, as the limited company Knockbain Renewables, applied for and obtained planning permission in 2012 for a wind turbine for their own use, working alongside Realise Renewables, a Perth-based farm-scale wind turbine specialist. In late 2012, the landowners were introduced to the idea of a wind co-operative, which would enable the benefits of the turbine to be shared with a large number of local people.

Shareenergy is a Shrewsbury-based co-operative that helps community groups to establish community owned renewable energy co-operatives. Shareenergy is a spin-off from Energy4All, a not-for-profit company that owes its origin to the Baywind community wind co-operative in Cumbria.

Shareenergy and the landowners were introduced through Realise Renewables and began working on development of the project as a wind co-operative in early 2013.

Dingwall Wind Co-op

Dingwall Wind Co-operative Limited was incorporated and registered with the UK Financial Conduct Authority as an Industrial and Provident Society number 2770RS on 16th May 2013. It is domiciled in Scotland, with its registered office at Knockbain Farm, Dingwall, Ross-shire IV15 9TJ.

Dingwall Wind Co-op has 5 founding directors. It is one of several renewable energy co-operatives across the UK being developed with support from Shareenergy and was established using the Shareenergy Model Rules, which have been used by 25 renewable energy co-ops to date. A copy of Dingwall Wind Co-op's Rules is available from the project website or by application to the Co-op (see back of this Offer Document for contact details).

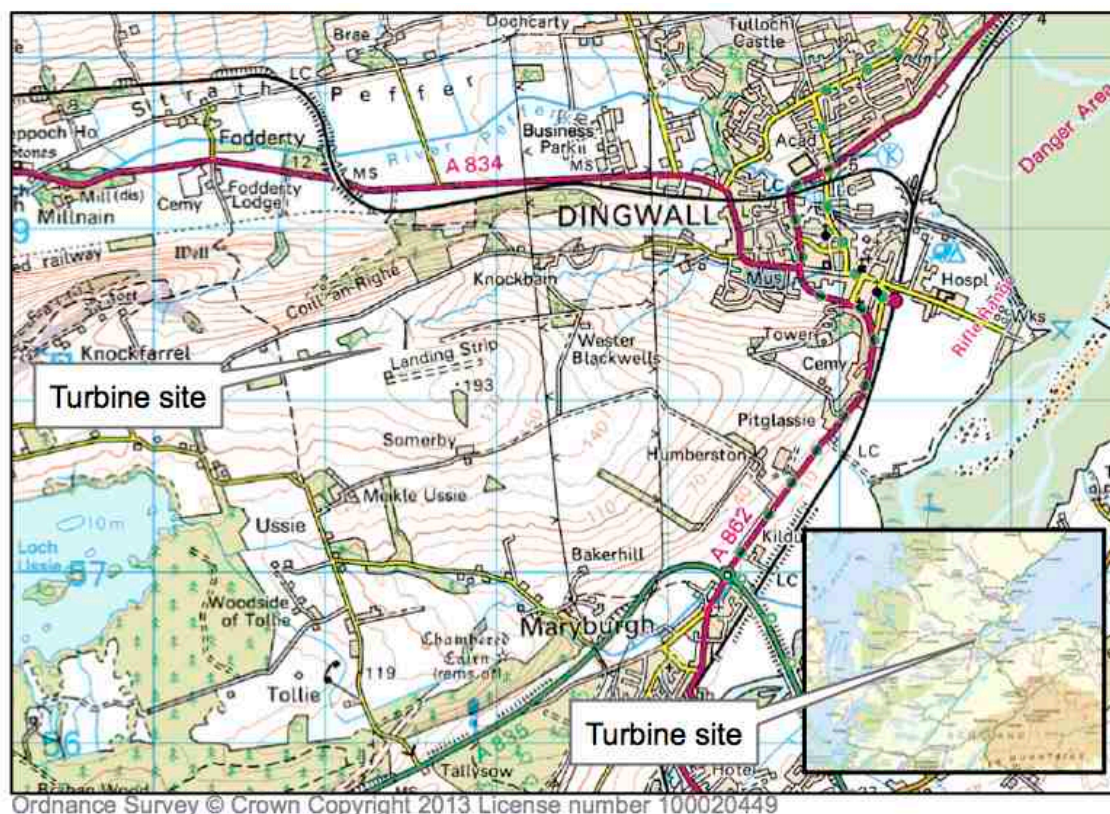
The sole planned activity of Dingwall Wind Co-op is the ownership and management of one or more wind turbines in the Dingwall, Ross-shire area. At the time of writing the focus of the project is to install and run a 250kW wind turbine at Knockbain Farm, but the Co-op is open to the possibility of owning and operating another turbine or turbines if the opportunity arises on terms which do not compromise the purpose or viability of the Co-op.

The Site

Knockbain Farm is situated to the west of the market town of Dingwall, in the Scottish Highlands. The turbine site has been chosen to maximise wind speed while allowing for easy access of turbine parts and machinery, minimising impacts on neighbours and ecology.

There is a working airstrip at the top of the site which has been in existence for over 30 years. The airstrip is owned and operated by David Lockett and the site for the turbine will not conflict with any aviation activity, on site or elsewhere.

The turbine has full current planning permission from Highland Council and the planning documentation is linked from the project website.



The Wind Resource

The figures in this document are based on a detailed Wind Resource Assessment carried out by Digital Engineering.

The cost of carrying out a full anemometry campaign with a hub-height wind measurement mast in place for a year is generally prohibitive for projects of this size. Instead it is now usual practice to commission a digitally modelled assessment. Digital Engineering are widely considered to have one of the market leading products in this area. Their Wind Resource Assessment is now widely accepted for asset backed bank finance and by private investors and recommended by many major turbine manufacturers. The analysis takes into account both atmospheric and terrain factors and is based on 20 years of windspeed data. The model has been third-party validated against a range of real-world data from 35 sites across the UK. In addition, four of the Scottish sites were independently assessed on a blind test basis against measured windspeed data. For these four masts, the Digital Engineering process was a maximum of 0.1 m/s from the actual measured wind speed.

The Wind Resource Assessment gave these figures:

Average wind speed (W50)	6.5 m/s	Average annual energy yield (P50)*	566 MWh
Average wind speed (W90)	6.0 m/s	Average annual energy yield (P90)*	479 MWh

*Before mechanical and electrical losses

P50 is the yield expected to be exceeded in 50% of years. In other words, the P50 is the most accurate prediction of yield over time. P90 is the yield expected to be exceeded in 90% of years. This is a very conservative value. A P90 is normally used by the most risk-averse funders and many banks.

We have modelled the project finances on a conservative base case whereby the project only achieves the lower yield on average (P90 yield). We have reduced projected output by a further 10% to account for losses in the system (a figure of 7% is often used as an industry standard).

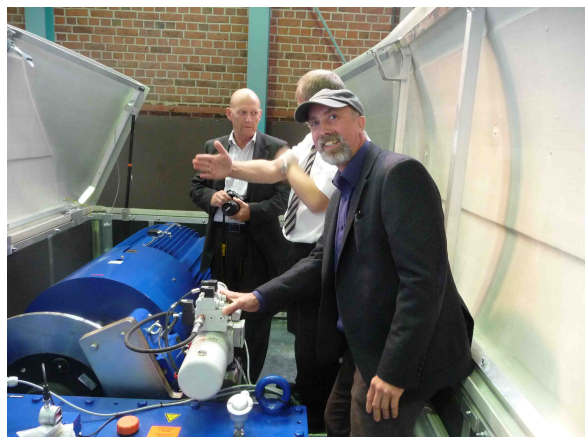
Any surplus due to the performance exceeding the base case will be split three ways between the members, the landowner and the Community Fund (see Financial Projections).

The Turbine

The Co-op will be installing a WTN 250kW turbine. The turbine has a hub height of 30m and a blade length of 15m, giving a tip height of 45m. All the available turbines available to the UK market were assessed before coming to this choice.

WTN have been manufacturing turbines since 1986 and there are over 130 WTN machines of this model currently working worldwide. There are currently 7 WTN 250 turbines operational in the UK. By the end of 2013 the total number is expected to be around 30. Energy4All carried out a due diligence process on the WTN 250 and has raised £2.5m for its Drumlin Wind Co-operative, which is currently installing 5 of the turbines in Northern Ireland.

The turbines are made by a family firm in Northern Germany. Miles Davis (a Co-op Director) visited the factory in July 2013 to find out more about the company and see the manufacturing process. Miles also visited a WTN 250 turbine in its 22nd



Miles Davis, Co-op Director, inside turbine nacelle at WTN factory

year of operation. David Lockett has visited a working WTN turbine in Northern Ireland. Accounts of these visits are available on the project website alongside technical documentation regarding the turbine.

The turbine uses solid and well-proven technology. This is reflected in a 99% uptime figure over 20 years for the turbine at the factory itself. The turbine system is supplied and installed with a 10-year product warranty from WTN. The warranty is validated with a commitment to a 10-year Service and Maintenance contract, which in turn introduces a 10 year 95% operational uptime guarantee from WTN. Penalty payments are made on the basis of lost Feed-in Tariff and export income. Non-consumable parts are replaced at the owners expense at the end of the 10- year warranty.

Electricity Sales

The electricity produced by the turbine will all be exported into the local network, for which the Co-op will receive the market value that comprises the wholesale value of the energy plus various payments made for environmental attributes. In addition the Co-op will receive the Feed-in Tariff. Preliminary accreditation for the Feed-in Tariff will be sought in October 2013 in order to assure that the rate of Feed-in Tariff currently in force (18.04 p/kWh) will apply for this project. Preliminary Accreditation holds the current rate for 12 months and the turbine must be generating before the end of this period.

Project Timeline

This is an indicative timeline showing planned progress of the Project from this point onwards:

30 November 2013	Planned conclusion of Share Offer.
December 2013	Firm orders placed for turbine.
Spring 2014	Groundworks start on site when weather permits. First Co-op AGM.
Summer 2014	Completion and commissioning of turbine.
Spring 2015	First payments to Co-operative Members and Community Fund. Second Co-op AGM.

A grid connection date of 31st May 2014 has been secured from the Distribution Network Operator. This connection has been paid for and is a binding commitment. The turbine production slot will be booked with the payment of an initial deposit of 5% in Autumn 2013. A further deposit of 20% will be paid by the end of 2013 to enable turbine construction to commence.

Community Fund

The Co-op will be contributing to a Community Fund, which is to be distributed by a Charitable Trust as an annual grants scheme available to local organisations. The Fund is set at a minimum of £2,000 per year but is expected to amount to around £8,000 in an average year based on expected-case energy generation.

Legal Agreements

Option and Lease documents between the Co-op and the landowners have been negotiated and are in the process of being signed. These documents form the legal basis on which the Co-op will occupy and rent the land on which the turbine will be constructed, as well as the arrangements for access to the site and grid connection.

Financial Projections

The anticipated total cost for the turbine and associated installation and project costs is £856,000. Dingwall Wind Co-op will be liable for all ongoing operating costs associated with the installation and will negotiate the sale of electricity and benefit from the Feed-in Tariff and any other current or future incentives.

Financial Projections prepared and approved by the Board are summarised here. The figures are based on contracts entered into and estimates received by the Co-op. The Directors take responsibility for the reasonableness of the projections in this Offer. Projected returns to Members are calculated according to projected income and expenditure during the life of the Wind Installation. The Co-op will commence operations when electricity and FiTs revenues commence. The projected finance model includes the return of members' capital over a 20 year period.

At the end of its working life the Co-op may choose to replace the turbine or not, and to continue in business or wind up, according to the business of the Co-op at that time.

Methodology

The projections show 2 scenarios:

The **base scenario** makes a very conservative assumption regarding turbine performance. We have used the P90 figure (the annual energy production which is predicted to be exceeded 90% of the time) and further reduced this by 10% to account for losses in the system. In the base case, all operational expenses are paid, the landowner receives 10% of the gross income as rent, the Community Fund receives £2000/yr and the remainder of the surplus is split amongst the Members. This yields a return to Members of 6.5% (IRR), ignoring the effect of any tax reliefs.

The **expected scenario** assumes that the performance of the turbine will be as predicted in the wind study. In this case we use the P50 figure (the annual energy production which is predicted to be exceeded 50% of the time) and similarly reduce this by 10% to account for losses in the system. Under the expected scenario, any additional surplus over the base case is split three ways, equally between the landowner, the Community Fund and the Members. The Community Fund would receive over £8,000/yr. The return to Members rises to 7.5% (IRR) ignoring the effect of any tax reliefs.

Enterprise Investment Scheme Tax Relief

The Co-operative intends to apply for both Seed Enterprise Investment Scheme (SEIS) and Enterprise Investment Scheme (EIS) tax reliefs for this share offer. This can be a significant benefit to taxpayers, irrespective of the amount of shares subscribed for or the rate at which Income Tax is paid.

EIS Income Tax relief, if available, is 30% of the value of the shares, which qualifying Members can claim back against income tax for the financial year in which the shares were issued (or the previous year). Shares qualifying for EIS must then be held for 3 years.

If shares lose value then members can set this loss (minus the initial relief) against income for tax purposes in that year (or the previous year). The EIS scheme also allows for relief of Capital Gains Tax under certain circumstances.

EIS Income Tax relief example

Mary is a qualifying taxpayer who invests £10,000 in EIS qualifying shares. The EIS relief available is £3,000 (£10,000 at 30%). If her income tax liability for the year (before EIS relief) was, for example, £8,000, she could reduce it to £5,000 as a result of her investment.

If she invested in SEIS qualifying shares the relief would be £5,000 and her income tax liability would be reduced to £3,000.

For full details see <http://www.hmrc.gov.uk/eis/> and <http://www.hmrc.gov.uk/seedeis/>

It is the Co-op's intention that the first £150,000 of Shares applied for and paid up by Members specifying that they wish to be considered as Pioneer Investors will qualify for SEIS tax relief. This is similar to EIS relief but the Income Tax relief level is higher at 50%. For more on Pioneer Investors see page 13 (Pioneers).

The Board will endeavour to ensure that this Share Offer qualifies for EIS and SEIS tax relief. Advanced Assurance of eligibility has been obtained from HMRC. However, the Directors are not in a position to absolutely guarantee eligibility. Investors should take their own advice as to whether they are eligible for EIS or SEIS tax relief.

Assumptions

The Projections are based on the following principal assumptions:

- 1) That annual energy production of the Installation will be in line with the estimates made for the base case and expected levels. In the event that the predicted energy production falls below the projected levels the revenues of The Co-op will be reduced. In the case of a technical fault, the Co-op will endeavor to make sure that this is covered by warranties and/or insurance, including for losses incurred as a result.
- 2) Current expectations relating to the global energy market, the UK electricity industry, UK Government policy, and the desirability for and promotion of electricity from renewable sources, will remain reasonably consistent and reasonably favourable to the Installation over the next 20 years, resulting in continuing demand for electricity and related Environmental Attributes produced by the Installation.
- 3) Prices at a reasonably similar level to those currently obtainable will be achieved through the life of the Installation (after allowance for annual inflation).
- 4) Operation and maintenance costs will be incurred from the start of operations. Maintenance costs will continue to rise as the equipment gets older. It is assumed that operations and maintenance costs will rise no faster than the income.

Projections and assumptions such as these are inherently less reliable over longer time spans.

Notes on the Financial Projections

- 1) The total cost of £856,000 is based on:

Capital cost turnkey quote from RM Energy (including contingency)	£669,000
Repayment of project costs to date and recompense of project risk taken by Knockbain Renewables	£157,000
Cost of establishing Co-op, Share Offer costs and legal documents (work carried out by Shareenergy and others)	£30,000
Total	£856,000

- 2) The projections in this offer document are based on quotes from RM Energy, Realise Renewables and from work carried out by Knockbain Renewables, Realise Renewables, Shareenergy and the Board.
- 3) Inflation on all income and expenditure is set at 3% per annum over the 20-year period.
- 4) Income is based on the combined value of the Feed-in Tariff, electricity sales, and other benefits being 23.5p/kWh, which is considered a conservative estimate.
- 5) Depreciation of equipment is straight-line over the 20-year period and creates a fund to pay back Members' capital. Capital is here modelled as being returned to Members annually after year 5 subject to the maintenance of a contingency reserve within the Co-op.
- 6) Business rates are set at £3,000/yr, although in practice these may be lower due to reliefs available for renewable energy technologies.
- 7) Insurance costs are set at £1,500/year – this is based on a quote from a reputable broker.
- 8) Administration costs of the Co-op are set at £3,000/year. This is as quoted by Shareenergy for their standard 'small co-ops' package which covers book-keeping, production of annual accounts, maintenance of membership database, phone, email and postal support of members, preparation of AGM papers and annual return, FCA and other regulatory fees. The Co-op will produce annual accounts and as a small business will apply for the exemption from audit.
- 9) Interest on cash in bank is set at 2.5%.
- 10) All profits are allocated to depreciation charge or paid as interest to Members or gifted to the Community Fund so the projections do not predict a liability for Corporation Tax. Note that Members are likely to be liable for Income Tax on their returns from investment.
- 11) Normal monthly cash expenditure is expected to be small and will be amply covered by the generation and FIT income. The Projections anticipate that Dingwall Wind Co-op will be cash positive each year from the commencement of operations.
- 12) Projections are based on a 20-year FiT period, which corresponds to the approximate working life of the turbine.

20 year income and expenditure projections

	£000	£000	£000	£000	£000	£000	£000	£000
Year	yr 1	yr 2	yr 3	yr 4	yr 5	6-10 yrs	11-20 yrs	all yrs 1-20
Base case								
Operating income	101	104	107	111	114	624	1,561	2,722
<u>Expenses</u>								
Operating Expenses	24	25	25	26	27	148	370	645
Depreciation	43	43	43	43	43	214	428	856
Operating Surplus before distributions	35	37	39	42	44	262	763	1,222
Add interest on cash in bank	-	1	2	3	4	23	20	53
Total Surplus before distributions	35	38	41	45	49	285	783	1,275
<u>Distributions</u>								
Community fund	2	2	2	2	2	12	31	54
Rental to landowner	10	10	11	11	11	62	156	272
Surplus available to members	22	25	29	32	35	210	596	949
Expected case								
Operating income	120	123	127	131	135	737	1,844	3,217
<u>Expenses</u>								
Operating Expenses	24	25	25	26	27	148	370	645
Depreciation	43	43	43	43	43	214	428	856
Operating Surplus before distributions	53	56	59	62	65	375	1,047	1,716
Add interest on cash in bank	-	1	2	3	4	23	20	53
Total Surplus before distributions	53	57	61	65	69	398	1,066	1,770
<u>Distributions</u>								
Community fund	8	8	9	9	9	50	125	219
Rental to landowner	16	17	17	18	18	100	251	437
Surplus available to members	29	32	35	38	42	248	690	1,114
Cashflow (either case)								
Operating cashflow	43	43	43	43	43	214	428	856
Less capital repaid to members	-	-	-	-	-	285	570	856
Opening cash	-	43	86	128	171	214	143	-
Closing cash	43	86	128	171	214	143	-	-

Members Projected return (IRR)			
	No EIS	EIS	SEIS
Base Case	6.5%	9.8%	12.8%
Expected Case	7.5%	10.9%	14.0%

Risk Factors

All investment and commercial activities carry risk, and investors should take appropriate advice and make their own risk assessment whilst bearing in mind the social and environmental aspects of this investment opportunity. Attention is drawn to the following:

General investment risks

- The value of shares can fluctuate according to the value of the underlying business.
- Offer Shares will not be transferable or traded on a recognised stock exchange.
- Members wishing to withdraw their share capital will be able to apply to the Board for this purpose after the third year of operation. Withdrawal of share capital is at the discretion of the Board.

Renewable energy industry risks

- Government policy towards renewable energy may change. However throughout the operation of the FiT and previous similar schemes such as ROC and NFFO, the Government has maintained the commitment to the process of 'grandfathering' which ensures that whatever tariff a project is registered for at the commencement of operation, will remain the same for the duration of the FiT period, (which is 20 years in the case of wind turbines). Therefore, revenue from FiTs for the Co-op should not be affected by any future changes to the FiT. This payment is also index linked to RPI. The figures used here are those currently in force.
- Any changes to the FiT that occur before the turbine is commissioned could result in a change to projections, or in the worst case, non-viability of the project. However, it is the intention of the Co-op to apply for Preliminary Accreditation to ensure that the current FiT level is available (even allowing several months for delays in construction).
- New technology inventions and developments may render existing technologies and equipment obsolete. However, wind turbines are a stable technology and the chosen turbine has a high level of efficiency so technological advances of this magnitude within the life of the project are considered unlikely.
- Long-term changes to weather patterns could result in lower levels of production. However, there is no evidence that the Co-op is aware of that this will affect energy production at this site.
- Atypical short-term weather conditions could affect expected levels of generation, although overall patterns outside anticipated parameters are unlikely.
- Operational costs may rise faster than anticipated during the life of the Project.

Risks specific to Dingwall Wind Co-op

- Equipment failure due to exceptional circumstances would increase maintenance costs and this would impact on co-operative income. However, warranties and insurance will be in place in the event of mechanical breakdown of the equipment and will cover loss of income for associated periods of business interruption. Accidental and malicious damage will also be covered under insurance and public liability insurance is provided.
- We believe that the Co-op qualifies for some business rates exemptions for renewable energy. Should this prove to not be the case, or the exemptions be reduced or withdrawn, the Project might be liable for increased business rates which would reduce net income.

Risks specific to Pioneers

- See page 13 (Pioneers) for an explanation of Pioneers. Pioneers will receive their share allocation before the end of the Share Offer period. Their funds may be spent in whole or in part before the conclusion of the Share Offer. If the Share Offer fails to raise the required funding, despite any extension, then the landowners would seek to find alternative means of financing the project as a private endeavor. Under this scenario the landowners would seek to buy back the part of the project owned by the Co-op. This may result in a delay in Pioneers receiving their money back or, in the worst case, a partial or complete loss of Pioneers' capital. Pioneers might not be eligible for SEIS tax relief under this circumstance.

Management and Administration

This section provides details on the Board and the running of The Co-op.

The Board

The current board is a transitional board, for the purposes of setting up The Co-op, running the share issue and overseeing the installation of the turbine. Board elections from the new membership will be held at the first AGM following the Share Offer.



Miles Davis – Director. Miles was brought up in Banchory, Royal Deeside. After living in Northern Canada for 15 years and working as a wilderness canoe guide, Miles returned to Scotland to work for the Deer Commission and then the Crofting Commission. Miles has been interested in renewable energy for many years. He now runs his own mapping and surveying business as well as a firewood supply business – Ross-shire Woodfuels.



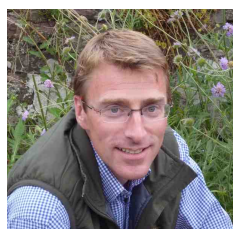
David Lockett – Director. David Lockett moved to Knockbain Farm, Dingwall in 1971 after studying agriculture at the Royal Agricultural College, Cirencester. During his forty years at Knockbain he has completed a range of woodland and environmental projects, in addition to running a livestock and arable farm. David serves as a Dingwall Community Councillor, director of the Royal Highland Education Trust and as Deputy Lord Lieutenant for Ross & Cromarty.



Dennis Overton – Director. Trained as an agricultural economist, Dennis' career has been focussed on starting up, building and growing agri-businesses, particularly in the Scottish aquaculture sector. He is Chairman and MD of the Alness-based sustainable seafood company Aquascot. Dennis is involved in both hydro and wind renewable developments as Chair of the Ardnornish Estate Company, North Argyll and of Alness Community Energy Ltd.



John Fraser McKenzie – Director. An ex Army Air Corps helicopter pilot, John now runs a small livestock farm on the edge of his home town of Dingwall. He has installed a range of renewable energy projects on the farm including an 11kW wind turbine, a small-scale hydro scheme and solar panels. Flying helicopters UK wide under his Flying Farmer business, John is also behind the recently installed Logic Energy Wind Turbine display screen at the Dingwall Auction Mart.



Richard Lockett – Director. Brought up on the family farm at Knockbain, Richard went on to study Environmental Science at Stirling University. He has since worked in environmental land management in Perthshire and has run his own consultancy business for the last 5 years. Richard, who has recently moved back to Knockbain, has played a leading role in the Knockbain turbine project and is passionate about it being locally and co-operatively owned.



Jon Halle - Company Secretary. Jon is a founder Director of Sharenergy Co-operative. A lifelong environmentalist, he has worked setting up renewable energy co-operatives for the last 10 years, notably with Goldenfuels in Oxfordshire and Energy4All in the West Midlands. He is also Company Secretary of several other successful renewable energy co-operatives. Jon provides co-operatives expertise to Dingwall Wind Co-op.

Current and intended shareholdings of Directors

The total intended shareholdings of Directors and their direct family members amounts to 161,000. Of this sum, 60,000 shares are subscribed for under the Pioneer terms.

Disclosure

None of the directors of Dingwall Wind Co-op have, for at least the past five years, received any convictions (for any fraudulent offence or otherwise), or been involved in any bankruptcies, receiverships or liquidations, or received any public recrimination or sanction by a statutory or regulatory authority or designated professional body, or been disqualified from any function by any court.

Conflicts of Interests

David Lockett is the landowner at Knockbain Farm and the farm will receive rent in that capacity when the installation is running. David and Richard Lockett also developed the initial project (trading as Knockbain Renewables) and took it through planning permission and will receive a payment from the Co-op to reimburse them for expenses and risk taken to date.

Jon Halle is a director of Sharenergy Co-operative which provides development and ongoing admin services to the Co-op.

Remuneration

No remuneration has been paid by the Dingwall Wind Co-op to the Directors. When the Wind Installation is generating electricity each Director will be entitled to claim fees and/or expenses not exceeding £50 p.a. in addition to travel expenses. Directors' share applications will be met in full, but there are no pension schemes, share option schemes and except for the reimbursement of expenses, there are no other benefits for Directors of Dingwall Wind Co-op.

Board Practices

Directors serve in accordance with the Rules. There are no service contracts for them or the Secretary. Dingwall Wind Co-op will have no employees and the business is not dependent on key individuals. Day-to-day operations will be managed by the Co-op under the supervision of the Board. The Board will bear ultimate responsibility to the Members.

As an Industrial and Provident Society, Dingwall Wind Co-op complies with statutory requirements and those of the Financial Conduct Authority. As the Shares will not be listed, Dingwall Wind Co-op is not obliged to comply with The Combined Code on Corporate Governance.

Development handover

Knockbain Renewables will be reimbursed for development costs incurred before and in relation to the Offer, and for the risk taken in developing the project from its earliest stage. Following this reimbursement Knockbain Renewables will relinquish all rights in the project to the fully independent Dingwall Wind Co-op. The sum is currently £156,650 (excluding cost of minor works currently underway).

Administration

Sharenergy will provide an ongoing administration service for the Co-op for an annual fee, which is set at £3,000, rising with RPI as a fixed contract for 5 yrs.

Accounts

Dingwall Wind Co-op was incorporated on 16th May 2013. Its financial year-end is 31st December. At the time of commencing share issue, except for the issue of 5 shares at par to the founding Directors, no other transactions had taken place.

Dividend Policy

Members' Shares will attract a payment of interest annually in arrears and there is currently no policy to pay dividends (see glossary for the definition of dividends). Interest rates will vary according to financial performance.

Legal Proceedings

There have been no governmental, legal or arbitration proceedings relating to the Project or Dingwall Wind Co-op and none are pending or threatened which could have a significant effect on the financial position or profitability of the Co-op.

Rules of The Co-op

Industrial and Provident Societies, such as Dingwall Wind Co-op, are governed by Rules approved by the Financial Conduct Authority (not by Memorandum and Articles of Association). A copy of the Rules is available from the Co-op (see contact details on back page of this Offer).

Further information

Other documents mentioned in this Offer are available from the Co-op (see contact details on back page of this Offer).

General information sourced from third parties in this Offer Document has been accurately reproduced. As far as the Directors are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Dingwall Wind Co-op strives to promote Co-operative Values and Principles:

Self help and self-responsibility

Honesty and openness

Autonomy and independence

Opportunities for education

Democracy and equality

Social responsibility

Member economic participation

Concern for community

Co-operation among co-operatives

Share Offer

Reasons for the Offer and use of proceeds

This Offer is being made so that:

- A 250kW wind turbine can be constructed and commissioned.
- The Co-op can buy the project as developed to date from Knockbain Renewables.
- Members may benefit from Dingwall Wind Co-op owning the Wind Installation.
- Members may be as far as possible drawn from the local community.
- Dingwall Wind Co-op and its Members are able to make a contribution to promoting renewable energy and reducing the negative effects of reliance on non-renewable energy sources and their effects on Climate Change.

Offer Shares

856,000 (Eight Hundred and Fifty-Six Thousand) ordinary Shares of £1 are offered at par and payable in full on acceptance of an application on the Terms and Conditions of this Offer Document. The Shares, which will not be traded on any stock exchange, have been created under the Industrial & Provident Societies Act 1965.

Successful applicants will receive share certificates and their details and holdings will be recorded in a share register to be kept by Sharenergy, on behalf of the Co-op, at The Pump House, Coton Hill, Shrewsbury, SY1 2DP, or any successor business address. Each person or organisation issued with Shares becomes a Member of the Co-op, with membership rights defined in the Rules. The principal rights are:

- One vote per holding on resolutions of the Members, including in relation to the appointment of Directors.
- The right to receive a proportionate annual interest payment as a return on the investment in shares (subject to available profits).
- The right to the return of the original investment at the end of the life of the Installation (subject to available surplus assets and any new business of the Co-op).
- As a Member, eligibility for election to the Board.

Pioneers

In order to make sure that the project goes ahead as planned, the Co-op anticipates the need to spend some funds before the conclusion of the whole Share Offer. Members applying are therefore asked on the application form if they would like to be considered as Pioneers. The first 149,090 of shares applied for and paid up by Members who have asked to be Pioneers will be issued as soon as this threshold is reached. The funds so subscribed will then be available to the Co-op in order to defray expenditures as follows:

5% production slot for turbine. To be paid to RM Energy as soon as available	£18,750
20% deposit on turbine. To be paid to RM Energy by end of 2013	£72,375
Grid connection deposit fee bought back from Knockbain Renewables	£42,541
Grid connection deposit fee to be paid to Distribution Network Operator	£15,424
Total	£149,090

At least 70% of this sum will be spent before the remainder of the shares are allocated.

Members wishing to be considered as Pioneers may qualify for SEIS rather than EIS tax reliefs although this cannot be guaranteed. **Their funds are at higher risk than those of other investors because their subscribed monies will be spent before the end of the Share Offer period and may be returned after a long period of time, in part or not at all if the Share Offer does not proceed to completion.**

There is no guarantee that any Member's wish to be considered as a Pioneer will be fulfilled. The Co-op expects that this allotment of shares will be rapidly taken up following the start of the Share Offer.

For the avoidance of doubt there are no separate share classes – all shares whenever issued are equivalent Member Shares carrying exactly the same rights. Similarly, all Members of the Co-op have equal status. The term Pioneer is only used to denote a member who is willing to have shares allotted before the end of the Share Offer and to accept the additional risk that this entails.

Interest payment/dividend

Interest will be paid on the balance of each Member's account at rates reflecting annual financial performance. Each Share also carries a right in theory to an equal part in any declared dividend, although it is not the intention to declare dividends in addition to annual interest payments. The date on which entitlement to interest (or any dividend) arises will be announced each year. It is envisaged that any interest (or dividend) unclaimed for a period of 7 years will be cancelled for the benefit of all Members. There are no restrictions on interest and dividend payments and no special procedures have been established for non-resident holders.

Voting rights

Each Member has one vote, regardless of the number of Shares held. There are no pre-emption rights.

Rights to share in profits/surpluses

All Members are entitled to share in interest (and dividends) declared out of annual profits, such payments to be divided equally between the total Shares in issue. This means that a Member with 10,000 shares has a single vote but will receive interest or dividends on all 10,000 shares. When the Installation comes to the end of its life Members may choose to liquidate the Co-op, in which case assets will be realised and the net proceeds applied in repaying Members' share capital. Any surplus will be paid to Members pro-rata in accordance with the number of Shares then in issue.

Redemption provisions

Redemption of Shares may take place in accordance with the Rules. Members do not have the right to withdraw share capital but the Board of The Co-op has the power to permit Shares in The Co-op to be withdrawn by agreement between the Board and the Member. Members can apply for withdrawal of share capital after the third year of operation. In addition, the Board has the power to return capital to Members at its discretion.

Taxation

Interest payments made to Members will be subject to United Kingdom taxation. It is expected that payments will be made gross and investors will be responsible for declaring this income on their tax returns.

Provisions on death of a Member

In accordance with the Co-op's Rule 22, on the death of a member of the Co-op, their shares can be transferred to their personal representative, who can keep them, apply for withdrawal of the share capital or transfer them to any other person who qualifies to be a member of the Co-op.

Example of projected cashflow for a Member who invests £1000 and qualifies for EIS:

	yr 1	yr 2	yr 3	yr 4	yr 5	yr 6-10	yr 11-20	all yrs 1-20
Interest on investment	33	37	41	45	49	290	807	1,302
Capital repayment	-	-	-	-	-	333	667	1,000
Tax refund	300	-	-	-	-	-	-	300
Total	333	37	41	45	49	623	1,474	2,602
Cumulative	333	370	411	456	505	1,128	2,602	2,602

Terms and Conditions

Eligibility

The Offer is open to anyone, over 16 years of age, who meets the membership requirements of the Rules.

Minimum and maximum holdings

The minimum number of Shares that can be applied for is 250 and the maximum (save for applications from Industrial and Provident Societies) is that provided in law (currently 20,000).

Application procedure

- Anyone interested in responding to this Offer is strongly advised to take appropriate independent financial and other advice.
- Shares shall be applied for using the Application Form following the Guidance Notes.
- By delivering an Application Form an Applicant offers 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.
- An Applicant who receives Shares agrees to automatic membership of Dingwall Wind Co-op and to be bound by its Rules.
- Once an application has been made it cannot be withdrawn.
- Multiple subscriptions will be admitted providing that they do not result in a Member (other than an Industrial and Provident Society) holding more than the statutory limit of 20,000 Shares.

The Offer timetable

The Offer will remain open until 30th November 2013. The Share Offer may, if necessary, be extended by the Board at its discretion, although it is not intended to extend the Share Offer beyond the end of 2013. If a sum less than the Offer total is raised, the Board will not proceed with the development of the Installation. The Co-op will seek to sell its interest in the Project to recoup funds subscribed by Pioneers. All other Application Monies will be returned in full to the Applicants as soon as is practical. None of Dingwall Wind Co-op, its Directors or advisors will be responsible for loss of interest or any other benefit suffered by Applicants during the period the monies are held by the Co-op.

Confirmations by Applicants

Each Applicant, on submitting an Application Form, confirms that he/she/it:

- Meets the eligibility criteria.
- Is not (unless an Industrial and Provident Society) making multiple applications for a total of more than 20,000 Shares.
- Is not relying on any information or representation in relation to the Offer Shares, Dingwall Wind Co-op, or the Installation which is not included in this Offer Document
- Shall provide all additional information and documentation requested by Dingwall Wind Co-op in connection with their application, including in

connection with taxation, money laundering or other regulations.

Any person signing an Application Form on behalf of another person undertakes that they are authorised to do so.

Procedures on receipt by Dingwall Wind Co-op of Applications

- Offer cheques/bankers' drafts will be presented on receipt and may be rejected if they do not clear on first presentation.
- Surplus Application Monies may be retained pending clearance of 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 crossed cheque, payable to the Applicant, to the postal address on the Application Form, or by bank transfer, no later than one month after the end of the Offer Period (as 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.
- The Co-op reserves the right not to enter into correspondence with Applicants pending the issue of share certificates or the return of Application Monies.
- Results of the Offer will be published on the Project website and by press release within one month after the Offer has been closed.
- In the case of oversubscription, Directors' applications will be met in full and the Directors shall, at their discretion, determine the appropriate allocation of Shares on the principle that priority will be given to:
 1. Pioneers
 2. Applications from those living closest to the site by postcode
- Share certificates will be issued to successful Applicants within one month after the end of the Offer Period.

Pricing, trading and dealing arrangements

The Board has resolved to offer Shares at their par value of £1. As the Co-op intends paying interest on Members' shares each year such that retained profits will not accumulate, the underlying asset value of each Share is likely to remain at £1 and any Share redemption will take place at par.

Offer Costs

Offer costs will be met by Knockbain Renewables and will be repayable by the Co-op on completion of a fully subscribed share issue. This is included in the share capital being raised as part of this share offer.

Guidance Notes

Applying for Shares

The Offer is open to individuals, Industrial and Provident Societies and other organisations. It is only possible to purchase Shares in Dingwall Wind Co-op by completing 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. Your attention is particularly drawn to:

- The Risk Factors section which describes risks relating to an investment in the Offer Shares.
- Terms and Conditions of the Offer. By completing the Application Form you will make an irrevocable offer which may be accepted by Dingwall Wind Co-op.
- The Rules of Dingwall Wind Co-op. In buying Offer Shares you will become a Member of the Co-op and will be bound by those Rules.

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 is 250. The maximum is 20,000 (except in the case of other Industrial and Provident Societies where there is no upper limit on the allowed shareholding). Annual interest payments 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.

Personal details

You may apply as an individual or, as long as you are properly authorised, on behalf of an Industrial and Provident Society or other organisation.

Persons 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. Please note that the maximum investment of £20,000 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 when confirmed at a later date. If you do wish to take the shares as a nominee or trustee of a child, please indicate that intention as shown on the Application Form.

Priority Application

The number of Offer Shares you apply for will not necessarily be the number of Shares you will receive. If the Offer is over-subscribed 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 those living closest to the Site.

Declaration

In signing the Application Form as an individual you are personally making an irrevocable offer to enter into a contract with Dingwall Wind Co-op. If you are signing on behalf of an organisation or on behalf of another individual you are personally representing that this is in accordance with due explicit authorisation.

Non-UK residents must take responsibility for ensuring that there are no laws or regulations in their own country that would prevent them from investing in or receiving income from a UK co-operative. Under 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.

Payment

Please attach a cheque or bankers draft, drawn on a UK bank or building society, for the exact amount shown in the box under 'Amount to invest'. If there is a discrepancy between the two, or if the cheque is not honoured on presentation, your application may be rejected without further communication. You may also pay by bank transfer.

Application Form

Dingwall Wind Co-op Limited Share Issue

Important: before completing this Application Form you must:

- Read the accompanying Share Offer Document
- Pay special attention to the Risk Factors set out in this Offer Document
- Consider where you need to take financial advice or other advice in relation to the Terms and Conditions of the Offer contained in the Offer Document
- Read the Rules of Dingwall Wind Co-op available from the Co-op (contact details on back of this Offer)

PLEASE USE CAPITALS AND BLACK INK AND COMPLETE BOTH PAGES OF THE APPLICATION FORM

Amount to invest

I wish/my organisation wishes to invest a total amount of £ in Dingwall Wind Co-op on the Terms and Conditions of the Offer Document at the price of £1.00 per Share. (You may invest not less than £250 and (except for Industrial and Provident Societies) not more than £20,000).

Pioneers

Please tick if you wish to be considered as a Pioneer:

I understand the additional risk for Pioneers and have read Page 13 (Pioneers) ☐

Enterprise Investment Scheme

Please tick if you intend to claim SEIS or EIS tax relief (if available) ☐

Payment of interest

If you would like payments from the Co-op to be paid by bank transfer and not by cheque, please provide bank details

Name on account:	Sort code:	Account number:

Individual Applicant details

Title (Mr/Mrs/Ms/other):

Forenames:

Surname:

Address:

Post code:

Day-time Telephone:

Please provide your email address if possible to keep costs of administering The Co-op to a minimum.

Email:

If Applicant is nominee for a child (noting any tax implications)

Child's name:

Child's date of birth:

If the Application is an organisation please fill in the contact details above and also

Organisation name:

Organisation address:

Type of organisation:

Registration number:

Position of authorised signatory:

Please continue to and sign the Declaration overleaf



Declaration

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 the Co-op forms a contract in law 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.
- 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 have read the Offer Document (including the Risk Factors and the Guidance Notes to this Application Form) and the Rules of the Co-op.
- I am over 16 and the Applicant meets the Offer eligibility criteria.
- The Co-op is hereby authorised to make such enquiries as are deemed necessary to confirm the eligibility of this Application.
- The Applicant is not (unless an Industrial and Provident Society) making an application or multiple applications for a total of more than 20,000 Shares.
- The Applicant is not relying on any information or representation in relation to the Offer Shares or the Co-op that is not included in the Offer Document.
- The Applicant shall provide all additional information and documentation requested by the Co-op in connection with this Application, including in connection with money laundering, taxation or other regulations.
- If signing this Application on behalf of any person/organisation I am doing so with explicit authority.

I understand that any cheque supporting this application will be presented for payment upon receipt and I warrant that it will be paid on first presentation.

Signature (<i>Applicant/on behalf of Applicant organisation as applicable</i>):	Date:
--	-------

Payment

I wish to pay by cheque: ☐ transfer: ☐ (tick as appropriate)

Cheque	Transfer
Please attach a single cheque or banker's draft for the amount shown above, payable to Dingwall Wind Co-op Limited and crossed A/c Payee.	Please transfer to the following account: Dingwall Wind Co-operative Limited 08-92-99 65667365 Please use the Applicant name as the reference attached to the transfer.

Send your completed Application Form and payment to:

Dingwall Wind Co-op Limited, c/o Sharenergy, The Pump House, Coton Hill, Shrewsbury, SY1 2DP

We would be grateful if you would inform us how you first heard of this Share Offer:

This application form can be photocopied and **additional application forms** are available. For all enquiries use the contact details on the back of this Offer document.

Thank you for considering investing in and joining Dingwall Wind Co-op.

Glossary

Applicant An applicant for Offer Shares through submission of an Application Form.

Application Form The form in this Offer Document which must be completed to be returned in accordance with the Terms and Conditions of this Offer and the Guidance Notes.

Application Monies The total gross sum realised by this Offer.

Board The Board of Directors of Dingwall Wind Co-op.

Climate Change The phrase widely used to describe changing weather patterns as a direct result of global warming.

CO₂ Carbon dioxide, a natural gas emitted during the burning of fossil fuels and regarded as the main cause of global warming.

Community Fund A fund endowed by the Co-op which is to be distributed by a Charitable Trust as an annual grants scheme available to local organisations

Dingwall Wind Co-op (or the Co-op) Dingwall Wind Co-op Ltd. Registered Office: Knockbain Farm, Dingwall, Ross-shire IV15 9TJ (Registered Industrial and Provident Society number 2770RS).

Dingwall Wind Co-op Shares Ordinary shares of £1 in Dingwall Wind Co-op.

Directors The directors of Dingwall Wind Co-op.

Dividend (in a co-operative Society) is a discretionary allocation of profit paid to members, based on the members' transactions with The Co-op and not on the amount of capital invested.

FiT (Feed in Tariff) Incentive for electricity generation introduced by HM Government on 1st April 2010 under powers from the Energy Act 2008.

Installation in this Offer Document refers to the Wind turbine, civil works and ancillary equipment of the Project.

kW (kilowatt) A unit that measures power and is equal to 1 thousand watts.

kWh (kilowatt hour) A unit that measures energy and is equal to the energy that can provide the power of 1 kW for the period of one hour.

MWh (megawatt hour) A unit that measures energy and is equal to the energy that can provide the power of 1 MW for the period of one hour.

m/s A unit used to measure windspeed – one metre per second.

Offer The Offer of Shares in Dingwall Wind Co-op contained in this Offer Document.

Offer Costs The expenses incurred by or on behalf of Dingwall Wind Co-op in issuing this Offer Document.

Offer Period The period during which the Offer will remain open (including any extension) as set out in the Offer timetable in this document.

Offer Shares New shares of £1 in Dingwall Wind Co-op, offered at par on the Terms and Conditions and payable in full on application.

Pioneer As defined on Page 13 (Pioneers)

PPA Power Purchase Agreement for the sale of electricity.

Project The proposed ownership and operation by Dingwall Wind Co-op of a Wind Installation at Knockbain Farm, Dingwall, Ross-shire

Projections The financial projections for Dingwall Wind Co-op set out in this document.

Rules The Rules of Dingwall Wind Co-op, available on demand by using the contact details set out on the back of this Offer document.

Shareenergy Shareenergy Co-operative Limited. An Industrial and Provident Society (registered no. 31237R)

Registered at The Pump House, Coton Hill, Shrewsbury, SY1 2DP.

Site the location of the proposed Wind Installation.

Terms and Conditions The terms and conditions of the Offer contained in and constituted by this Offer Document.

For enquiries relating to this share offer contact Jon Halle at Sharenergy:

01743 277119

info@dingwallwind.org.uk

Sharenergy, The Pump House, Coton Hill, Shrewsbury, SY1 2DP

The project website with further documents is available at:

www.dingwallwind.org.uk

This co-operative project has been developed in association with:



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Dingwall Wind Co-op Limited is an Industrial and Provident Society registered with the Financial Conduct Authority (reg no. 2770RS)