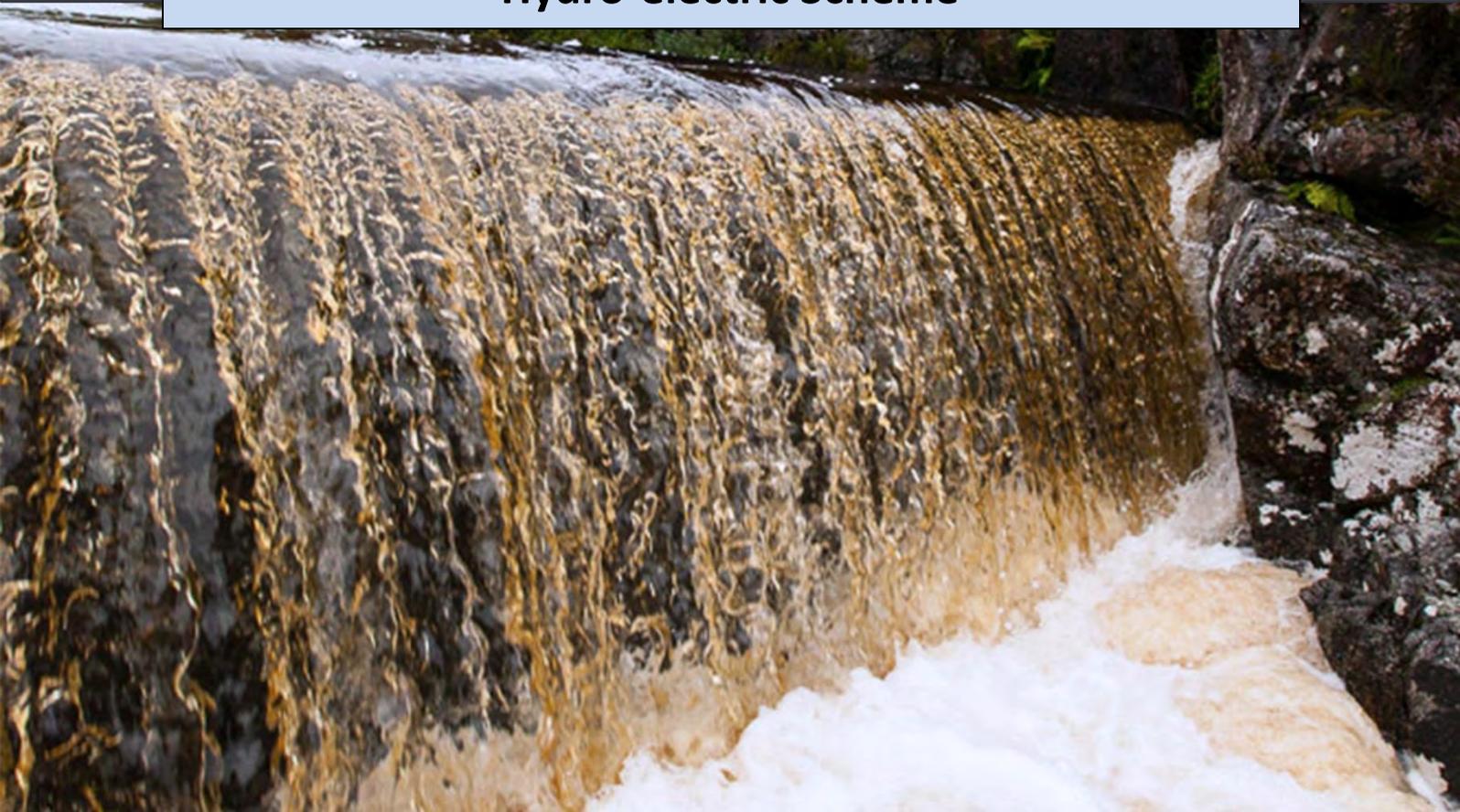




An Invitation to Purchase Shares

OBJECTIVE

To raise £850,000 to fund the Sunart Community
Hydro-electric Scheme



The Invitation

This document contains an invitation to apply for shares in Sunart Community Renewables Ltd (SCR), to help raise the funds for the first community- owned hydro scheme in the Sunart area.

The Hydro scheme will generate revenues to be used for the benefit of the local community as well as providing returns to shareholders, and will also yield environmental and carbon saving benefits. This document, produced by Sunart Community Renewables, provides more details about the Hydro scheme, what it means to be a shareholder and thus a member of SCR, and the process for applying to purchase shares. It also outlines the risks associated with holding shares in SCR.

Sunart Community Renewables was established in 2014 by a local charity, Sunart Community Company, to fundraise, construct and operate a micro hydro-electric scheme. The funds raised by this share issue will be used to install a 100 kW hydro-electric turbine on the Allt nan Cailleach burn in Strontian which will generate income for the local community.

Now is your chance to help promote renewable energy and to support the creation of an income stream for community developments. Wherever you live, you can buy shares in this exciting project for as little as £300. They will never make you rich, but they should make you feel proud, to personally become a part of this community venture. If you are a UK taxpayer you can also reclaim up to 30% of your investment. Each share in Sunart Community Renewables Ltd has a nominal value of £50. The minimum investment required is £300 and the legal maximum amount is £100,000. Gross interest will be payable on your investment once the scheme is generating electricity. You will not be able to withdraw your money in the first three years but after that point shares can be withdrawn subject to the Directors' approval and three months' notice.

Investing in SCR is principally a social investment but should provide investors with a reasonable financial return.

All permissions and licences are in place and SCR are now proceeding with the share issue to raise as much of the finance as possible from community shares to enable the hydro scheme to go ahead. The more share applications that are received the better, as 'top up' bank loans can be reduced, resulting in more income for local projects.

This document is important and requires your detailed attention. If you require any advice you should consult with an independent financial adviser authorised under the Financial Services Act 1986.

For further information visit www.sunartcommunityrenewables.org.uk

**Or contact the Secretary, Dale Meegan at dalemeegan@mail.com
Tel. 07718 132680, or Robert Dunn Tel: 01967 402453**

This document is important and requires your detailed attention.

Due care and attention has been taken in preparing this offer document. The process was overseen by the Directors who can vouch that the information it contains is in accordance with the facts available and that there are no known omissions likely to affect the viability of Sunart Community Renewables Ltd. If you want any advice you should consult with an independent financial adviser.

This offer closes at 5pm, 28th February 2015

Registered Office: Sunart Community Renewables,
Craig na Shee, Strontian, Acharacle, Argyll, PH36 4JA



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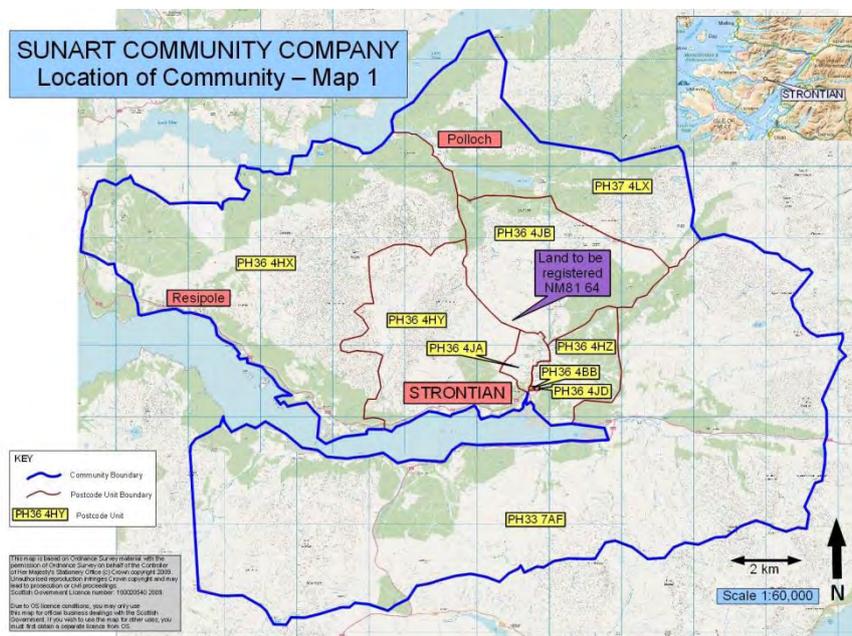
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1. The Proposed Scheme

There is an untapped power source flowing right through our community, the development of which will bring three main benefits:

- Generating clean, renewable electricity which will be fed into the national grid
- Generating income for the local community which will be donated to local projects. This amount will vary from year to year as it largely depends on the weather. If Sunart has a wet year then the amounts may be more than if we have a dry year. They will also depend on financial obligations that SCR has, for example during the first 15 years, it is possible that we will be paying off a commercial 'top up' loan and therefore this will affect the amount available for community development. This is why it is so important that we raise as much money as possible through this share issue
- Offering you a financial return for your support. The Project will not be possible without the support and commitment of investors. If you invest in SCR you will help to achieve this vision of a green future and enable SCR to help you to a greater financial return than you would currently gain by putting your money in the bank. If you are a UK tax payer you may be eligible for 30 % tax relief through the Enterprise Investment Scheme (EIS).

You will be investing in a hydro-electric scheme located at Allt nan Cailleach, Strontian, in the west Highlands of Scotland.



It will be a 'run-of-river' micro hydro scheme using water from a fast flowing stretch of the burn and will be designed with an installed capacity of 100 kW. The proposed site for the scheme includes a disused raw water intake dam (bought from Scottish Water) which sits below the confluence of two tributary burns and which then runs through Anaheilt Common Grazings and croft land.



Water will be conveyed from the intake dam through a buried pipe (the 'penstock') to a powerhouse located adjacent to the Allt nan Cailleach. The turbine in the powerhouse will generate electricity for export to the national grid. Water will be returned to the river via a short tailrace pipe. It is estimated that the Scheme will generate, on average, 423,200 kWh of electricity a year. The amount of electricity generated at any one time will depend on the flow of the river. As required by SEPA, a 'compensation flow' will protect the ecological interest of the burn. The development of the Sunart Community Renewables hydro scheme will also contribute to national targets for renewable energy.



Proposed site of powerhouse and a similar sized turbine

Between 2012 and 2014, finance was secured for the first stage of the Project including design, consents, planning permission, land purchases, an extraction licence, connection to the grid, and the development of a Community Action Plan to help prioritise the use of hydro profits.

Community support for the Hydro Scheme

A ballot was held in May 2012 to ask the 348 local residents if they supported the hydro scheme and therefore the purchase of the disused dam from Scottish Water, under 'community right-to-buy' legislation. The support was overwhelmingly in favour of the purchase of the dam for a hydro scheme. There was a 70% turnout: 232 voted 'yes' (95%) and 11 voted 'no' (5%).

Costs

The approximate cost of building and commissioning this scheme is **£850,000**. It is expected that the scheme will produce revenue of approximately £107,000 per year. This revenue is of course dependent on the amount it rains!

The revenue will be shared between debt re-payments to the lenders, interest payments to shareholders, hydro scheme operating costs, and funding for community projects funded through a community benefit fund administered by the local charity, Sunart Community Company.

The lifespan of the hydro scheme

The concrete footings will be built to last well beyond the initial 40-year lease we have on the land. The turbine is expected to last for equally long. It is not unknown for hydro systems to operate for approaching 100 years without major problems.

Who will manage the hydro scheme?

The Society, Sunart Community Renewables' (SCR) is owned by its members (investors). Sunart Community Renewables Limited is a Community Benefit Society which was registered in August 2014 by the local charity Sunart Community Company, to raise funds for the Community Hydro Project through a community share offer. The SCR Board will manage the project working with experienced project managers and consultants. The Board will also oversee the on-going operation and maintenance of the hydro scheme, engaging experienced hydro consultants for annual maintenance checks.



Further information about the individual members of the Board, their skills and experience can be found in section 12.

How will SCR deliver its community benefit?

A key part of our vision for the Project is the creation of an on-going income stream to support local community development by donating some of our profits to Sunart Community Company. In the initial years of the project, we will need to honour any loan repayments and deliver financial returns to investors without whom the project would not be possible.

Subject to final confirmation of the financial model at the close of this share offer, it is estimated that during the payback period of any commercial loans the amount available to community groups will rise to £15,000 per year. Once loan finance is paid off the amount available to the community will rise until the Feed-in-Tariff payments finish after 20 years. After that time the payments will drop back to approximately £10,000 per year based on current 'export' rates.

Timetable

The schedule for this project is subject to SCR securing funding for the whole of the project. Key target schedule dates in the project are shown below:

Activity	Date
Apply for commercial funding	September 2014
Community Share Offer Launch	October 2014
Obtain commercial funding approval	November 2014
Tender for supplies and services	January 2015 (pending successful fundraising)
Obtain investment from community share offer	By end of February 2014
Drawdown commercial funding	February 2015
Construction	April 2015
Commissioning	November 2015

2. This is where you come in.

The total sum sought from the share issue is a minimum of £284,000 as part funding for the estimated total capital cost of £850,000. Ideally we would like to raise the full £850,000 as this would reduce the amount that we need to borrow and therefore increase the amount available for community development and for paying back members share capital.

By investing you are joining many other people in providing money for the hydro scheme to be established. This is done by purchasing Shares - the focus of this document - but there are also opportunities to support the scheme through donations (which can be Gift -Aided), and interest-free loans.

Community Shares

While investors can expect a reasonable return on their investment (4%), investing in Sunart Community Renewables Ltd should be seen as more of a social investment, than a financial

one. More information about the terms and conditions of this share offer and the application process are to be found in the next sections.

Donations or Interest-Free Loans

A second avenue for those wishing to support this scheme is to make a donation, or if you have the capital available, to consider an interest-free loan. This will help minimise the interest that needs to be paid and so make more money available for community projects. If you are considering a donation or a loan please contact our Secretary, Dale Meegan, at the registered company address.

Commercial Loan

The third avenue for funding will be by securing commercial loans at 8%. This will be used prudently and only when necessary to complete the Project funding as the more shares capital raised, the more money will be available for community benefit and repaying members' share capital. SCR are in discussion with two key social enterprise lenders to prepare the way for loans to top up the funding, if required.

3. What You Can Expect From Your Investment.

Interest

Investors can expect a reasonable rate of return on their investment with the level of interest set annually by the SCR Directors.

Investment returns are capped by the rules that govern all community benefit societies. Based on the assumptions about the likely pre-tax profits, the Directors aim to pay average interest on share capital of 4% (gross) per annum based on current bank base rates. Interest will begin to accrue on the commissioning of the scheme (expected to be November 2015) and will be paid annually in arrears following approval by Directors. The first payment will be made following the first full year of generation, that is, in the summer of 2017.

Benefits for the Community

It is expected that the scheme will produce revenue of approximately £107,000 per year. This revenue is of course dependent on the price of the electricity and how much it rains.

The amount made available to the community benefit fund will be decided annually by the Board of SCR and will be donated via Gift Aid to the local charity, Sunart Community Company (SCC), for its Community Benefit Fund. The Fund committee will then decide on the recipients for this money in accordance with the priorities agreed by the community in its Action Plan. Initial donations are projected at £15k per annum, rising once the loan finance is paid off.

4. Investment Information

What's the difference between an ordinary share and a community share?

Community shares refer to a distinct type of share capital called Withdrawable Shares which behave differently to conventional shares. The difference is explained below:

Transferable Shares

Most companies use a form of share capital known as transferable or ordinary shares, which can be transferred or sold by shareholders to a third party. Investors buy shares in the expectation of a regular dividend on their shares, and the possibility of them expecting to sell the shares at a higher price than they paid for them. Shares in larger companies are bought and sold through stock markets.

Withdrawable (Community) Shares

Withdrawable shares are completely different. This type of share capital cannot be transferred between people. Instead, the society allows shareholders to withdraw their share capital, subject to terms and conditions that protect the society's financial security. It therefore provides a straight forward way of getting your money back when you want to cash-in your shares.

Shareholders have a share account, and can decrease their shareholding, or close the account altogether by withdrawing all their share capital. The value of shares is fixed and not subject to speculation, although the Society has the power to reduce share values if the society is experiencing financial difficulties.

What rate of interest will Sunart Community Renewables pay me for my investment?

As stated earlier, Sunart Community Renewables aims to pay approximately 4 % interest in arrears on the balance of each investor's shareholding. However this is subject to the financial performance in the previous year. The interest is not guaranteed and is subject to climatic conditions. The interest is paid gross – all members must declare their interest received and tax owed to HMRC.

Can I withdraw or 'cash in' my shares?

Shares have to remain invested for at least 3 years (plus 3 months' notice) after SCR starts trading (selling power) in order to qualify for EIS tax relief. Although shares are technically withdrawable, they can only be withdrawn during the first three years of trading at the Directors' absolute discretion.

We strongly encourage prospective members to view their investment as a long-term commitment to the Project – a one-off investment to generate a long-term financial benefit to you and a lifetime of environmental and social benefit to the community. Shareholders should be prepared to tie up their capital for a number of years.

A community share is a one-off investment to generate a long-term financial benefit to you and a lifetime of environmental and social benefit to the community.

The Directors will reserve the right to limit the quantity of shares that can be withdrawn within any 12 month period. This limit will be administered in as fair a manner as possible. The aim is to buy back all the shares over the first 20 years of the project, beginning in Year 5.

Shares in SCR will never go up in value but can have their value reduced to zero if SCR runs into financial difficulty.

Who can buy shares?

Individuals over the age of 16 and organisations may invest in this offer. Couples and families may pool their funds to invest but only one of them can be the nominated member of SCR. Share Application forms are provided at the end of this document or you can apply via www.microgenius.org.uk

How much can I invest?

The nominal price of a share in Sunart Community Renewables is £50 with a minimum investment of £300 (6 shares) and a legal maximum of £100,000 on personal shareholdings.

What rights does being a Member give me, as an Investor?

- A vote: Members will have one vote each, regardless of how many shares they hold (providing they have the minimum number of shares – 6 x £50 shares). This ensures the Society is democratic and equitable. This is very different from commercial shares where each share is worth one vote so those holding greater numbers of shares have a greater say in the company.
- The right to elect the Sunart Community Renewables Limited Board of Directors and to participate in the Annual General Meeting deciding on the future and running of the business
- The opportunity to become one of the volunteer Directors of Sunart Community Renewables Limited

Am I eligible for tax relief on my investment?

We have applied for 'Advance Assurance' from HM Revenue and Customs (HMRC), that the shares in Sunart Community Renewables (SCR) are eligible for tax relief under the Enterprise Investment Scheme (EIS), a government-backed scheme designed to encourage investment in smaller companies.

Investors in SCR who pay enough UK tax can apply for income tax relief, worth up to 30% of their investment, after the start of trading. Your personal tax circumstances will affect the amount of tax relief in each case.

For example, Kate invests £6,000 in the tax year 2014-15 (6 April 2014 to 5 April 2015) in EIS qualifying shares. The EIS relief available is £1,800 (30% of £6,000). Her tax liability for the year before EIS relief is £15,000 which she can reduce to £13,200 as a result of her investment.

The rules for EIS tax relief require the investment to be held for at least 3 years from the start of trading (not the date of the investment). Remember applications for tax relief are made by you the investor to HMRC, not by SCR. For further information see the HMRC website at <http://www.hmrc.gov.uk/eis/>; it explains the application procedures but, if you are unsure, please seek professional advice.

What happens if SCR does not raise enough money to go ahead?

In the event that this share issue does not raise one third of the total required to finance the hydro scheme SCR Directors have the option to extend the deadline for the share offer or to consider alternative options. If, in the opinion of the Directors, an alternative option is felt to change the fundamental nature of the project, you will be given the opportunity to withdraw your application and your investment will be returned.

What happens to my shares if I die?

If a Member dies the repaid value of the shares will normally be added to the estate for probate purposes. The application form at the end of this document offers the option for you to nominate a recipient for the value of the shares in the event of your death.

What happens if SCR raises enough money before the deadline?

In the event that this community share issue raises the full amount needed to finance the Sunart Community Hydro project before the deadline, the Directors will give notice of closure of the share issue. Any applications received after notice of closure will be returned to the applicant.

5. Project Financing

In preparing the financial projection with our accountants, Scott-Moncrieff, a simplified and conservative view of funding has been taken; the calculations assume no funding from interest free loans or Gift Aid donations. Base figures and assumptions are set out below. A full financial model and costs analysis prepared by Scott-Moncrieff is available in our business plan at www.sunartcommunityrenewables.org.uk or on request.

The aim is to have the scheme generating electricity by November 2015 (Year 2 in the tables in (6) below, marked FY16).

Initial project development costs e.g. Feasibility studies, Planning Application, Water Abstraction Licence etc. have been met by loans from the Scottish Government by way of a Community & Renewable Energy Scheme (CARES) loan and a small loan by the Sunart Community Company. In addition, grants have been received towards development costs from the Sunart Community Council and SSE (Scottish and Southern Electricity).

Costs

The total costs of the project are as follows:

- Project development costs £86,000
- Project construction costs £764,000

The total sum required is approximately £850,000 inclusive of VAT; this is to be funded as follows:

- **Equity investment:** a minimum of £284,000 (one third of the costs) but up to £850,000
- **Loans:** a maximum of £566,000 (two thirds of the costs) dependent on what is required to top up the community share issue

Ideally we would like to raise 100% of the total sum from community shares.

If the share issue is oversubscribed then priority will be given to the residents of Sunart, and then to the residents of neighbouring areas: Morvern, Ardgour, Ardnamurchan and Moidart.

The schedule for this Project has been subject to SCR securing permissions and licences as well as the funding for the whole of the project. Key dates in the project timeline are shown below:

Activity	Date
Disused dam purchased under 'Community Right-to-Buy' legislation	February 2014
Planning permission granted	October 2012
Abstraction licence granted	October 2013
100 kW grid connection paid for	December 2012
Site wayleave agreement signed	July 2014
Croft land option to purchase agreed	July 2014
Community Benefit Society registered	August 2014
Share issue launched	October 2014
Capital secured	February 2015
Construction start	April 2015
Commissioning	November 2015

Commercial loan

We are in advanced discussions with social lending institutions regarding the provision of loan facilities to help finance the project. This is expected to be over a term of 13 years (156 months), with interest charged at 8%. It is hoped that we will not need to use this facility if all the money can be raised from this share issue.

Base Figures and Assumptions

		Reference
Capital Cost	850,000	Business Plan
Annual Operation and Maintenance	12,500	Business Plan
Annual increase in Maintenance and Servicing	4%	Financial Model – Scott-Moncrieff Chartered Accountants
Reserve Fund to cover plant repair and replacement	£25,000	Business Plan
Cost of Land (lease premium)	£40,000	Business Plan

		Reference
Share issue	£284,000 - £850,000	Business Plan
Commercial Loan	Up to £566,000	Business Plan
Loan arrangement fees	1%	Financial Model – Scott-Moncrieff Chartered Accountants
Interest rate paid on commercial loan	8%	Social Investment Scotland Terms and conditions
Interest rate paid to shareholders	4%	SCR Community Benefit Society Rules
Feed In Tariff rate for electricity	20.76p	Business Plan
Power Purchase Agreement rate	4.5p	Business Plan
Approximate income from electricity generated p.a.	£107,000	Business Plan and Locogen report
RPI used in forecasting income	2.5%	Financial Model – Scott Moncrieff Chartered Accountants
The Commercial Loan repaid	13 years maximum	Financial Model – Scott Moncrieff Chartered Accountants
Recoverable VAT (20%)	£120,200	Business Plan

Profit and loss account

	Year 1 FY15 £'000	Year 2 FY16 £'000	Year 3 FY17 £'000	Year 4 FY18 £'000	Year 5 FY19 £'000	Year 10 FY24 £'000	Year 15 FY29 £'000	Year 20 FY34 £'000
Income	-	45	107	107	110	124	140	159
Expenditure	(26)	(78)	(26)	(26)	(27)	(28)	(30)	(33)
EBIT	(26)	(33)	81	81	83	96	110	126
Loan interest	-	(30)	(44)	(42)	(39)	(22)	-	-
Community share interest	-	-	(11)	(11)	(11)	(10)	(7)	-
Pre-tax (loss)/profit	(26)	(63)	26	28	33	64	103	126

A repair fund of £25,000 of the net profit will be built up and maintained by SCR to meet future maintenance requirements. It is expected there will be no taxation charge as SCR will Gift Aid any taxable profit to the Sunart Community Company, Community Benefit Fund.

Balance Sheet

	Year 1 FY15 £'000	Year 2 FY16 £'000	Year 3 FY17 £'000	Year 4 FY18 £'000	Year 5 FY19 £'000	Year 10 FY24 £'000	Year 15 FY29 £'000	Year 20 FY34 £'000
Fixed assets	120	653	641	628	616	554	493	432
Current assets	773	106	104	104	97	73	105	56
Current liabilities	(70)	(11)	(6)	(6)	(6)	(160)	(10)	(12)
Long term liabilities	(566)	(559)	(531)	(500)	(467)	(101)	-	-
Net assets	257	189	208	226	240	366	588	476

Included within current assets¹ is the following cash surplus:

	Year 1 FY15 £'000	Year 2 FY16 £'000	Year 3 FY17 £'000	Year 4 FY18 £'000	Year 5 FY19 £'000	Year 10 FY24 £'000	Year 15 FY29 £'000	Year 20 FY34 £'000
Cash reserves	757	83	81	81	73	46	75	22

SCR aims to commence buying back shares from financial year 5 (FY19) for those who wish to sell their shares.

6. Operating Sunart Community Hydro

Sunart Community Renewables (SCR) will initially be run by its Founder Members and other nominated Board members appointed from the Sunart Community Company (SCC) Hydro Committee: all work on a voluntary basis.

The SCC has engaged two Project Managers to oversee the development and construction of the hydro scheme. The funding for these managers is being met by a loan provided by the Scottish Government Local Energy CARES scheme and a grant from SSE.

The Founder Members and the initial appointed Directors will decide on the share allocation and run the Society until the first General Meeting which will take place as soon as is practically possible after the Society has been formed and the finance raised. Once the shares have been allocated and the full membership of SCR is known, the members can put themselves up for election onto the main Board of Directors who will be elected at the first General Meeting. Founder Members can also put themselves up for election. There will be a total of up to twelve Directors. Ideally these will be made up from the local community. Up to three of the Directors will be appointed by the Sunart Community Company. Once the hydro scheme is running and subject to agreement by the SCR board of directors, the Sunart Community Company will administer its day-to-day operation. This will entail arranging and overseeing maintenance operations, metering, accounting, reporting and administration. For this an annual management fee will be mutually agreed as part of a service level agreement.

In order to maximise the amount of money available to community groups SCR will donate some of its net profits to the SCC Community Benefit Fund.

Grants for Community Benefit

Donations will be made via Gift Aid to the Community Benefit Fund once the SCR Hydro Scheme has begun to generate electricity. Applications for community developments and projects will be considered in light of the funding available and in line with the priorities identified in the Community Action Plan.

¹ Cash reserves after debt service payment, tax deductions, gift aid and equity buy-back

7. The Risks

All projects involve an element of risk. Successful projects manage and take steps to mitigate the risks appropriately. The Directors of Sunart Community Renewables Ltd have identified a number of risks, or areas of risk, and will seek to manage these and any emerging risks throughout the Project.

These key risk factors are set out below but this list should not be regarded as exhaustive or a complete and comprehensive statement of all potential risks and uncertainties associated with the scheme. A full risk assessment is available in the Business Plan or on request.

As Sunart Community Renewables (SCR) has been incorporated with limited liability, the liability of its Members will be limited to the amount paid for their shares. However, prior to making any decision to subscribe for shares in SCR, you should carefully consider, together with all other information contained in this document, the specific risk factors described below which are considered to be material in relation to the Society.

Social investment

Investing in SCR should be viewed as both a social and a financial investment. However, SCR cannot guarantee a safe haven for your money or even that you will ever receive back all the money you invest.

Interest

SCR is permitted to pay interest on your shares but by law we cannot offer an overly generous interest rate and may, if trading conditions dictate, pay no interest at all. The timing of interest payments and rate of interest will be determined by the Board of Directors after discussion and agreement at the annual general meeting (AGM).

Future value of shares

There is no prospect of shares in Sunart Community Renewables ever being worth more than the amount you paid for them.

Cost Increase

We will keep investors informed of any significant changes to construction costs and timetable. It may be necessary to raise further capital to cover more significant cost increases through loans or securing additional investment.

Additional Key Risks:

- Overspend – This risk has been mitigated by careful budgeting at an early stage and by ensuring all works are to be carried out at fixed cost. There is contingency built into the financial projections. The capital costs are based on estimates and quotations obtained prior to this share issue. Any subsequent increase in capital costs will be met by money raised in this share issue or by an additional bank loan.
- Failure to raise sufficient capital – This risk is being mitigated by careful planning and contingencies, a dedicated Project Manager to secure the funding, production of a

robust business case for the share issue and potential commercial lenders. If insufficient capital is raised your investment will be returned.

- Construction risk – The Project may be delayed or incur additional costs due to technical, legal or financial matters. The construction risk will be mitigated by ensuring qualified contractors are selected with a good track record of delivery of similar projects. All contractors will be suitably insured and the construction process will be closely supervised by an experienced Project Manager so that any problems can be dealt with at an early stage. Slippage time has been built in to cope with any adverse weather conditions and allowances have been budgeted for in case of unforeseen activities. The turbine will be ordered as soon as possible to allow for the projected build time.
- Volume of Water - The amount of electricity generated by the hydro scheme is linked to volumes of water in the Allt nan Cailleadh burn in Strontian. This varies both day-to-day and across years and may be lower than assumed in our financial modelling. The estimated output has used the 'Lowflows' data produced by hydropower company Locogen to estimate the volume of water available for generating electricity and calculating revenue.

8. Applying for Shares

How to invest

You can make an investment, i.e. buy shares, either online at a secure website, or by cheque. The amount of your investment is confidential and this information will only be available to the nominated person who will be responsible for monitoring the investment total for the Project or paying the interest on your investment.

Online

Pay electronically and securely online via Microgenius which has been set up to administer community shares. Go online to www.microgenius.org.uk and find Sunart Community Hydro. You will be guided through the process for buying your shares. This money will not be drawn from applicants' accounts until the offer closes.

Cheque

Complete the paper application form(s) at the end of this share issue document and return it, along with a cheque made payable to Sunart Community Renewables Ltd, addressed to the Treasurer, Sunart Community Renewables, at Bluebell Croft, 15 Anaheilt, Strontian, Highlands, PH36 4JA.

Your investment will be acknowledged within 14 working days and held in a secure deposit account. Shareholders' funds and donations will not be used until the total funding package is in place.

Can you afford to be without the money you would pay for these shares? If not, PLEASE do not buy any shares.

Terms and Conditions for applying for shares

Your application

You cannot withdraw your application for shares after we receive your application form.

Your application may not automatically be accepted and it may not be possible to allocate you all or any of the shares that you requested.

Your application will be considered for approval at the first Directors' meeting after the share issue has closed. Therefore, you should not expect an immediate response.

Your payment

Receipt of your payment and application (cheque or online payment) will be acknowledged within 14 days. We will bank your payment as soon as it is received. Sunart Community Renewables (SCR) will hold your money on trust for you until your application is considered.

If your application for shares is unsuccessful, your money will be returned within 28 days of the Board of Directors' meeting. If fewer are issued to you than you applied for, they will return the balance to you within 28 days of that Board meeting.

The money will belong to SCR as soon as SCR issues shares to you (to the extent that they take it as payment for shares).

SCR will not pay you interest on any money it returns to you.

SCR is permitted to pay interest on your shares. By law we cannot offer a generous interest rate and while we hope to pay 4% we may not pay any interest at all if the performance of the Hydro-electricity scheme in any one year is poor e.g. exceptionally low rainfall.

Shares in this Community Benefit Society (Sunart Community Renewables) cannot be sold or traded and there is no prospect of them ever being worth more than their nominal value.

In the event of Sunart Community Renewables ceasing to trade, shareholders will be re-paid up to a maximum of £50 for every £50 share owned, once all creditors have been repaid in full.

Purchase of six shares provides Membership of Sunart Community Renewables.

The purchase of shares should be seen as a social investment to support the aims of SCR and not purely as an investment for personal gain or profit.

Membership is not suitable for anyone who needs income from investments or immediate access to their capital.

Although the Directors will implement prudent management policies, there is always the risk that you could lose some or all of your share capital. SCR is run by a team of local people, many with professional qualifications and all with useful experience.

Your promise to us

You promise that:

- Your online payment or cheque will be honoured on presentation.
- You, as an individual, are at least 16 years of age.
- You have authority to make the application or sign an application form. If you are signing it for another person, you will provide the Directors with evidence of your authority to sign if they ask to see it.
- You will supply us with proof of your identity and address if the Directors ask for it. We may need to do this to comply with the Money Laundering Regulations 2003. The Directors may have to hold back your shares until they see this.
- You are resident in the United Kingdom.
- You are not relying on any information or representation which is not included in this document.

Data protection

By completing the application for membership you consent to SCR holding personal data about you in accordance with the Data Protection Act 1998. We do not sell, share or exchange mailing lists.

The amount of shares you purchase will not be in the public domain, only that you are a member if you have invested the minimum of £300 or more.

Governing law and investor protection

Sunart Community Renewables has been registered as a Community Benefit Society with the Financial Conduct Authority (FCA) with the registration number 7001.

The issue of withdrawable shares, which are not transferable, exempts this document from the requirements of an approved prospectus for the public issue of Company shares.

Sunart Community Renewables has taken all reasonable care to ensure that every statement of fact or opinion included in this information document is true and not misleading.

Any individual British Citizen and resident of the UK aged 16 or over and any organisation may apply to become a member of Sunart Community Renewables, and may invest in Sunart Community Renewables by applying to buy shares.

Applications for shares must be made online via www.microgenius.org.uk or on the paper application form and must be accompanied by an online payment via GoCardless or a cheque or confirmation of BACS payment.

Acceptance of your application will be notified by issue of a Share Statement which will be posted as soon as possible.

The Board of Directors reserve the right to reject any application in whole or in part, in which case the application monies will be returned by cheque through the post at the applicant's risk.

9. Other Legal Things We Need To Tell You

Anyone interested in making an application for shares in Sunart Community Renewables Limited is strongly advised to take appropriate independent advice. The list of risks contained in this document is not exhaustive. Further information is contained in the Business Plan and Project Plan (available on request).

Any money you pay for shares is not safeguarded by any depositor protection or dispute resolution scheme. In particular, you will have no right of complaint to the Financial Ombudsman Service nor any access or entitlement to the Financial Services Compensation Scheme.

We use model governing documents from Co-operative UK (Community Finance), specialists in community investments, and Community Shares Scotland and Co-operative and Mutual Solutions Ltd advised us in the preparation and launch of this share issue. Our governing document, the "Rules of Sunart Community Renewables", is available to download at www.sunartcommunityrenewables.org.uk and explains member rights as well as the management and constitution of the society.

As with any investment there is risk involved. Should Sunart Community Renewables get into financial difficulties:

- We may not be in a position to pay interest
- We may have to suspend your rights to withdraw shares
- You may lose some or all the money you pay for your shares

If Sunart Community Renewables is wound up, its assets will first be used to meet its liabilities; next to repay members for their shares; finally any surplus remaining will be passed onto a local charity, Sunart Community Company or other body with similar objectives.

Advisers

Solicitors:

Harper Macleod LLP – Advice on land purchases, lease, wayleave agreement. Alder House, Cradlehall Business Park, Inverness IV2 5GH. Tel. 01463 798777

Accountants:

Scott Moncrieff - Advice on financial modelling and business plan. 25 Bothwell Street, Glasgow G2 6NL. Telephone: 0141 567 4500

Support:

Karen Patterson - Local Energy Scotland/CARES

Kelly McIntyre - Community Shares Scotland – community share issue

Dave Hollings and Gareth Nash – Co-operative and Mutual Solutions Limited – funded by Co-operative Development Scotland and Community Shares Scotland - advice on Society rules and share prospectus

Ewan Ramsay – IRRRI (WARES project) – advice on financial package and strategy

Consultants:

Locogen - Feasibility Study, Environmental Statement, design phases and took the Project successfully through Planning Permission and SEPA 'CAR' licence approval

10. Failure to Proceed

All monies raised by this share issue, all money donated and all interest free loans will be placed in a holding account until the decision to go ahead with the project has been made. If a decision NOT to go ahead is made, all monies raised will be returned IN FULL to the parties concerned.

List of additional documents available for your inspection

You can inspect the detailed documents produced in developing the project on our website www.sunartcommunityrenewables.org.uk or by prior arrangement. These include the following documents:

1. Business plan
2. Project Plan
3. Flow data and flow analysis
4. Location Maps
5. Engineering design drawings
6. Planning approval
7. Abstraction Licence
8. Wayleave agreement
9. Financial Model by Scott Moncrieff Chartered Accountants
10. Application for 'advance assurance' for EIS tax relief
11. The Rules for Sunart Community Renewables Ltd

This share issue has been developed with support from Community Shares Scotland (CSS) and Co-operative and Mutual Solutions Limited (CMS).

12. About Us

Sunart Community Renewables Limited is a Community Benefit Society owned by its members on a one person - one vote basis. It was registered in August 2014 and has a set of rules approved by the Financial Conduct Authority available on the website www.sunartcommunityrenewables.org.uk

The Board of Directors ('The Directors') is elected by the Membership at the Annual General Meeting on a 3 year rotation basis. The Directors will not receive any remuneration for their work as Directors other than reimbursement of expenses incurred. Their meetings and decisions are carried out in accordance with the Rules of the Society.

Sunart Community Renewables has three Founder Members and they have appointed additional Directors from the SCC Hydro Sub-committee to govern the Society until its first Annual General Meeting; at that point the members will elect the Board. The Founder Members and other Members of the current Board have a range of skills and experience relevant to the setting up of the new society, raising the finance and constructing the hydro-electric scheme.

Founder members

David Barker



David has extensive management, media and practical skills. He was a film producer for most of his working life but also developed his own landscape gardening business which included landscape design and construction. Since settling in Sunart, David has honed his practical building skills by building his own house. David is a Director of the Sunart Community Company and A Director and Founder member of Sunart Community Renewables. He is also heavily involved in other local organisations and activities and was previously a member of the Management Committee of the Sunart Centre. He is currently Chair of the Three Lochs Book and Arts Festival.

Chris Morgan



After gaining a degree in Marine Biology Chris had a 5 year career in medical microbiological research before changing career and training as a Chartered Accountant. A number of years in audit were followed by 10 years as finance director of a computer technology company with over 250 employees. Chris then spent 15 years as Finance Director with responsibility for a hotel chain, travel agency and a number of other businesses. He has opted for a slower pace of life in the Highlands but no less busy, running a self-catering business and maintaining a 7 acre croft. Chris is keen on conservation and environmental issues and is a Director and the Treasurer of Sunart Community Renewables.

Jamie McIntyre



Jamie is a freelance forester and community development worker. He has worked in community and rural development forestry for the past 15 years, as community forester/project manager for the Sunart Oakwoods Initiative, from 2000-2008, and following this as woodland crofts officer for HIE/FCS, supporting the development of community-based woodland crofts. When that role ended, he returned to self-employment. He was a former Director of the Community Woodlands Association. He is currently a Director of Sunart Community Company and a Director and Founder member of Sunart Community Renewables.

Other Board Members:

Tim Coldwell



Tim is an apprentice trained craftsman Joiner in exhibition and museum work. For the last 26 years he has been involved in the manufacturing and installing of commercial glazing systems, managing site installations from surveying to customer hand over. He has also been involved in the racing and building of several motorcycle and race cars, which he has raced in both Europe and America, with a particular interest in forced induction high performance engines. Since moving to Strontian he has set up a mountain bike hire company and has purchased and refurbished the village caravan and camp site.

Robert Dunn



Robert has been involved with the hydro project from the start having already constructed two 'micro-hydro' schemes on his own land and has substantial project management and governance experience. Robert's background is in tropical forest management, working on DFID aid projects in Grenada, Nigeria and Ghana. Since settling in Sunart with his family he became a Director and Joint Secretary of the Sunart Community Company, and a Director of Sunart Community Renewables.

Peter Ford



Peter trained as an Electrical engineer and spent 25 years selling electric asynchronous motors and associated controls, (providing speed control for AC motors), to a broad spectrum of industries including steel, water, sewage, textiles, food, brewing, chemical, pharmaceutical and machinery manufacturers. He also had responsibility for identifying applications and engineering solutions. He went on to spend time working in agriculture and then created and ran his own landscape gardening and household maintenance business. Prior to moving to Strontian he managed a holiday business for an estate on the Isle of Mull.

Malcolm Gillespie



Malcolm graduated from Glasgow University as a Mechanical Engineer and worked for most of his life in the marine fishing industry as an engineer and in management roles. He has built his own 50 kWh 'run of river' micro hydro-electricity scheme in Sunart, overseeing and project managing its construction. The scheme was commissioned November 2012. Malcolm is involved with several local community projects including a local woodland management group and he is Vice-chair and treasurer of Ewen's Room, a Community mental health self-help group. Malcolm is a Director of Sunart Community Company and was a Director of Sunart Community Renewables.

Richard Laybourne



Richard spent 12 years in the gas industry, in customer service, marketing, corporate planning and IT roles. He then moved into IT management in telecommunications where he worked for 15 years. For the last three years Richard has been an Ambulance Technician at Strontian Ambulance Station, and is currently training as a Paramedic. Richard is a Director and joint secretary of Sunart Community Company, and Chair of Sunart Community Renewables.

SCR Company Secretary: Dale Glenny Meegan

Project Managers

The project is being managed in phases by two experienced project managers:

- Dale Glenny Meegan - business model and financing
- Ian Leaver – construction and commissioning

For further information and 'frequently asked questions' (FAQs) visit our website www.sunartcommunityrenewables.org.uk

The Directors of Sunart Community Renewables have taken all reasonable steps to ensure that the facts stated in this document are clear, fair and not misleading in all material respects and that there are no other material facts the omission of which would make misleading any statement in this document. Accordingly, no representation is made or warranty given as to the accuracy, completeness, achievability or reasonableness of any such projections, views, statements or forecasts.