

2021 Share Offer: Additional Information for Holders of 2016-17 Community Bonds

This document is for general information only and does not form part of the Orchard Community Energy 2021 share offer document.

Holders of our 2016-2017 community bonds may instruct us to repay their bonds and reinvest the proceeds immediately into this share offer. Due to the terms of the bond instrument, this notification must be given by 31 July 2021 for repayment and reinvestment on 1 November 2021. Bondholders must also return their bond certificate with the repayment notice on it duly completed.

Reinvestment may be for all or a portion of the bond investment in £100 amounts subject to a minimum of £500 so long as a partial reinvestment does not leave a residual bond holding under £500. Bonds will continue to pay their current interest rate until 31 October. From 1 August 2021, bondholders cannot give us notice that they wish us to repay their bonds this year and so direct reinvestment is then not possible.

Bondholders can invest new money into OCE shares while this share offer is open subject to the investment limits described in the Orchard Community Energy 2021 share offer document. This may be as an alternative to or in addition to reinvesting the proceeds of repaid bonds. Special arrangements may apply for bondholders with non-UK addresses - please contact us for details.

OCE intends to use the proceeds of the share offer primarily to repay our community bonds. Repayment will be made first to those bondholders who have instructed us by 31 July to repay this year. Remaining funds raised will then be used to repay pro rata to the remaining holdings of all bondholders in line with the provisions in the bond instrument. Bonds continue to receive their current interest rate until they become repayable. To enable us to manage the redemption process effectively, we encourage bond holders not wishing to reinvest to retain their community bonds until we are able to redeem them rather than to seek earlier repayment. Please note also that this information is not a formal notification of OCE's repayment intentions.

Key differences between our community bonds and the withdrawable shares offered in the share offer include:

- Those holding shares become Members of our Society with the right to vote on Society business on a "one member one vote" basis. They must support our objects and agree to be bound by our Society Rules. Bondholders have no rights to participate in our governance and are not bound by our Rules. Shareholding is therefore a more democratic and cooperative approach.
- Our shares are withdrawable (ie. they can be "sold" only back to OCE) and cannot be traded. They are transferable to others only on death or bankruptcy. They can never be redeemed for more than their face value. Our bonds are transferable as well as being repayable by us, ie. they can be sold to others at any mutually agreed price or transferred as a gift.
- Our shares have a target interest rate. While the board seeks to pay this rate, it may pay a lower rate if financial circumstances change. The interest rate paid on the bonds is fixed.

- You may request withdrawal of shares after holding them for one year. Withdrawal is subject to the availability of funds and the discretion of the directors. OCE does not incur financial penalties if your funds are not returned within a particular timescale. Bond holders have an annual right to seek repayment and OCE incurs financial penalties if it does not repay your capital on time. However, it is the intention of the board to seek to respond positively to share withdrawal requests and repayment of bond capital is, in practice, subject to the availability of funds.
- The bonds were marketed as a short-term investment. Repayment was planned to be primarily by seeking new capital, as we are doing now. Our shares are intended as a medium to long-term investment. They should be repaid by capital surpluses over the life of our projects, with target surpluses being higher towards the end of project life, and by new capital from future shareholders if needed to support additional withdrawal requests.
- The board may allow the withdrawal of share capital (as an alternative to transfer) on the death of a member even if withdrawals are not then being made to other investors. There are no additional or preferential terms on the death of a bondholder.
- Withdrawable shares will normally be exempt from inheritance tax providing they have been held for two years. Bonds do not normally receive this tax benefit. This statement is not intended as financial or tax advice and you should consult a financial advisor or accountant for confirmation.

Please see the Orchard Community Energy 2021 share offer document and our Society Rules (for share capital) and the bond instrument (for community bonds) for detailed terms for each investment type. If there are discrepancies between this description and those terms, the contractual terms shall take precedence.

If you have queries or comments on the differences between our shares and bonds or any other questions or comments about Orchard Community Energy, please contact us on info@orchardcommunityenergy.org.

Further information on the reinvestment and new application process will be sent directly to holders of 2016-17 community bonds. If you have any queries about this process, please contact Neville Registrars on info@nevilleregistrars.co.uk or 0121 585 1131.

6 July 2021