



ORCHARD
Community Energy

Solar Bond Offer

Become a bondholder in **Orchard Community Energy Limited**
and help fund **Orchard Farm Solar Array, Iwade**

Target: £1.2 million

Closing date: 30 March 2017

in association with Mongoose Energy

Mongoose
ENERGY

www.mongoose.energy





Important Notice

This offer has been prepared by Orchard Community Energy ('OCE') and its Directors, who are responsible for its contents. The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities law of such jurisdictions. This Offer Document is not a prospectus for the purposes of Part VI of FSMA. It has not been approved by the Financial Conduct Authority (FCA) or any other regulator. The Bonds have not been admitted to listing on any regulated market and will not be dealt on any stock exchange or other such market.

An application to invest in the Bonds may only be made through Ethex, a not for profit organisation operating an online platform for positive investments. This Offer Document has been provided only to those members of Ethex who have requested to view it and should not be distributed to any other person.

Ethex is not required to be authorised by the FCA in so far as it provides information on or arranges deals in investments. This is because it is an Enterprise Scheme, which is exempt from regulation in arranging financial deals provided it is not acting for financial gain. Further information can be found at www.ethex.org.uk.

If you have a query about how to apply for this Offer, please visit www.ethex.org.uk or contact Ethex on **01865 403 304** or by email at help@www.ethex.org.uk.

For general queries about this Offer, please contact Orchard Community Energy on **0330 223 0062** or email info@orchard.coop

Before applying you are advised to read the whole of this Offer Document, including the risks set out on pages 24-25, and all the information regarding this Offer at www.ethex.org.uk. You should consider taking appropriate financial and other independent advice from an FCA-authorized person who has experience in advising on investments such as these before making any investment decision. Nothing in this Offer Document should be read or understood to be financial, investment, tax or accounting advice.



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Letter from the Chair



Penny Shepherd MBE
Chair
Orchard Community
Energy

I'm delighted to invite you to invest in Orchard Community Energy through our solar bond. This bond offer will support our first project – a newly-operational 5 MW solar array at Orchard Farm near Iwade, Kent. As a community-owned asset, it should provide a valuable income that can be reinvested in the local community.

In addition, the project will:

- provide local renewable energy generation that reduces the impact of climate change and improves our energy security.
- offer an attractive ethical investment opportunity – we aim to pay 5.5% interest per annum.
- enable productive use of this lower-grade farm land.

The project has been developed and constructed by an experienced international solar developer, OPDE and has started generating electricity under the Feed in Tariff (FiT), a

government incentive, which is linked to the rate of inflation, that provides financial support to the project for a period of 20 years.

Shares in Orchard Community Energy have already been issued to encourage and support local ownership, raising £522,000. Using this and debt provided by Triodos Bank, Orchard Community Energy successfully took ownership of the project on 16 June 2016.

We are now excited to offer this solar bond, the proceeds of which will be used to contribute to repayment of the outstanding balance owed to the project developer.

The bond has a minimum term expiring on 31 October 2019 and will pay interest of 5.5% a year. Interest will be paid annually. There will also be the option for you to extend your bond beyond the initial term at 5%. The offer is fully underwritten which means there is no minimum fundraising target that the bond needs to reach. Orchard Community Energy was





established in 2015 to develop community-owned renewable energy, low carbon and energy-efficiency projects in North Kent and Medway. It is led by a highly committed board with a depth of experience in renewable energy, finance, sustainability and community projects. With one exception, we all live in Kent.

Since our share offer, we are delighted to have been joined by two additional directors, including one who is currently Chair of Iwade Parish Council. You can find details about all of us later in this document.

Our board is supported by Mongoose Energy, who work with a number of community benefit societies to develop

and own renewable energy projects.

Since its launch in early 2015, Mongoose has developed more than 50 MW of solar power and is now a leading player in the growing market for locally-owned community energy businesses.

I hope that you will seriously consider this offer to invest in Orchard Community Energy. If you invest now, you will help us to secure the long-term benefits of community ownership of this project which aims to raise a Community Fund of up to £3 million during its lifetime for local community projects.



The project will offer an attractive ethical investment opportunity – we aim to pay 5.5% interest per annum





Key Information

The key terms of Offer are as follows:

Bond: Debt instrument issued by Orchard Community Energy (OCE) under this offer

Maximum investment: there is no maximum investment

Minimum investment: £500, or higher multiples of £100 (1 bond = £100)

Interest: 5.5%, paid annually

Maturity:

- initial term to 31 October 2019
- bonds are redeemable in full on the bondholder giving three months' notice prior to 31 October 2019 (i.e., before 31 August 2019); or
- (subject to Orchard Community Energy's right to redeem the bond early) bondholders may opt to extend beyond the initial term on an annual basis and will receive a 5% interest rate.

Pre-Conditions: There is no minimum fundraise. The project is fully underwritten.

Timetable: The offer will remain open to applications up to the value of the maximum sum, or until 31 March 2017, whichever is the earlier. The Directors may extend the offer period at their discretion.

Eligibility: Anyone over the age of 18 may apply for the bonds and you do not have to be existing members of Orchard Community Energy to apply. Co-operatives, community benefit societies, companies and other incorporated associations may also apply for the bonds.

We were established in 2015 by a group of experienced Kent-based professionals with the assistance of Mongoose Energy. Our constitution is in the form of Rules registered and approved by the Financial Conduct Authority which can also be viewed via our website at www.orchard.coop. As a Community Benefit Society we are bound to act for the benefit of the community.

Aims and objectives of the society: Its purpose is to develop community-owned renewable energy, low carbon and energy efficiency projects in Swale and Medway. The Orchard Farm Solar Array will be a significant step towards this goal.

The Project: Orchard Farm Solar Array is a 5 Mega Watt (MW) ground mounted solar array on land west of Orchard Farm, School Lane, Iwade, Kent ME9 8QG.

Community Benefits: The provision of significant local community benefits is central to Orchard Community Energy's vision. We will recycle 100% of surplus profits into local communities in Swale and Medway through a community fund.

Investment Opportunity: The bonds are an investment in the whole of Orchard Community Energy's business, but the Directors have ensured that the revenue generated by the Orchard Farm Solar Array alone will be sufficient to pay for all capital and interest on the bonds over the lifetime of the project's operation.

How to apply: An application to invest in the bonds may only be made through Ethex under the terms and conditions available on www.ethex.org.uk.

Who is Orchard Community Energy:

Please visit www.ethex.org.uk/Orchard to





complete the application form and follow the instructions on how to transfer your application monies to Ethex.

Application monies will be kept in a separate client bank account by Ethex and only drawn down by Orchard Community Energy after the bonds are issued. Ethex will provide instructions to all applicants regarding when their application monies should be available for transfer.

This Offer Document has been prepared by Orchard Community Energy and its Directors, who are responsible for the contents.

Technical and other words and phrases used in this Offer Document with a particular meaning are defined and explained in the Glossary.

No advice on investments is given in this Offer Document, or by the promoters in relation to it. If any person has any doubt about the appropriateness or suitability of the investment which is the subject of this Offer Document, he/she should contact an appropriate authorised person for

advice on investments.

Any complaints about this offer or about the bonds should be sent to the Company Secretary at 1 Lower Buckhurst Cottages, Biddenden Road, Frittenden, Kent TN17 2BG.

Orchard Community Energy bond offer is exempt from S21 of the Financial Services and Markets Act 2000 by virtue of the FSMA 2000 (Financial Promotions) Order 2005, article 35. The issue of bonds by the Society does not require an approved prospectus under Section 85(1) of the Financial Services and Markets Act 2000, by virtue of Section 85(5)(a) of the Financial Services and Markets Act 2000 and Schedule 11A, Part 2 article 7. This means you have no right of complaint to the Financial Ombudsman Service.

Any decision to apply for the Bonds should be based solely on consideration of the Offer Document as a whole including the risks set out at page 24, the Terms and Conditions and all information provided on the Offer at www.ethex.org.uk.





Project timetable

The offer opens on 1 December 2016 and will remain open to applications up to the value of the maximum sum, or until 31 March 2017, whichever is the earlier. The Directors may extend the offer period at their discretion.

| | |
|-----------------|---|
| September 2015 | Project construction commenced |
| January 2016 | Construction completed |
| February 2016 | Project commenced generating power |
| 16 June 2016 | Project acquired |
| 1 December 2016 | Bond offer opens |
| 31 March 2017 | Bond offer closes |
| ANNUALLY | |
| 31 March | End of the financial year: reports prepared |
| By 30 September | Annual General Meeting |
| 31 October | Interest paid to bond holders |

Interest will accrue from the first day of the month after cleared funds are received by Ethex, e.g. if cleared funds are received in January, interest will start to accrue on 1 February.

Aims and objectives

Orchard Community Energy was established in 2015 by a group of experienced Kent-based professionals. Its purpose is to develop community-owned renewable energy, low carbon and energy efficiency projects in Swale and Medway.

The team concentrates on projects that reduce the impact of climate change and increase our energy security, whilst at the same time generating significant donations to the community fund.

We estimate that the Orchard Farm Solar Array will provide at least £10,000 per annum in its first five years of operation for distribution to community projects in Swale and Medway. This amount will increase substantially in the

later stages of the project. We expect that the project will deliver a community fund of up to £3 million over 25 years. The amount donated will be subject to a members' vote at Orchard Community Energy's AGM.

Criteria for eligible projects supported through the community fund may include wildlife conservation, climate change mitigation, fuel poverty and carbon reduction projects.

What makes Orchard Community Energy different from a normal commercial company?



Our constitution is in the form of Rules registered and approved by the Financial Conduct Authority which can also be viewed via our website. As a Community Benefit Society we are bound to act for the benefit of the community.

As an example, the level of community contributions that we will generate over the life of our solar PV projects is around 20 or more times greater than would be offered by a commercial developer. Our Rules also prevent the sale of assets to commercial organisations.





Meet the Directors

The Orchard Community Energy board consists of experienced professionals committed to the development of community energy projects delivering local benefits in North Kent and Medway. One director is nominated by our partner Mongoose Energy. All the other directors live in Kent.

Together, we have:

- **A successful track record in delivering community renewable energy projects**
- **Entrepreneurial zeal**
- **Business experience**
- **Accounting and financial expertise**
- **History of working on community projects**
- **Expertise in renewable energy and energy efficiency projects**



Penny Shepherd MBE – Chair

Penny was Chief Executive of London Sustainability Exchange and the UK Sustainable Investment and Finance Association and worked for 20 years in information technology. Her MBE is for services to sustainable economic development and socially responsible investment and she is a Freeman of the City of London. She also chairs the external sustainability panel of a major building materials company and is involved with various initiatives supporting sustainable living in East Kent. Penny lives in Kent.



Julie Salmon – Company Secretary

Julie, who is a member of the Chartered Institute of Taxation, started her training as a corporate tax adviser with Ernst & Young. She has over 25 years' experience working for a number of multinational companies. In all of these roles she has been involved in corporate governance and compliance. She has a Diploma in Environmental Policy from the Open University and a Post Graduate Diploma in Renewable Energy in the Built Environment from the Centre for Alternative Technology in Wales. Julie lives in Kent.



Stephanie Karpetas

Stephanie is the Founder and Director of Sustainability Connections CIC. She specialises in project design and delivery, community engagement, training and facilitation. Over the past two years, Stephanie has been training isolated unemployed women in East Kent to be energy champions. Stephanie brings more than 20 years' experience in the field of sustainability including Environment Manager at British Airways Plc and working with SMEs, charities, social enterprises, business support organisations and local government. Stephanie lives in Kent.



Francis Mahon

After studying physics and petroleum engineering Francis worked for over 25 years in the upstream sector of the oil and gas industry, in the technical design and operational management of exploration and production wells around the world. During the past four years Francis has steered his career into consultancy promoting high efficiency and renewable energy technologies. Francis lives in Kent.





Meet the Directors (2)



David Bunker

David is a chartered accountant and member of the Academy of Experts with over 20 years' experience in public practice. He has a long-standing interest in sustainability issues, serving for many years as a trustee of the Centre for Sustainable Energy and is currently a director of Windcluster 2000 Ltd., a wind farm complex in Cumbria, and Mongoose Energy Ltd. David is also a Director of Bath & West Community Energy and a number of other community benefit societies.



Tim Valentine

Tim has lived in Swale in Kent for 16 years and is an active campaigner on local environmental and social issues. Tim is Emeritus Professor of Psychology at Goldsmiths, University of London where he taught psychology and law. He is a trustee of the Centre for Alternative Technology and served for six years as a trustee of Share Action, the campaign for responsible investment.



Matt Gale

Matt has extensive local connections in Iwade village in Kent, the location of Orchard Farm Solar Array. He is Chair of Iwade Parish Council, a Trustee of Iwade Village Hall and a board member of the Academy that runs two local primary schools. Professionally, he is co-founder, director and company secretary of AMG Capital Partners Limited, an investment management firm, and has worked in financial services for over 25 years. Matt has lived in Iwade village for over five years.

Conflict Of Interest Statement

David Bunker, one of Orchard Community Energy's directors, provides professional services to Mongoose Energy. He does not participate in any Board decisions on contracts associated with Mongoose Energy.

Stephanie Karpetas is providing consultancy support to Mongoose Energy for this Bond offer. Currently, Penny Shepherd has a connection to the same consultancy group through work on two separate projects in Kent. While Stephanie undertakes her role of consultancy support, she will not participate in any Board decisions on contracts associated with Mongoose Energy. Penny will also not participate in such decisions when the board deems this appropriate.

The Directors are not aware of any other actual or potential conflicts of interest.

DECLARATION

Orchard Community Energy Limited (OCE) and its Directors are responsible for the information given in this Offer Document. OCE and each of its Directors 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 its or their knowledge, in accordance with the facts and contains no omission likely to affect its meaning.



Introducing Mongoose Energy

Orchard Community Energy is working with Mongoose Energy on this bond offer. Mongoose supports several other community benefit societies to develop and own renewable energy projects and is over 50% owned by the organisations it supports.

Mongoose was launched by the team who helped to found Bath & West Community Energy (BWCE) Ltd. BWCE was established in 2010 as a Community Benefit Society to develop and manage locally-owned community energy businesses.

Having developed more than 50 MW of solar power projects across the UK under community ownership principles, Mongoose is a leading player in the growing market for locally owned community energy businesses.

Mongoose: Key Personnel



Sir Ed Davey, Chairman

A trained economist, Sir Ed Davey was a management consultant before being elected in 1997. He was the MP for Kingston and Surbiton for 18 years, serving on the front bench of the Liberal Democrats for most of that time. During the Coalition Government, he first served as a Business Minister under Vince Cable, where he was responsible for, amongst other things, Trade and Investment Policy, Corporate Governance and Competition and Consumer Affairs Policy. In February 2012, he became the Secretary of State for Energy and Climate Change, where he oversaw the largest ever increase in renewable energy and published Britain's first ever Community Energy Strategy.



Jan-Willem Bode, Managing Director

Jan-Willem has been a researcher at Utrecht University, and has a further professional career as a consultant and director for various parts of the Ecofys group, after which he founded, grew and sold the carbon originator OneCarbon. He went on to work for Orbeo (JV of Société Generale and Rhodia) where he developed various investor products and had joint P&L responsibility for the entire carbon business. Investor in sustainability and internet businesses.



Jeff Kenna, Commercial Director

In 1982 Jeff co-founded Energy for Sustainable Development Ltd (ESD) which received a Queen's Award for Export Achievement. ESD spun out a number of successful ventures, in project development, electricity trading and solar photovoltaics. One of these, AIM-listed Camco International, subsequently merged with ESD. Jeff resigned as chief executive of Camco in 2009 and is currently non-executive chairman and working on a several new clean energy initiatives.



Garry Peagam, Chief Finance Officer

Garry joins Mongoose in Autumn 2016. He was previously finance director of Good Energy plc where he took a leading role in its listing on AIM. Having also advised Bristol Council on the launch of its own energy supply business, Garry brings a wealth of finance skills and renewable energy knowledge to the Mongoose team. Garry qualified as a chartered accountant with Arthur Andersen.





The Project

Introduction

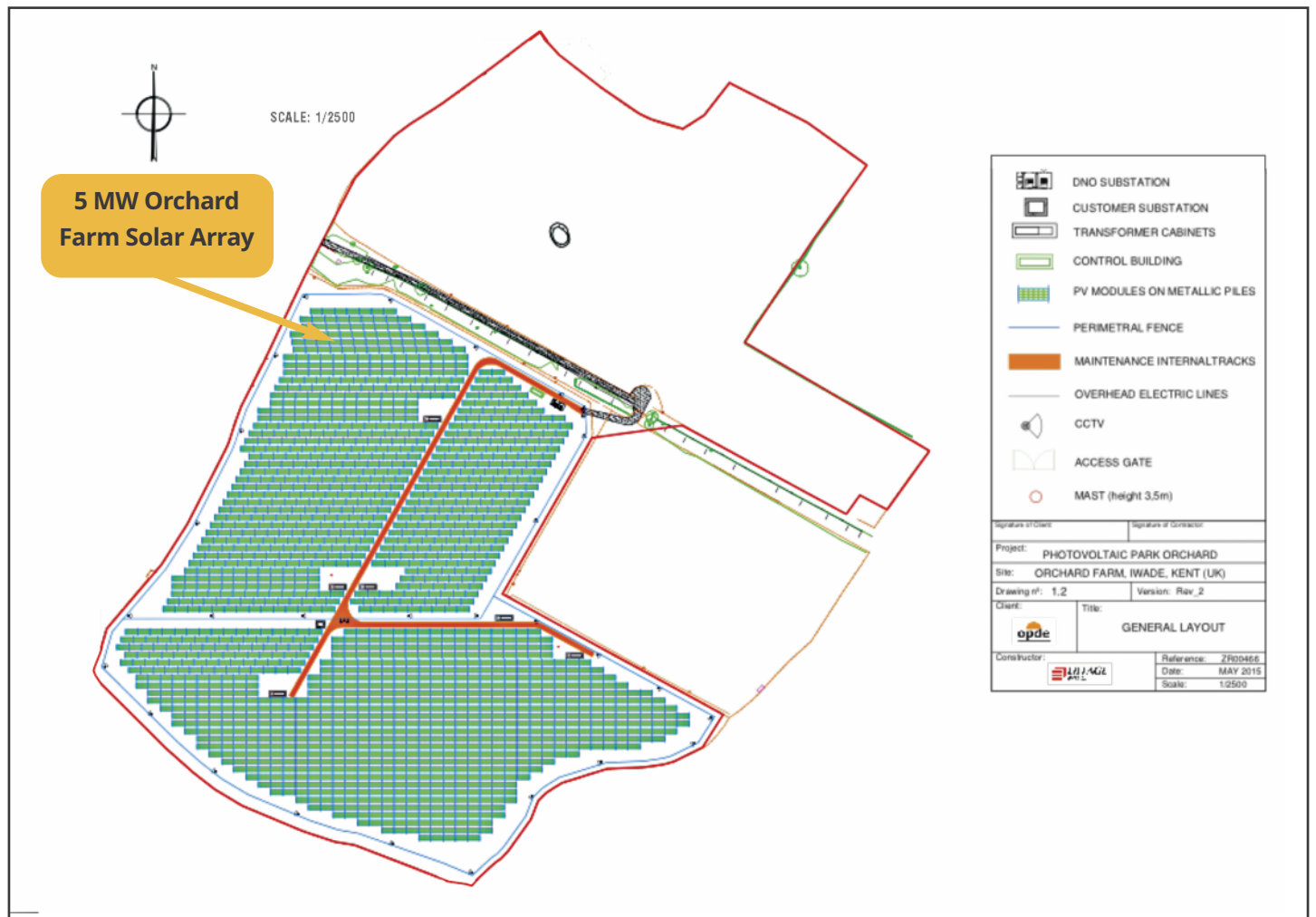
The Orchard Farm Solar Array is a 5 MW ground mounted solar array on land west of Orchard Farm, School Lane, Iwade, Kent ME9 8QG.

Orchard Community Energy owns the Orchard Farm Solar Array and has a 26-year lease agreement with the landowner.

The project shall receive payments under the Feed in Tariff (FiT) scheme at 6.23 pence per kWh. This rate will increase in line with the Retail Price Index (RPI) each year for 20 years. In addition the project receives income

from the export of electricity to the national grid of 4.91 pence per kWh for the Export Tariff (the tariff will be adjusted annually by Ofgem in line with inflation).

The projected annual output in the first year is 5,020 Mega Watt hours (MWh) – enough to meet the equivalent annual electricity demand for around 1,250 homes.





Orchard Farm Solar Array

The Developer

The project has been taken through development, planning and construction by OPDE, an experienced Spanish solar developer. Established in 2005, OPDE Group is one of the pioneering corporations that has helped develop the photovoltaic industry in Spain and beyond.

In the past ten years, OPDE has grown in corporate size, global expansion and technological development. The company has delivered 240 MW in solar photovoltaic farms in Italy (50 MW), UK (85 MW) and Spain (105 MW). In addition, it is active in other markets such as Mexico, United States and Chile, with over 800 MW under development.

OPDE has worked with Orchard Community Energy and Mongoose Energy to move the project into

community ownership. To enable a smooth transition, it agreed to provide project construction and underwriting finance.

OPDE sold the project to Orchard Community Energy on 16 June 2016 after the project had successfully commenced generating electricity.

The Grid Connection

Planning permission was granted for a 10 MW project at the site. Due to Feed in Tariff regulations, the project has been split into two separate projects which will share a grid connection but will be owned and operated separately. The projects are electrically, legally and financially independent of each other.



Orchard Community Energy owns the Orchard Farm Solar Array and has a 26-year lease agreement with the landowner





Solar PV is a well-established and proven technology – at the end of 2014, the International Energy Agency reported that just over 175 GW of solar PV was installed around the world

Grid Sharing and Interface Agreements governing cooperation between the owners of the two solar farms are in place to ensure each project continues to benefit from shared grid access and also continues to comply with any ongoing planning obligations.

The Orchard Farm Solar Array is a ground-mounted photovoltaic energy generation project utilising Renesola photovoltaic modules and Schneider combined inverters. Defects and Performance Warranties are in place for all equipment with Liquidated Damages applicable should the Performance Ratio dip below Guaranteed Performance.

All energy will be exported to the UK Power Network (UKPN), via a combined substation, where the Point of Connection is an existing high voltage (HV) overhead power line to the west of Key Street.

How does solar PV technology work?

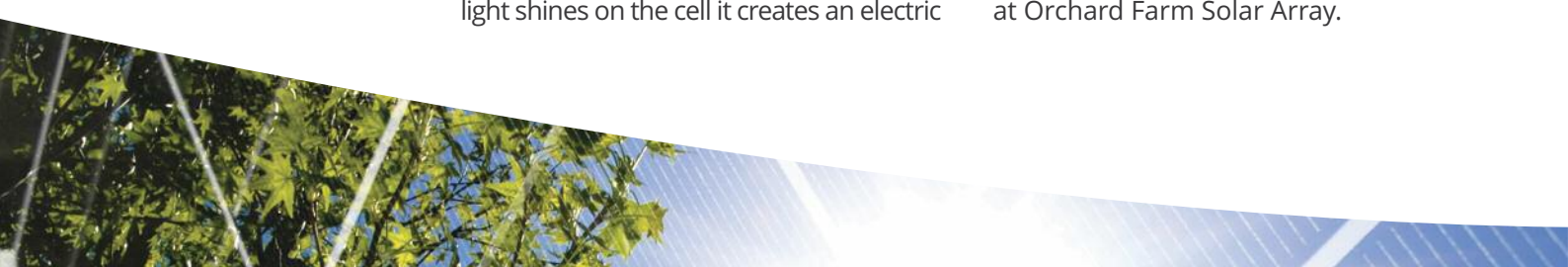
Solar photovoltaic (PV) systems capture the sun's energy using photovoltaic cells. Solar PV cells are made from layers of semi-conducting material, usually silicon. When light shines on the cell it creates an electric

field across the layers. The stronger the sunshine, the more electricity is produced, but the PV cells don't need direct sunlight to work – they can still generate some electricity on a cloudy day. Cells are grouped together in panels or modules that can either be mounted on a roof or on the ground. In the case of the Orchard Farm Solar Array, the panels have been mounted on steel frames sitting on shallow piles driven into the ground. Since solar PV cells convert sunlight into DC electricity, inverters are used to convert this into high-voltage AC electricity, which is then connected to the local distribution network.

Solar PV is a well-established and proven technology – at the end of 2014, the International Energy Agency reported that just over 175 GW of solar PV was installed around the world.

Many solar PV projects benefit from financial assistance from government renewable energy schemes, including the Feed in Tariff scheme (FiT). FiT aims to support individuals and organisations, including communities, to generate low-carbon electricity using small-scale installations. It is comprised of two elements – a generation tariff and an export tariff.

Once a project has been accredited under the FiT scheme by Ofgem, the relevant generation tariff and export tariff are secured for a period of 20 years of operation. Although there have been some recent government proposals to reduce the value of the tariffs, these proposals will not affect projects where pre-accreditation has already been granted by Ofgem such as at Orchard Farm Solar Array.





Acquisition of the Solar Array

Orchard Community Energy purchased the Orchard Farm Solar Array from OPDE on 16 June 2016.

The purchase of the project meant that we acquired all the shares in Orchard Farm Community Solar Community Interest Company (CIC), which owns the assets and contracts required to operate the solar farm and is the immediate recipient of the revenue generated by the project. Orchard Farm Community Solar CIC has therefore become a wholly owned subsidiary of Orchard Community Energy.

As a wholly owned subsidiary, Orchard Farm Community Solar CIC will pass funds back to Orchard Community Energy, after meeting the costs associated with running Orchard Farm Solar Array. As Orchard Community Energy is itself a community benefit

society with an asset lock, dividend payments from Orchard Farm Community Solar CIC are not subject to the cap on dividends, which usually applies to dividends distributed by community interest companies.

The acquisition of the Orchard Farm Solar Array has been made possible through the use of two sources of capital:

- **Senior debt:** A £3.3 million loan facility from Triodos Bank. Triodos is a commercial bank with a mandate to make investments that have positive social and environmental benefits
- **Equity investment:** The Orchard Community Energy share offer, which raised £522,000 in equity investment in November 2015

The combined capital from both the equity investment and Triodos's senior debt have contributed to paying a substantial portion of the project's overall purchase price. The outstanding purchase price balance of £2.22 million has been lent as a sub-loan by the project's developer, OPDE. Repayment of this sub-loan shall come from the following sources:

- **Bond offer:** An earlier bond offer raised £700,000. This bond offer is designed to supplement these funds.
- **Future initiatives:** Further fund-raising programmes that shall be approved by the Orchard Community Energy board





Community Benefits

We estimate that the Orchard Farm Solar Array will provide at least £10,000 per annum in its first five years of operation for distribution to community projects in Swale and Medway.

This amount will increase substantially in the later stages of the project. We project that the project will deliver a community fund of up to **£3 million** over 25 years.

Criteria for eligible projects supported through the community fund may include:

- wildlife conservation
- climate change mitigation
- carbon reduction (e.g. local food, low carbon transport, waste projects)
- reduction of fuel poverty

Age UK Bath provides advice on energy efficiency and warm homes funded with a grant from Bath & West Community Energy's Community Fund
© Andrew Aitchison





How to Invest

| | |
|-------------------------------|--|
| Issuer | Orchard Community Energy Limited |
| Maximum Sum | There is no maximum sum |
| Minimum Sum | £500 |
| Status | Unlisted; transferable |
| Repayment Date | 31 October 2019 |
| Interest | 5.5% p.a. payable annually in arrears on 31 October in each year (or the next business day) |
| Security | Unsecured |
| Reporting | Orchard Community Energy will publish an annual report and accounts and send these to Bondholders |
| Closing Date for Offer | 31 March 2017 |
| Tradeability | Bondholders may be able to trade their Bonds on a match bargain basis through Ethex (see below) |

Maturity

The bonds are designed to allow bondholders a choice of when to redeem their bonds and to take account of Orchard Community Energy's option to refinance the project in 3 years time as a way of lowering borrowing costs.

The bonds will have an initial term, ending on 31 October 2019. If bondholders wish to redeem their bond at that point, they must give Orchard Community Energy at least 3 months' notice of their intention by completing and returning the repayment notice on the reverse of their bond certificate. Orchard Community Energy will then be obliged to pay each bondholder their capital and the interest accrued on their bond within 30 days of 31 October 2019, subject to funds being available.

If bondholders wish to extend the term of their bond beyond the initial term, subject to Orchard Community Energy's

option to redeem the bond early (see below), they do not need to do anything. Orchard Community Energy will be obliged to automatically pay these bondholders the interest accrued on their bonds during the initial term within 30 days of 31 October 2019, but will retain the capital and the bond will continue. Interest will then accrue and be paid to bondholders annually.

Bondholders will subsequently have the option in each year to redeem their bonds in full, on each anniversary of 31 October 2019, by giving at least 6 months prior notice to Orchard Community Energy (by completing and returning the repayment notice on the reverse of their bond certificate). If they do so, Orchard Community Energy will pay those bondholders their capital and interest accrued within 30 days of the relevant anniversary.



Bondholders will subsequently have the option in each year to redeem their bonds in full, on each anniversary of 31 October 2019





There is no limit to the number of years a bondholder may continue to hold their bonds after the initial term.

Orchard Community Energy will send reminders to each bondholder 1 month before each notice is due.

Early Redemption by Orchard Community Energy

There is no limit to the number of years a bondholder may continue to hold their bonds after the initial term.

The Directors do not intend to redeem the bonds during the initial term. However, Orchard Community Energy does have the option to redeem the bonds early, in whole or in part, at any point. If this occurs during the initial term of the bonds, Orchard Community Energy must give bondholders at least 3 months' notice. If this occurs after the initial term of the bonds, Orchard Community Energy must give bondholders at least 3 months' notice.

The Directors have planned for the possibility that the solar array could be re-financed after the initial term of the bond. Refinance is typically available where an operational solar array demonstrates a clear track record of performance, and so would be able to secure finance on better terms. If refinance is offered on preferential terms that are materially better than those currently entered into, Orchard Community Energy may exercise its option to redeem the bonds early, in whole or in part.

Interest

Orchard Community Energy will pay 5.5% per annum on the capital invested in the bonds by each bondholder.

Interest will begin to accrue from the first day of the month after cleared funds are received by Ethex.

Bondholders will have the option to continue holding their bonds after the initial term. Interest at 5%, calculated annually, will be paid to bondholders after the initial term.

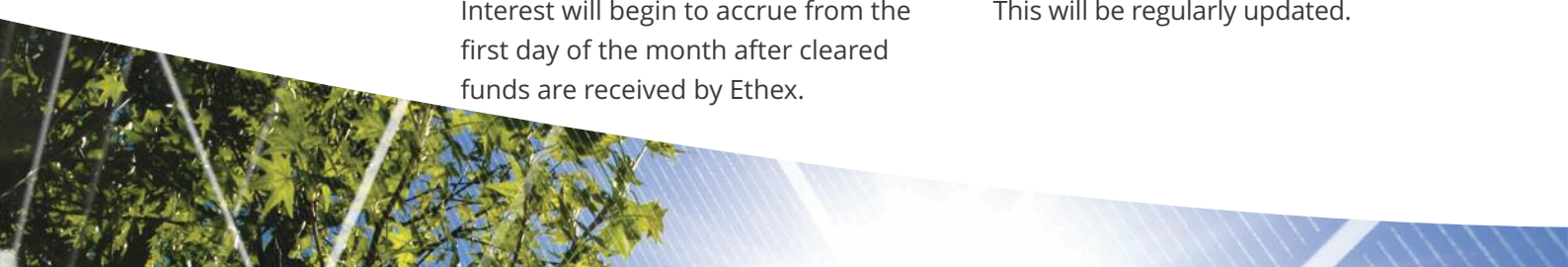
Trading your Bonds

Although the Bonds are transferable, they will not be listed on a recognised stock exchange due to the considerable costs involved. Instead, Orchard Community Energy has decided to partner with Ethex (www.ethex.org.uk) a specialist, not-for-profit organisation designed to support the growth and development of social and environmental businesses through the provision of a secondary trading platform for shares and bonds.

It should be noted that there can be no guarantee that a secondary market in the Bonds will develop, whether through the secondary trading platform provided by Ethex or at all.

Through Ethex, Bondholders may be able to buy and sell Bonds on a matched bargain basis whereby registered sellers are matched with registered buyers. A modest charge will be applied by Ethex which can be reduced if the Bondholder opens an Ethex Member Account (providing access to other Ethex portfolio services).

Ethex will feature a dedicated web profile on Orchard Community Energy which will provide details of Orchard Community Energy's governance structure and its social and financial performance as well as recent trades in the Bonds and the numbers of current buyers and sellers. This will be regularly updated.





Closing Date

The Offer will close on the earlier of the Maximum Subscription being reached or 23:59 on 30 March 2017 unless extended by Orchard Community Energy in its sole discretion. The Application Monies will be kept in a separate client bank account by Ethex. No commission will be payable to introducers of potential investors.

Applications under this offer will be dealt with on a first come, first served basis. In the event of oversubscription to this offer, the application which brings the total value of all applications above the maximum sum will have to be reduced accordingly and all subsequent applications declined.

How to apply for the Bonds

To make an application to invest in the bonds you can either

- Invest online through the Ethex website **www.ethex.org.uk/Orchard**. This is our preferred method. It is a paperless process and is the most efficient mechanism for investing
- If you choose to apply for bonds by cheque please complete the bond application form at the end of this document and return it, as soon as you are ready, with a cheque made out to Ethex Investment Club Ltd, to **Ethex, The Old Music Hall, 106-108 Cowley Road, Oxford OX4 1JE**.

Cheques must be received a minimum of five business days before the end of a month to start to earn interest from the first day of the following month. If you are in any doubt about the arrival of your documentation we suggest you use the Guaranteed Next Day service offered by the Post Office.

An application may only be made in the name of a single individual, who must be 18 or older, or by a co-operative, community benefit society, company or other incorporated association. If you choose to buy bonds using the on-line facility at Ethex, you must do so under the terms and conditions available at **ethex.org.uk**. Once you have completed the application form you will receive an acknowledgement email from Ethex with your unique reference number and the details of the bank account to which you should transfer your funds.

Bonds shall not be issued until funds are received by Ethex. Ethex will provide instructions to all applicants regarding when and how their application monies should be available for transfer. Application monies will be kept in a separate client account by Ethex and drawn down by Orchard Community Energy after bonds are issued.

If you have a query about how to apply, please visit **ethex.org.uk** or contact Ethex on **01865 403 304** or by email at **help@ethex.org.uk**.

For questions relating to Orchard Community Energy and the investment opportunity call Orchard Community Energy on **0330 223 0062** or email **info@orchard.coop**

Bond certificates

Each bondholder is entitled to receive a certificate as evidence of their investment in the bonds.

Bonds will be issued and certificates produced by Orchard Community Energy.



Through Ethex, Bondholders may be able to buy and sell Bonds on a matched bargain basis whereby registered sellers are matched with registered buyers





How Your Money Will Be Used

The bonds are an investment in the whole of Orchard Community Energy's business, but the Directors have ensured that the revenue generated by the Orchard Farm Solar Array alone will be sufficient to pay for all capital and interest on the bonds over the lifetime of the project's operation.

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. The Directors believe that no facts have been omitted which would render any such reproduced information inaccurate or misleading.

The financial projections are based on information provided by Orchard Community Energy, OPDE and Mongoose and are deemed to be prudent.

Bondholders are projected to receive a return on their bonds at a level intended to be sufficient for Orchard Community Energy to obtain and retain enough capital for its business requirements.

The financial projections are based on the following key assumptions:

- The solar array is forecast to generate 5,020 MWh in its first full year of operation
- Total investment costs to build the project are £6 million, including construction, acquisition and fund raising costs
- This offer will raise the maximum sum of £1.2 million
- RPI inflation is 1% for the next two years, but after that will average 2.5% per annum. This projection is provided by Mongoose Energy who have taken account of the long-term historic average for RPI and the Bank of England's long-term inflation goal

- FIT revenue and all costs will increase by RPI each year
- Electricity export revenue increases in line with accepted industry projections (with RPI in the short term, and more than RPI in the long term)
- Maximum degradation in solar panel performance is up to 0.5% per year in line with performance warranties
- The project continues to be insured for risks and loss of income.
- Current expectations relating to the global energy market, the UK electricity industry, UK government policy and the desirability for and the promotion of electricity from renewable sources will remain reasonably consistent and reasonably favourable to Orchard Community Energy over the next 20 years

Any one of the assumptions on this page not being realised is likely to result in adjustments to the financial projections.

Business Overview

The Orchard Farm Solar Array has an operational lifetime of 25 years, but FIT revenue ends after Year 20. In Years 21 onwards the bulk of the revenue is from electricity export revenue alone.

However, because all financing costs and investors will have already been repaid prior to the end of FIT revenue, the bulk of the revenue generated will be donated to the community fund.





The intention is for the Orchard Farm Solar Array project to be refinanced after approximately three years, once it has demonstrated its reliability in operation and has yielded consistent revenues. This means that at the end of the initial term of the bonds the Directors will consider whether the Orchard Farm Solar Array should be refinanced, which may lead to Orchard Community Energy using its option to redeem the bonds early, in whole or in part, as explained above. Any refinancing may also include the issue of new bonds, or the sale of additional shares through a further share offer. The Board will review all options closer to the time and make a decision based on what is most likely to further Orchard Community Energy's community purpose, whilst seeking to ensure that bondholders' interest and capital is repaid.

Operational Costs

The principal operational costs of the Orchard Farm Solar Array are:

- Payments to OPDE for ensuring the proper running of the solar farm under the Operations and Maintenance contract;
- Payments due to landlords under the site agreements; and
- Payments to Mongoose for managing Orchard Community Energy's relationship with OPDE under the Mongoose management services agreement.

Borrowing

Triodos Bank has provided a first ranking debt facility that has contributed £3.3 million towards the cost of the Orchard Farm Solar Array.

Triodos Bank is one of the world's leading sustainable banks with a mission to make money work for positive social, environmental and cultural change. Triodos Bank is actively involved in funding renewable energy projects across the UK and has a commitment to community energy. Triodos has provided loans to two previous projects developed by Mongoose Energy.

As part of the loan facility, Triodos Bank will hold security over the assets relating to Orchard Farm Community Solar CIC. After payments have been made to commercial lenders, payments to bondholders will take priority over any interest due on Orchard Community Energy members' capital. Remaining cash surplus will be used to pay interest on members' capital, contributions to the community fund and for either reinvestment in new projects or to repay members' capital. The precise amounts available will depend on the overall business performance.

Tax

The precise tax treatment of a bondholder will depend on the bondholder's individual circumstances and the law and practice in force at the relevant time and may therefore be subject to change in the future. If applicants are in any doubt about their tax position they should consider taking



The intention is for the Orchard Farm Solar Array project to be refinanced after approximately three years, once it has demonstrated its reliability in operation and has yielded consistent revenues





How Your Money Will Be Used (continued)

appropriate financial and other advice from a suitably qualified professional.

The comments below do not constitute advice and are of a general nature, based on current United Kingdom law and practice. They relate only to the United Kingdom tax treatment of interest payable on the bonds. The comments do not deal with any other United Kingdom tax implications of acquiring, holding or disposing of bonds, and relate only to the position of bondholders who are the absolute beneficial owners of the bonds.

Orchard Community Energy will pay interest to bondholders without deducting any amount by way of tax. Applicants should be aware that they may need to pay tax on that interest, and therefore may need to declare it to HMRC. For many applicants, this should be done by declaring the interest they have received from Orchard Community Energy on a self-assessment tax return.

From the 6 April 2016, basic rate taxpayers are able to earn up to £1,000 in savings income tax-free. Higher rate taxpayers are able to earn up to £500. This is called the Personal Savings Allowance. See the government website www.gov.uk for more information on the Personal Savings Allowance.

If applicants wish to sell their bonds via Ethex they should consider the tax implications. Bonds may be sold for more or less than their original issuance price.

Offer Costs

The costs of this bond offer are not expected to exceed £15,000.

Financial Projections

The total projected income over the 25-year life of Orchard Farm Solar Array is £17.5 million. This consists of income from the sale of generated and exported electricity.

- **FiT:** The Orchard Farm Solar Array has secured pre-accreditation with Ofgem for the Feed in Tariff so that it has been offered a price of 6.23 pence per kWh, adjusted in line with RPI each year for the next 20 years.
- **Electricity export revenue:** Ofgem offers a minimum export tariff to solar farms such as the Orchard Farm Solar Array of 4.91 pence per kWh. This tariff will be accepted until wholesale energy markets increase in price and can therefore offer a more attractive price to Orchard Community Energy. It is established market practice that power purchase agreements with providers be renegotiated approximately every 12-24 months, and, with Mongoose's assistance, the Directors intend to use this approach to achieve the best price for Orchard Community Energy from time to time.





Material Contracts

A summary of the material contracts in relation to Orchard Farm solar array is found [here](#).

Share purchase agreement

Orchard Community Energy acquired the solar array via a share purchase agreement with the developer, OPDE. Specifically, Orchard Community Energy acquired all the shares in Orchard Farm Community Solar CIC, the community interest company, which holds the assets and contracts required to operate the solar array.

Lease

Orchard Farm Community Solar CIC has signed a lease with the landlord of the site for 26 years to operate the solar array.

Engineering and Procurement contract

This contract covers the design, supply, installation testing and commissioning of the project, and is between OPDE and Orchard Farm Community Solar CIC. The contract provides for a guaranteed performance ratio of 83% for the solar array, an assessment of the effect of system losses on the overall output of the system.

If the performance ratio falls below this guaranteed level in the first 24 months of operation OPDE will be obliged to pay Orchard Farm Community Solar CIC compensation for the reduced income to the project during its operational lifetime.

Operations and Maintenance contract

After commissioning and for the first two years OPDE will manage the operation, maintenance and upkeep of the solar array including replacement of parts, security, project performance monitoring and regular site visits. It does so under the terms of the operations and maintenance contract with Orchard Farm Community Solar CIC.

Prior to the expiration of the contract, Orchard Community Energy will work with Mongoose Energy to secure an O&M contractor via an open market exercise. The market for O&M contractors is very well developed and competitive with many established and high quality providers available. As a result, Orchard Community

Energy is confident of securing a high quality contractor potentially at a lower cost.

Mongoose Energy development contract

Mongoose Energy's work in assisting Orchard Community Energy in preparing the purchase of the project, negotiating commercial contracts and carrying out due diligence on behalf of Orchard Community Energy, raising the capital required for the purchase price, including negotiations with Triodos for the bank debt and OPDE for the underwriting finance, is covered under the Mongoose Energy development contract. Mongoose Energy will receive a fee of 2% of the funds raised through this offer.

Mongoose Energy services contract

Orchard Community Energy has signed two services contracts with Mongoose Energy:

1 Project Asset Management: to provide project management, administration, including securing best deals for power purchase agreements, liaison with Ofgem, oversight of O&M contractors, health and safety, payments, accounts and secretarial services to Orchard Farm Community Solar CIC

2 Community Support: to provide administrative, secretarial and marketing services to Orchard Community Energy

The total annual fee for both contracts with Mongoose Energy shall be £28,500, adjusted each year in line with RPI. The term of the contract will be 20 years, but after 18 months it will be reviewed, at which point either party can terminate the contract on 90 days' notice. Thereafter, the contract will be further reviewed every five years.





Risk Factors

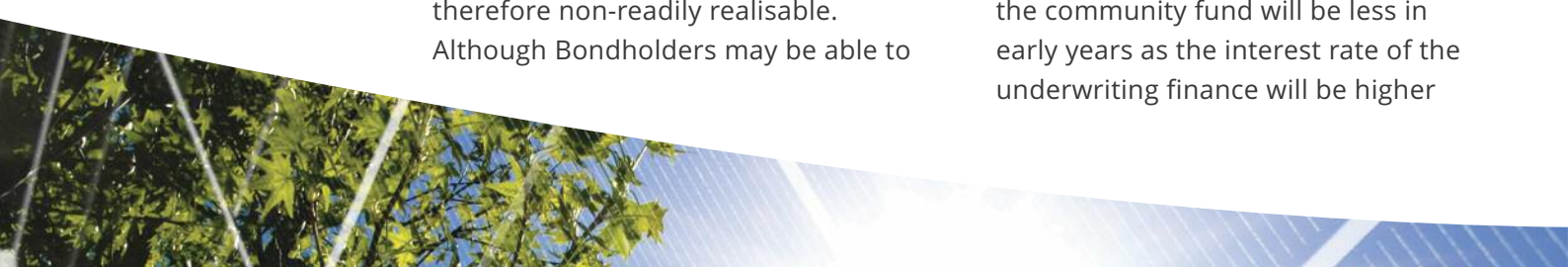
All investment and commercial activities carry risk, and investors should take appropriate advice and make their own risk assessment whilst bearing in mind the social and environmental aspects of this investment opportunity.

If you are in any doubt about the contents of this document or the action you should take, you are strongly recommended to consult a professional adviser authorised under FSMA who specialises in advising on investment in unlisted debt, shares and other securities.

The Directors believe the following risks to be the most significant for potential bondholders. However, they do not necessarily comprise all those associated with an investment in the bond and are not intended to be presented in any assumed order of priority.

1 General investment risks

- a. **Capital Risk:** Investment in smaller, new and unquoted businesses is likely to involve a higher degree of risk than investment in larger, established companies and those traded on a stock exchange. Investing in bonds is not the same as investing money in a bank account as your capital is at risk and you could lose up to, but no more than, your entire investment.
- b. **Repayment:** An investment in a bond of this type is speculative and involves a degree of risk. Orchard Community Energy's ability to repay the Bond on 31 October 2019, or at all, is dependent on the continued success of its business model.
- c. **Security:** The Bonds are an unsecured investment and will rank behind secured or preferential creditors. In the event of Orchard Community Energy's financial failure, the Bonds would have the status of an unsecured creditor and may not be capable of being repaid in full or at all should the proceeds from a sale of Orchard Community Energy's assets fail to cover all unsecured liabilities.
- d. **Liquidity:** The Bonds will not be traded on a recognised exchange and are therefore non-readily realisable. Although Bondholders may be able to buy and sell Bonds on a matched bargain basis via www.ethex.org.uk, Applicants should be aware that there is no guarantee that a willing buyer will be found.
- e. **Long-term commitment:** Applicants should consider investment in the Bonds as a long-term commitment until the Repayment Date as the original amount invested will not be available to them except through trading via Ethex. Note, all private sales of bonds will be subject to approval by Orchard Community Energy and must be traded via Ethex.
- f. **Bond redemption:** Bondholders will have the contractual right to full redemption of their bonds at the end of the initial term and, if they wish to extend beyond the initial term, at annual intervals thereafter. Orchard Community Energy's ability to repay the bonds at these points is dependent on it being able to secure finance from third parties and/or future bond investors. The Directors are committed to managing Orchard Community Energy's business with a view to ensuring a range of options are available to enable it to repay the bonds and the interest due on them. However, there is no guarantee that there will be sufficient finance available to repay the bonds at this point.
- g. **Fundraise:** If this fundraise does not meet its maximum target then the project will still go ahead as the project is fully underwritten by the developer OPDE. However, in this circumstance the community fund will be less in early years as the interest rate of the underwriting finance will be higher





than the bonds. If the underwriting finance is called on then Orchard Community Energy will endeavour to raise further finance at a lower interest rate to replace the underwriting as soon as possible.

h. The Bonds are not covered by the Financial Services Compensation Scheme (FSCS) or the Financial Ombudsman Service (FOS): This

means if Orchard Community Energy does not fulfil the terms of the Bond Instrument there is no right to complain to FOS or to get compensation from FSCS.

i. Past performance is not necessarily a guide to future performance: Events in the past, or experience derived from these, or indeed present facts, beliefs or circumstances, or assumptions derived from any of these, do not predetermine the future.

j. Financial projections: Hopes, aims, targets, projections (including the financial projections in this offer), plans or intentions contained in this document are no more than that and should not be construed as forecasts.

2 Industry risks

a. Government legislation: Orchard Farm Solar Array has been pre-accredited with Ofgem which means that the FiT tariff is fixed for 20 years. However, changes in government legislation may affect the profitability of Orchard Community Energy renewable energy projects.

b. Electricity prices: If the electricity prices for which Orchard Community Energy can sell electricity from the solar farm fall, we may opt to use export tariff as a floor price. The financial projections assume that electricity prices over the long-term will exceed the export tariff. However, those assumptions of future electricity prices may be inaccurate.

3 Risks to the Project

a. Mechanical failure: Installations will be insured for damage, breakdown and loss of income in line with standard industry practice and as required by the Triodos Bank loan facility. However, there may be interruptions to the generation of electricity from the installations once built, caused by damage to or mechanic/electrical failure of equipment.

b. Solar PV performance: Orchard Community Energy assumptions around energy generation levels each year are based on site capacity and yield calculations provided by our construction partners based on methodologies commonly used by the industry. These calculations, and the solar radiation data behind them, have been reviewed and verified by external technical experts appointed by Triodos Bank as part of their due diligence process. However, long-term changes to weather patterns and/or equipment under performance may result in lower levels of electricity generation and therefore income.



Investing in bonds is not the same as investing money in a bank account as your capital is at risk and you could lose up to, but no more than, your entire investment





Glossary

Applicant An applicant for Bonds through submission of an Application Form

Application An application for Bonds made in accordance with this Offer Document and the Terms and Conditions

Application Monies Funds received from Applicants in response to this Offer

Assumptions The assumptions set out on page 22 in relation to the Financial Projections

Bonds The bonds to be issued by Orchard Community Energy as constituted by a bond instrument dated 31 October 2016 a copy of which is found in the Appendix

Bondholders A person who has been issued Bonds by Orchard Community Energy

Community Benefit Society or **BenCom** A legal entity managed for the benefit of the community that is owned by its Members, who are protected by limited liability status. Its constitution is in the form of Rules approved by and registered with the FCA

Community Interest Company or **CIC** A type of company introduced by the United Kingdom government in 2005 under the Companies (Audit, Investigations and Community Enterprise) Act 2004, designed for

social enterprises that want to use their profits and assets for the public good.

Directors The directors of Orchard Community Energy

Export Tariff The OFGEM-approved fixed price for electricity generation that a solar project can opt to accept in lieu of a market-linked price via a commercial PPA

FCA The Financial Conduct Authority

Financial Projections The financial projections for Orchard Community Energy set out on Page 22

Financial Ombudsman Scheme or **FOS** was set up by Parliament, the Financial Ombudsman Service is the UK's official expert in sorting out problems with financial services.

Financial Services Compensation Scheme or **FSCS** is the compensation fund of last resort for customers of authorised financial services firms.

Material Contracts The contracts described on pages 23 in this Offer Document

Maximum Sum The maximum value of Bonds to be issued under this Offer, being £1.8 million

Member A member of Orchard Community Energy

Mongoose Mongoose Energy Limited, a company with registered number 09415125 and registered

office at Overmoor, Neston, SN13 9TZ

Offer The offer of Bonds issued by Orchard Community Energy contained in this Offer Document

Offer Costs The costs of preparing this Offer, including obtaining legal and financial advice on the requirements to formally approve this Offer Document as a financial promotion

Offer Document This financial promotion document describing the Offer

Offer Period The period during which the Offer will remain open (including any extension) as set out in the Offer timetable on Page 8

Orchard Farm Solar Array the entire solar project hosted on Orchard Farm

Project all the preparation, development, organisation, construction and operation of the Orchard Farm Solar Array

Repayment Date The date on which Applicants will be repaid the money used to purchase their Bonds, being 31 October 2019

Rules The rules of Orchard Community Energy, which can be accessed at www.orchard.coop

Terms and Conditions The terms and conditions of the Offer as set out on www.ethex.org.uk, which formally invite investment into the Offer





Appendix 1

The Bond Instrument

THIS INSTRUMENT is made by way of Deed Poll on 23 November 2016.

BY ORCHARD COMMUNITY ENERGY LIMITED a community benefit society registered with the Financial Conduct Authority with registration number 7217 and whose registered office is at Lower Buckhurst Cottages, Biddenden Road, Frittenden, Kent, TN17 2BG (OCE).

Recital

OCE has, by resolution of its board of directors passed on 14 September 2016, resolved to create up to a maximum nominal amount of £1,800,000 unsecured bonds, to be constituted in the manner set out below.

Agreed terms

1. Definitions and interpretation

1.1 The definitions and rules of interpretation in this clause apply in this instrument.

| | |
|-------------------------|---|
| Bondholder | means each person for the time being entered in the Register as a holder of any Bonds. |
| Bonds | means up to £1,200,000 unsecured bonds constituted by this instrument or, as the case may be, the amount of such bonds for the time being issued and outstanding. |
| Business Day | means a day other than a Saturday, Sunday or public holiday in England when banks in London are open for business. |
| Certificate | means a certificate issued by OCE under clause 4. |
| Conditions | means the conditions set out in Schedule 1: Part 2 as from time to time amended and Condition shall be construed accordingly. |
| Directors | means the board of directors of OCE for the time being. |
| Ethex | means Ethex Investment Club Ltd, a company registered in England and Wales with number 07432030 and registered office at The Old Music Hall, 106-108 Cowley Road, Oxford, Oxfordshire, OX4 1JE, which operates the website ethex.org.uk on which the Offer will be available to view and invest in. |
| Event of Default | means any of those events specified in clause 6. |
| Group | means OCE and any subsidiary or holding company from time to time of OCE (and the expression member of the Group shall be construed accordingly). |
| Interest Rate | means (a) 5.5% until 31 October 2019 and 5.0% for any subsequent period until the Repayment Date. |
| Offer | means the offer of Bonds issued by OCE contained in the Offer Document and made subject to the terms and conditions found at ethex.org.uk. |

| | |
|---------------------------|---|
| Offer Document | means the document describing OCE's offer of Bonds. |
| Register | means the register of Bondholders kept and maintained by OCE in accordance with clause 5. |
| Repayment notice | means the notice of repayment found on the reverse of each Certificate. |
| Repayment Date | means, at the option of the Bondholder, the later of (i) 31 October 2019, or (ii) any subsequent anniversary of that date. |
| Special Resolution | means a resolution passed at a meeting of the Bondholders duly convened and held in accordance with the provisions of this instrument and carried by a majority consisting of not less than 75% of the persons voting at such meeting on a show of hands or, if a poll is demanded by a majority consisting of not less than 75% of the votes given on such poll. |

1.2 Any reference in this instrument to:

1.2.1 an encumbrance shall be construed as a reference to a mortgage, charge, assignment, pledge, lien (save as arising in the ordinary course of business), hypothecation, right of set-off (save as arising under the general law for the protection of certain classes of creditors) or trust arrangement for the purpose of and having a similar effect to the granting of security, or other security interest of any kind;

1.2.2 A person includes a natural person, corporate or unincorporated body (whether or not having separate legal personality).

1.2.3 repayment includes redemption and vice versa and the words repay, redeem, repayable, redeemed and repaid shall be construed accordingly.

1.3 References to any statute or statutory provision:

1.3.1 shall be construed as a reference to it as amended, extended or re-enacted from time to time and shall include all subordinate legislation made from time to time under that statute or statutory provision.

1.4 In construing this instrument general words introduced by the word 'other' shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things and general words followed by the word 'including' shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words.

1.5 All the provisions of this instrument are severable and distinct from one another and the illegality, invalidity or unenforceability of any provision of this instrument under the law of any jurisdiction shall not affect its validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision.



1.6 The Schedules (including, for avoidance of doubt, the Conditions) form part of this instrument and shall have effect and shall be binding on the Bondholders as if set out in full in the body of this instrument. Any reference to this instrument includes the Schedules.

2. Amount, Description and Status of Bonds

2.1 The total principal amount of the Bonds is limited to £1,200,000 and the Bonds shall be issued in integral multiples of £100 by OCE, with a minimum investment amount of £500.

2.2 The Bonds when issued shall rank *pari passu* equally and rateably without discrimination or preference among themselves and as an unsecured obligation of OCE.

3. Repayment and Interest

When the Bonds become payable in accordance with the provisions of this instrument, OCE shall pay to the Bondholders the full principal amount owing to each Bondholder together with any accrued interest on such Bonds then outstanding (less any tax which OCE is required by law to deduct or withhold from such payment).

4. Certificates

4.1 Each certificate for Bonds shall be issued to a Bondholder substantially in the form set out in Schedule 1: Part 1 and shall be executed by OCE and have the Conditions endorsed on or attached to it. Each Bondholder shall be entitled to receive without charge one Certificate for the Bonds registered in his name.

4.2 When a Bondholder transfers or redeems part only of his Bonds, the old Certificate shall be cancelled and a new Certificate for the balance of such Bonds shall be issued without charge.

5. Register

5.1 OCE shall, at all times, keep a Register at its registered office (or at such other place as OCE may from time to time have appointed for the purpose and have notified to the Bondholders).

5.2 The Register shall contain the following details:

5.2.1 the names and addresses of the Bondholders and the date on which the name of the Bondholder is entered on the register;

5.2.2 the principal amount of the Bonds held by each Bondholder; and

5.2.3 the date of issue of each Bond, together with all subsequent transfers and changes of ownership of each Bond.

5.3 Any change of name or address by any Bondholder that is notified to OCE at its registered office address above shall be entered in the Register.

5.4 Any Bondholder may, by written notice to OCE, request to be informed of the information regarding that Bondholder held in the Register and require OCE promptly to rectify an error in the Register in relation to that Bondholder.

6. Default

The following are Events of Default:

6.1.1 Non-payment: OCE fails to pay any principal or interest on any of the Bonds within 10 Business Days after the due date for payment thereof;

6.1.2 Breach of undertaking: OCE fails duly to perform or comply with any obligation (other than an obligation to pay principal or interest in respect of the Bonds) expressed to be assumed by it in this instrument and such failure continues for 10 days after written notice has been given by any Bondholder requiring remedy thereof;

6.1.3 Insolvency: OCE or any member of the Group is (or is, or could be, deemed by law or a court to be) insolvent or unable to pay its debts (as defined in section 123 of the Insolvency Act 1986), stops, suspends or threatens to stop or suspend payment of all or any material part of its indebtedness or commences negotiations with any one or more of its creditors with a view to the general readjustment or re-scheduling of all or any material part of its indebtedness or makes a general assignment for the benefit of, or composition with, any of its creditors (or any class of its creditors) or a moratorium is agreed or declared in respect of, or affecting, all or a material part of its indebtedness;

6.1.4 Enforcement proceedings: A distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any part of the assets of OCE or any member of the Group and is not discharged or stayed within 10 days;

6.1.5 Winding-up: OCE or any member of the Group takes any corporate action or other steps are taken or legal or other proceedings are started for its winding-up, dissolution or re-organisation (other than for the purposes of a bona fide, solvent scheme of reconstruction or amalgamation previously approved by Special Resolution) or for the appointment of a receiver, administrator, administrative receiver, liquidator, trustee or similar officer of it or of any or all of its assets;

6.1.6 Analogous proceedings: Anything analogous to or having a substantially similar effect to any of the events specified in clause 6.1.3 to clause 6.1.5 inclusive shall occur under the laws of any applicable jurisdiction;

6.1.7 Encumbrance enforceable: Any encumbrance on or over the assets of OCE or any member of the Group becomes enforceable and any step (including the taking of possession or the appointment of a receiver, manager or similar person) is taken to enforce that encumbrance;

6.1.8 Cessation of business: OCE or any member of the Group ceases to carry on the business it carries on at the date of this instrument or a substantial part thereof; and

6.1.9 Illegality: It is or becomes or will become unlawful for OCE to perform or comply with any of its obligations under this instrument, or any such obligation is not or ceases to be legal, valid and binding.

7. Acceleration

If, at any time and for any reason, any Event of Default has occurred, the Bondholders may by Special Resolution or by written notice to OCE from more than 50% of the total number of Bondholders, at any time while such Event of Default remains unremedied and has not been waived by a Special Resolution, direct that the principal amount of all Bonds, all unpaid accrued interest and any other sum then payable on such Bonds shall become due and payable immediately and such amounts shall be immediately payable by OCE to the Bondholders (in each case less any applicable taxes).

8. No set-off

Payments of principal and interest under this instrument shall be paid



by OCE to the Bondholders, and the Bonds shall be transferable in accordance with the provisions of Schedule 2, without any deduction or withholding (whether in respect of any set-off, counterclaim or otherwise whatsoever) unless the deduction or withholding is required by law.

9. Meetings of Bondholders

The provisions for meetings of the Bondholders are set out in Schedule 3.

10. Enforcement

10.1 From and after the date of this instrument and so long as any amount is payable by OCE in respect of the Bonds, OCE undertakes that it shall duly perform and observe the obligations on its part contained in this instrument.

10.2 The Bonds shall be held subject to and with the benefit of the provisions of this instrument, the Conditions and the schedules. All such provisions shall be binding on OCE and the Bondholders and all persons claiming through or under them respectively, and shall enure for the benefit of all Bondholders, their personal representatives successors and permitted assigns.

10.3 Except as expressly provided in this clause 10.3, a person who is not a party to this instrument shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this instrument. This instrument and the Bonds are enforceable under the Contracts (Rights of Third Parties) Act 1999 by each Bondholder.

11. Modification

The provisions of this instrument may from time to time be modified, abrogated or compromised in any respect by Special Resolution and with the consent of OCE.

12. Governing law and jurisdiction

12.1 This instrument and the Bonds and any dispute or claim arising out of or in connection with any of them or their subject matter or formation (including non-contractual disputes or claims) shall be governed by, and construed in accordance with, the law of England and Wales.

12.2 The courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this instrument or any Bond or their subject matter or formation (including non-contractual disputes or claims).

SCHEDULE 1: PART 1 BOND CERTIFICATE

Certificate no. [NUMBER]
Date of Issue [DATE]
Amount £ [AMOUNT]

**ORCHARD COMMUNITY ENERGY LIMITED (OCE) £1,200,000
UNSECURED BONDS**

Created and issued pursuant to a resolution of the board of directors of OCE passed on 23 November 2016.

THIS IS TO CERTIFY THAT [INSERT NAME OF BONDHOLDER] is the registered holder of £ [AMOUNT] of the £1,200,000 unsecured bonds constituted by an instrument entered into by OCE on 23 November 2016 (Instrument). Such bonds are issued with the benefit of and subject to the provisions contained in the Instrument and the

Conditions endorsed hereon.

1. The Bonds are repayable in accordance with Condition 2.
2. This Certificate must be surrendered before any transfer, whether of the whole or any part of the Bond comprised in it, can be registered or any new certificate issued in exchange.
3. Any change of address of the Bondholder(s) must be notified in writing and signed by the Bondholder(s) to OCE at its registered office from time to time.
4. The Bonds are transferable in amounts and in integral multiples of £100, with a minimum investment of £500 in accordance with the terms of the Conditions and the Instrument.
5. Words and expressions defined in the Instrument shall bear the same meaning in this Certificate and in the Conditions endorsed hereon.
6. The Bonds and any dispute or claim arising out of or in connection with any of them or their subject matter or formation (including non-contractual disputes or claims) shall be governed by, and construed in accordance with, the law of England and Wales.
7. The courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with the Bonds or their subject matter or formation (including non-contractual disputes or claims).
8. A copy of the Instrument is available for inspection at the registered office of OCE.

Executed by ORCHARD COMMUNITY ENERGY LIMITED, acting by two directors:

[Insert name]
Director

[Insert name]
Director

Dated: 2016

SCHEDULE 1: PART 2 THE CONDITIONS

1. Priority

Any payments due to Bondholders under the terms of this instrument shall be satisfied in priority to any payments to members of OCE as interest payments on members' share capital.

2. Repayment and option to redeem

Subject to Condition 3, all Bonds not previously redeemed (in whole or in part) before the Repayment Date will be repaid by OCE within 30 days of the Repayment Date, at par, together with interest accrued up to and including the Repayment Date, provided that the Bondholder completes the Repayment Notice and returns the same to OCE in



accordance with the instructions printed thereon so as to be received by OCE at least 3 months prior to the relevant Repayment Date.

3. Voluntary early repayment by OCE

- 3.1 Subject to Condition 3.2 below, OCE may, by giving the Bondholders not less than 3 months' written notice prior to a Repayment Date, repay the principal amount of all or a portion of the Bonds on the date specified in such notice.
- 3.2 Where the Directors are of the opinion that OCE is required to redeem the Bonds other than in accordance with Condition 3.1 in order to avoid a material adverse effect on the Group, OCE may, by giving the Bondholders not less than 28 days' written notice, repay the principal amount of all or a portion of the Bonds on the date specified in such notice.
- 3.3 In either scenario under Condition 3.1 and Condition 3.2 OCE shall also pay to the Bondholders all outstanding interest accrued on the Bonds to be redeemed up to and including the date on which the Bonds became repayable (in each case less any taxes required by law to be deducted or withheld from such payments).
- 3.4 Any payment made under this Condition 3 shall be treated as reducing the amount of the repayments under Condition 2 proportionately and shall be made pro rata to the holdings of all Bondholders.

4. Cancellation

All Bonds repaid, prepaid or purchased by OCE shall be cancelled and OCE shall not reissue the same.

5. Payment of interest

- 5.1 Until the Bonds are repaid in accordance with these Conditions, interest on the principal amount of the Bonds outstanding from time to time shall accrue at the Interest Rate, calculated annually on 31 October in each year.
- 5.2 Interest shall be calculated on the basis of the actual number of days elapsed in the relevant period and a 365 day year. Interest shall begin to accrue when bonds are issued.
- 5.3 Those Bondholders who do not exercise their option to redeem their Bond(s) under Condition 2 as at 31 October 2019 shall, within 30 days of that date, be paid the interest accrued on their Bonds up to and including that date and interest shall continue to accrue on the principal amount of their Bonds at the Interest Rate, calculated annually on 31 October in each year. This Condition 5.3 shall apply to each subsequent anniversary of 31 October 2019 until the earlier of the Bondholder exercising his option under Condition 2 or OCE exercising their option under Condition 3.
- 5.4 If OCE fails to pay any amount of interest or principal on any Bond when such amount is due, interest at the rate applicable under these Conditions plus 1% per annum shall accrue on the unpaid amount from the due date until the date of payment.
- 5.5 Interest on any Bonds repaid by OCE in accordance with these Conditions shall cease to accrue as from the date on which the Bonds become repayable.

6. Dealings

The Bonds shall not be capable of being dealt in or on any listed stock exchange in the United Kingdom or elsewhere and no application has been or shall be made to any listed stock exchange for permission to deal in or for an official or other quotation for the Bonds. The Bonds

shall be capable of being dealt via the platform offered by Ethex.

7. Notices

- 7.1 Any notice or other document (including Certificates) may be given or sent to any Bondholder by sending the same by post in a prepaid, first-class letter addressed to such Bondholder at his registered address in the United Kingdom or (if he has no registered address within the United Kingdom) to the address (if any) within the United Kingdom supplied by him to OCE for the giving of notice to him or to an electronic address notified by the Bondholder to OCE for the purpose of receiving notices or other documents (including Certificates). Notice may be given to the persons entitled to any Bonds as a result of the death or bankruptcy of any Bondholder by sending the same by post in a prepaid, first-class envelope addressed to them by name or by the title of the representative or trustees of such Bondholder at the address (if any) in the United Kingdom supplied for the purpose by such persons or (until such address is supplied) by giving notice in the manner in which it would have been given if the death or bankruptcy had not occurred.
- 7.2 Any notice or other document (including Repayment Notices, Certificates and transfers of Bonds) may be given or sent to OCE by sending the same by post in a prepaid, first-class letter addressed to OCE at its registered office for the time being.
- 7.3 Any notice, communication or document sent by post shall be deemed to have been delivered or received on the second Business Day following the day on which it was posted. In proving such delivery or receipt it shall be sufficient to prove that the relevant notice, communication or document was properly addressed, stamped and posted (by airmail, if to another country) in the United Kingdom. Any notice, communication or document sent to an electronic address shall be deemed to have been delivered on the day on which it was sent.

SCHEDULE 2

Provisions as to registration, transfer and other matters

1. Recognition of Bondholder as absolute owner

OCE shall recognise as absolute owner the registered holder of any Bonds. OCE shall not (except as ordered by a court of competent jurisdiction) be bound to take notice or see to the execution of any trust (whether express, implied or constructive) to which any Bond may be subject. The receipt of the registered holder for the time being of any Bonds or, for the principal payable in respect of such Bonds and for the interest from time to time accruing due in respect of such Bonds or for any other moneys payable in respect of such Bonds shall be a good discharge to OCE notwithstanding any notice it may have (whether express or otherwise) of the right, title, interest or claim of any other person to or in such Bonds, interest or moneys. OCE shall not be bound to enter any notice of any express, implied or constructive trust on the Register in respect of any Bonds.

2. Transferability of Bonds

- 2.1 The Bonds are transferable by instrument in writing in amounts and multiples of £100. The minimum transferable amount shall be £500. There shall not be included in any instrument of transfer any Bonds other than the Bonds constituted by this instrument.
- 2.2 Every instrument of transfer shall be duly signed by or on behalf of the transferor and the transferor shall be deemed to



remain the owner of the Bonds to be transferred until the transferee's name is entered in the Register in respect of such Bonds.

- 2.3 Every instrument of transfer shall be left for registration at the address where the Register is maintained for the time being (as referred to in clause 5.1 of this instrument) accompanied by the Certificate(s) for the Bonds to be transferred, together with such other evidence as the Directors or other officers of OCE authorised to deal with the transfers may require to prove the title of the transferor or his right to transfer the Bonds and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person to do so. All instruments of transfer which are registered shall be retained by OCE. No transfer shall be registered of Bonds in respect of which a notice of repayment has been given under Condition 3 (Voluntary early repayment).
- 2.4 No fee shall be charged for the registration of any transfer or for the registration of any confirmation, probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any Bonds or for making any entry in the Register relating to or affecting the title to any Bonds.

3. Recognition of personal representatives

- 3.1 The executors or administrators of a deceased Bondholder shall be the only person(s) recognised by OCE as having any title to such Bonds.
- 3.2 Any person who becomes entitled to any of the Bonds as a result of the death or bankruptcy of any Bondholder, or of any other event giving rise to the transmission of such Bonds by operation of law may, upon producing such evidence that he sustains the character in respect of which he proposes to act under this Condition or of his title as the Directors shall think sufficient, be registered himself as the holder of such Bonds or, subject to the preceding Conditions as to transfer, may transfer such Bonds. OCE may retain any payments paid upon any such Bonds, which any person under this provision is entitled to, until such person is registered as the holder of such Bonds or has duly transferred the Bonds.

4. Payment of interest and principal

- 4.1 The payments of principal, interest or other sums payable by OCE in respect of the Bonds may be paid by:
- (a) electronic transfer in immediately available cleared funds on the due date for payment, to the account specified for the purpose by the Bondholder in writing to OCE or its agent; or
- (b) in the absence of such notification, by cheque, warrant or bankers' draft made payable to and sent to the registered address of the Bondholder or made payable to such person and sent to such address as the registered holder may in writing direct.
- 4.2 Every such cheque, warrant or bankers' draft shall be sent on or before the due date for payment and may be sent through the post at the risk of the registered Bondholder. Payment of the cheque, warrant or bankers' draft shall be a good discharge to OCE.
- 4.3 All payments of principal, interest or other moneys to be made by OCE shall be made after any deductions or withholdings for or on account of any present or future taxes required to be deducted or withheld from such payments.

5. Replacement of certificates

If the Certificate for any Bonds is lost, defaced or destroyed it may be renewed on such terms (if any) as to evidence and indemnity as the Directors may require. In the case of defacement the defaced Certificate shall be surrendered before the new Certificate is issued.

SCHEDULE 3

Provisions for meetings of Bondholders

1. Calling of meetings

OCE may at any time and shall on the request in writing signed by 5% or more of the total number of Bondholders convene a meeting of the Bondholders to be held at such place as OCE shall determine.

2. Notice of meetings

At least 14 clear days' notice specifying the place, day and hour of the meeting shall be given to the Bondholders of any meeting of Bondholders. Any such notice shall specify the general nature of the business to be transacted at the meeting thereby convened but, except in the case of a resolution to be proposed as a Special Resolution, it shall not be necessary to specify the terms of any resolutions to be proposed. The omission to give notice to any Bondholder shall invalidate any resolution passed at any such meeting.

3. Chair of meetings

A person nominated by OCE shall be entitled to take the chair at any such meeting and if no such nomination is made, or if at any meeting the person nominated shall not be present within 15 minutes after the time appointed for holding the meeting, the Bondholders present shall choose one of their number to be Chair. The Directors and the Secretary and legal advisers of OCE and any other person authorised in that behalf by the Directors may attend at any such meeting.

4. Quorum

- 4.1 At any such meeting convened for any purpose, other than the passing of a Special Resolution, persons being or representing by proxy at least 10% of the total number of Bondholders shall form a quorum for the transaction of business. At any meeting convened for the purpose of passing a Special Resolution persons being or representing by proxy at least 50% of the total number of Bondholders shall form a quorum. No business (other than the choosing of a Chair) shall be transacted at any meeting unless the requisite quorum is present at the commencement of the meeting.
- 4.2 If within 30 minutes from the time appointed for any meeting of the Bondholders a quorum is not present the meeting shall, if convened upon the requisition of the Bondholders, be dissolved. In any other case it shall stand adjourned to such day and time (being not less than 14 days and not more than 42 days thereafter) and to such place as may be appointed by the Chair and at such adjourned meeting two Bondholders present in person or by proxy and entitled to vote shall form a quorum.

5. Adjournment of meetings

- 5.1 The Chair may with the consent of (and shall if directed by) any such meeting adjourn the same from time to time and from place to place. No business shall be transacted at any adjourned meeting other than business that might lawfully



have been transacted at the meeting from which the adjournment took place.

5.2 Notice of any adjourned meeting at which a Special Resolution is to be submitted shall be given in the manner provided for in this instrument. Such notice shall state that two Bondholders present in person or by proxy and entitled to vote at the adjourned meeting shall form a quorum.

6. Voting

6.1 Every question submitted to a meeting of Bondholders shall be decided in the first instance by a show of hands. In case of an equality of votes whether on a show of hand or a poll, the Chair shall not have a second or casting vote and the resolution shall be deemed to have been lost.

6.2 At any meeting of Bondholders, unless (before or on the declaration of the result of the show of hands) a poll is demanded by the Chair or by one or more Bondholders present in person or by proxy, a declaration by the Chair that a resolution has been carried or carried by a particular majority or lost or not carried by any particular majority shall be conclusive evidence of the fact.

6.3 If at any such meeting a poll is so demanded it shall be taken in such manner as the Chair may direct, provided that no Bondholder shall have more than one vote. The result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.

6.4 Any poll demanded at any such meeting shall be taken at the meeting without adjournment. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

6.5 Every Bondholder who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative (not being himself a Bondholder) or by proxy shall have one vote, regardless of the number of Bonds held by such Bondholder present in person or represented.

7. Proxies

7.1 Every instrument appointing a proxy shall be in writing, signed by the appointor or his attorney or, in the case of a corporation, under its common seal, or signed by its attorney or a duly authorised officer and shall be in such form as the Directors may approve. Such instrument of proxy shall, unless the contrary is stated thereon, be valid both for an adjournment of the meeting and for the meeting to which it relates and need not be witnessed. A person appointed to act as a proxy need not be a Bondholder.

7.2 The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority shall be deposited with OCE at the address where the Register is maintained for the time being (as referred to in clause 5.1 of this instrument) or at such other place as may be specified in the notice convening the meeting before the time appointed for holding the meeting or adjourned meeting or the taking of a poll at which the person named in such instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding

the previous death or insanity of the principal or revocation of the instrument of proxy or of the authority under which the instrument of proxy is given or transfer of the Bonds in respect of which it is given unless previous intimation in writing of such death, insanity, revocation or transfer shall have been received by OCE at the address where the Register is maintained for the time being (as referred to in clause 5.1 of this instrument). No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution.

8. Power of meetings of Bondholders

8.1 In addition to the powers to pass the Special Resolutions referred to at Clause 6 (Events of Default), Clause 7 (Acceleration) and Clause 11 (Modification) of this instrument, a meeting of the Bondholders may, by Special Resolution, consent to any proposal put to Bondholders by OCE where such proposal may affect Bondholders' rights to repayment of principal, payment of interest or to demand accelerated repayment under Clause 7.

9. Resolutions

9.1 A Special Resolution, passed at a meeting of Bondholders duly convened and held in accordance with the provisions of this schedule, shall be binding on all the Bondholders whether or not present at such meeting and each of the Bondholders shall be bound to give effect to such Special Resolution accordingly. The passing of any such resolution shall be conclusive evidence that the circumstances justify the passing of such Special Resolution.

9.2 Subject to clause 7 of this instrument, a resolution in writing signed by at least 75% of the total number of Bondholders shall for all purposes be as valid and effectual as a Special Resolution. Such resolution in writing may be contained in one document or in several documents in like form each signed by one or more of the Bondholders.

10. Minutes of meetings

Minutes of all resolutions and proceedings at every such meeting of the Bondholders shall be made and duly entered in books to be from time to time provided for that purpose by OCE and shall be available for inspection by Bondholders during normal business hours on reasonable notice to OCE.

Executed by ORCHARD COMMUNITY ENERGY LIMITED, acting by two directors:

Director

Director

BOND APPLICATION FORM

Please complete in BLOCK CAPITALS

1. Mr/Mrs/Miss/Ms/other – specify _____ Date of Birth _____

Surname _____

Company name (if application in company name) _____

First Names _____

Address _____

If you have been at the above address for less than three years please provide us with your previous address as well

Post Code _____ Telephone No. _____ Email address _____

2. I wish to participate in the Orchard Community Energy Bond Offer and to purchase transferable bonds.

I wish to apply for £ _____ (£500 minimum) transferable bonds.

I enclose a cheque for £ _____ made payable to **Ethex Investment Club Ltd**

3. Applicant Confirmations

I declare that:

- I understand that the payment supporting this application will be presented upon receipt and I warrant that it will be paid on first presentation.
- I understand that my application will be handled by Ethex Investment Club Ltd (Ethex) and that Ethex may need to contact me for further information to be able to complete my order.

I understand that:

- This application may be refused by the Directors, at their discretion, but when accepted by the Society forms a contract subject to English law on the terms and conditions of the Offer Document;
- By completing application form, I offer to apply, on the terms and conditions contained in the Offer Document, for the number of bonds specified, or such lesser number as may be accepted by the Directors;
- Once an application has been made it cannot be withdrawn and that this application, if and when accepted by the Society, forms a contract subject to English law on the terms and conditions of the Offer Document;
- If the Offer is oversubscribed it is possible that an otherwise eligible application will not be accepted in part or in whole; and that if insufficient funds are raised by the Offer, my bond-holdings may be returned;
- No interest is payable on submitted application monies which become returnable.

I confirm that:

- I have read the Offer Document, including the Key Risk Factors, the Rules and the bond instrument contained within the Offer Document, under which the bonds will be issued, and am not relying on any information or representation in relation to the Offer which is not included in the Offer Document;
- To the extent that I am an individual, I am at least 18 years of age;
- I am responsible for obtaining any financial and tax advice concerning this Offer and I have not relied on the Society or its advisers for any such advice;
- The Society is hereby authorised to make such enquiries as are deemed necessary to confirm the eligibility of this application;
- The applicant will provide any additional information on request from the Society or Ethex in connection with this application (including any information to provide the Society or Ethex with satisfactory evidence of your identity);
- I consent to the name(s), address(es) and other personal information supplied to be retained by the Society for the purposes of the bond register.

4. Where did you hear about this offer? _____

6. Signed:

Dated:

PLEASE RETURN COMPLETED FORM to **Ethex, The Old Music Hall, 106-108 Cowley Road, Oxford OX4 1JE**

FOR OFFICE USE ONLY:

Date of investment: _____ Bond No.: _____

Interest Rate: _____ Cheque Banked: _____ / _____ / _____

Bond cert to be sent: _____ / _____ / _____



Important Notice

This offer has been prepared by Orchard Community Energy ('OCE') and its Directors, who are responsible for its contents. The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities law of such jurisdictions. This Offer Document is not a prospectus for the purposes of Part VI of FSMA. It has not been approved by the Financial Conduct Authority (FCA) or any other regulator. The Bonds have not been admitted to listing on any regulated market and will not be dealt on any stock exchange or other such market.

An application to invest in the Bonds may only be made through Ethex, a not for profit organisation operating an online platform for positive investments. This Offer Document has been provided only to those members of Ethex who have requested to view it and should not be distributed to any other person. Ethex is not required to be authorised by the FCA in so far as it provides information on or arranges deals in investments. This is because it is an Enterprise Scheme, which is exempt from regulation in arranging

financial deals provided it is not acting for financial gain. Further information can be found at www.ethex.org.uk.

If you have a query about how to apply for this Offer, please visit www.ethex.org.uk or contact Ethex on **01865 403 304** or by email at help@www.ethex.org.uk.

For general queries about this Offer, please contact Orchard Community Energy on **0330 223 0062** or email info@orchard.coop

Before applying you are advised to read the whole of this Offer Document, including the risks set out on pages 24-25, and all the information regarding this Offer at www.ethex.org.uk. You should consider taking appropriate financial and other independent advice from an FCA-authorised person who has experience in advising on investments such as these before making any investment decision. Nothing in this Offer Document should be read or understood to be financial, investment, tax or accounting advice.



ORCHARD

Community Energy

Take a share in your local energy

Investing in renewables



Cutting carbon



Building community

