



Wester Derry Wind Co-op

OFFER
EXTENDED
UNTIL 31
JULY 2014

Share Offer Document
2014



Directors' Letter

April 2014

Dear Potential Co-op Members,

Wester Derry Wind Co-op is an opportunity for people in Angus, Perthshire and further afield to own and operate a medium-scale wind turbine generating green electricity.

The Co-op will own a 250 kilowatt wind turbine at Wester Derry Farm, in Glen Isla.

You are invited to become a member of the Co-op. You will receive a good return on your investment – projected at 7% - along with significant tax benefits for most taxpayers.

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

The turbine project already has planning permission and a binding grid connection offer. This share offer will raise the funds needed to build the turbine and to repay the landowners' development cost so the turbine belongs completely to the Co-op.

The Co-op structure is based other successful wind co-ops across the UK. Last Autumn the Dingwall Wind Co-op carried out a share offer for a very similar project which was oversubscribed by some 15%.

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

The Directors



Declaration

Each of the Directors of Wester Derry Wind Co-op whose names are set out below hereby declare that having taken all reasonable care to ensure that such is the case, the information contained in this Offer Document is to the best of his knowledge, in accordance with the facts and contains no omission likely to affect its import.

Nick Joy

David Mitchell

Alastair Ramsay

Diane Ramsay

Jon Halle

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Summary of Offer

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

Introduction

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

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

Important Information

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

The Project

The project's purpose is to generate electricity from the wind resource available and to reduce the reliance of the Glen Isla area on fossil-fuel-derived electricity. Electricity generated by the turbine will feed directly into the local electricity network and will generate the electricity equivalent to the average consumption of 120 homes. It is estimated that the project will displace the equivalent of 230 tonnes of carbon dioxide every year.

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

The Offer

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

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

The share offer will be opened for applications from 7th April 2014. The closing date is 31st July 2014.

Those applying for membership should regard these Shares as a long-term investment. They may subscribe for a minimum of 250 and a maximum of 50,000 offer shares at their £1 par value.

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

Returns to Members are calculated according to projected income and expenditure during the life of the Installation using the assumptions stated in the Offer Document. The projected rate of return over the expected life of the Project equates to an internal rate of return (IRR) of 7% over a 20 year project period. Any benefit of tax relief is in addition to this.

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

The Co-op intends to repay members' share capital over a 20-year period, subject to financial performance and available funds.

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

Risks

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

Those interested in investing should do so only after reading this document in full and taking appropriate financial and other advice.

Business Overview

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

Co-operatives & Renewable Energy

Co-operative ownership of renewable energy is familiar to many in continental Europe and has been growing rapidly in the UK in recent years. The first renewable energy co-operative in the UK was Baywind Co-operative in Cumbria, established in 1997. There are now renewable energy co-operatives across the UK and across the technologies. Scotland has several successful wind co-operatives that own part of larger commercial wind farms. Dingwall Wind Co-op carried out a successful share offer in 2013 and is currently in the process of installing its 250 kW turbine. This Co-op is based on the structure of the Dingwall Wind Co-op.

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

The Project

Wester Derry Farm is a small family farm in the ownership of Alastair and Diane Ramsay. The farm has 30 acres of arable land and 30 acres of hill land. Agri-environmental land management schemes on the farm have provided habitats to encourage biodiversity in areas of species rich grassland, wetland and water side margins. The farm has a micro-hydro scheme which partially powers the farm holiday house and a ground source heat pump which provides heat and hot water for the farmhouse.

The landowners applied for and obtained planning permission for a wind turbine in 2011 with the help of Realise Renewables, a Perth-based medium-scale wind turbine specialist. In late 2013, the landowners were introduced to the idea of a wind co-operative, which would enable the benefits of the turbine to be shared with a large number of local people.

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

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

Wester Derry Wind Co-op

Wester Derry Wind Co-operative Limited was incorporated and registered with the UK Financial Conduct Authority as an Industrial and Provident Society number 2785RS on 6th February 2014. It is domiciled in Scotland, with its registered office at Wester Derry Farm.

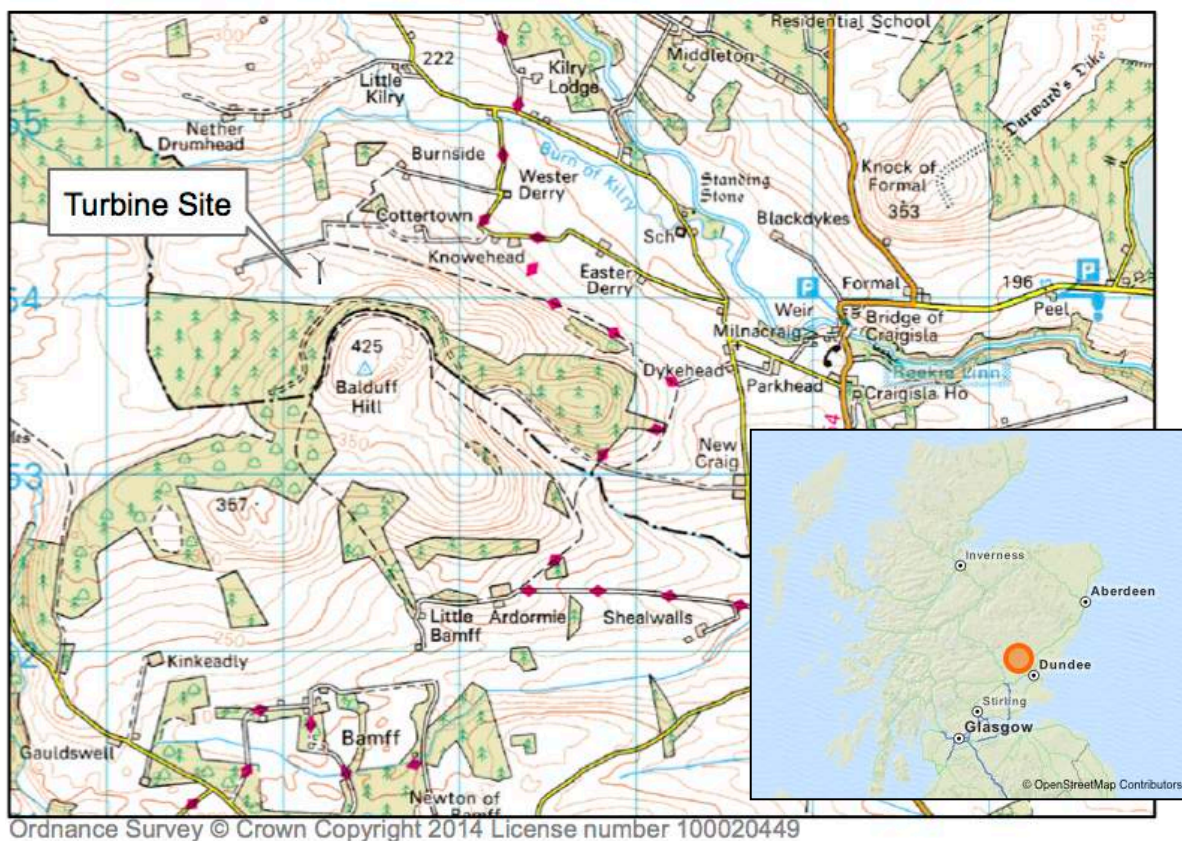
Wester Derry Wind Co-op has 5 founding directors. It is one of several renewable energy co-operatives across the UK being developed with support from Shareenergy and was established using the Shareenergy Model Rules, which have been used by 35 renewable energy co-ops to date. A copy of Wester Derry Wind Co-op's Rules is available from the project website or by application to the Co-op (see back of this Offer Document for contact details).

The sole planned activity of Wester Derry Wind Co-op is the ownership and management of a single wind turbine at Wester Derry Farm.

The Site

Wester Derry Farm is situated in Kilry, Angus, close to the Perthshire border.

The turbine has full current planning permission from Angus Council.



The Wind Resource

The figures in this document are based on a Wind Resource Assessment carried out by The Wind Consultancy. It is based on 11 months of data from a wind measurement mast on the turbine site. The data from the site has been correlated with local long-term wind data in order to derive a 20 year average yield of 397 MWh/yr. This figure is an energy output prediction, which takes account of losses in the system.

We have modelled the project finances on two tier basis:

1. A conservative 'base case' whereby the turbine only generates 85% of the energy predicted on average over 20 years
2. A realistic 'expected case' where the turbine generates 100% of the energy predicted

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

The Turbine

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

WTN have been manufacturing turbines since 1986 and there are over 130 WTN machines of this model currently working worldwide, with several operational in the UK. Energy4All carried out a due diligence process on the WTN 250 Drumlin Wind Co-operative, which has installed 4 of the turbines in Northern Ireland. The turbine is also that chosen by the Dingwall Wind Co-operative.

The turbines are made by a family firm in Northern Germany. Near the plant there is a WTN 250 turbine in its 22nd year of operation. More documents regarding the turbine are available on the project website.

The turbine uses solid and well-proven technology. This is reflected in a 99% uptime figure over 20 years for the turbine at the factory itself. The turbine system is supplied and installed with a 5-year product warranty from WTN. The warranty is validated with a commitment to a 5-year Service and Maintenance contract,

which in turn introduces a 5 year 95% operational uptime guarantee from WTN. Penalty payments are made on the basis of lost Feed-in Tariff and export income. Non-consumable parts are replaced at the owners expense at the end of the 5- year warranty.

Electricity Sales

The electricity produced by the turbine will all be exported into the local network, for which the Co-op will receive the market value that comprises the wholesale value of the energy plus various payments made for environmental attributes. In addition the Co-op will receive the Feed-in Tariff. Preliminary accreditation for the Feed-in Tariff was obtained in December 2013 in order to assure that the rate of Feed-in Tariff then in force (18.04 p/kWh) will apply for this project. Preliminary Accreditation holds the current rate for 12 months and the turbine must be generating before the end of this period (17 December 2014) in order to receive this rate.

Project Timeline

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

April 2014	Firm orders placed for turbine.
Summer 2014	Groundworks start on site.
Autumn 2014	Completion and commissioning of turbine.
Spring 2015	First Co-op AGM
Spring 2016	Second AGM. First payments to Co-operative Members and Community Fund.

A grid connection has been secured from the Distribution Network Operator. This connection has been paid for and is a binding commitment. The turbine production slot will be booked with the payment of a deposit in April 2014.

Community Fund

The Co-op will create a Community Fund, expected to amount to around £4,500 in the first year based on expected-case energy generation. £2,500/yr will go direct to Alyth Primary School Parent Staff Association - the remainder will be allocated to a local community group.

Legal Agreements

Option and Lease documents between the Co-op and the landowners have been agreed and are in the process of being signed. These documents form the legal basis on which the Co-op will occupy and rent the land on which the turbine will be constructed, as well as the arrangements for access to the site and grid connection. The Co-op will take up a 21 year lease on the site which allows time for construction and 20 years of operation.

Financial Projections

The anticipated total cost for the turbine and associated installation and project costs is £800,000. Wester Derry Wind Co-op will be liable for all ongoing operating costs associated with the installation and will negotiate the sale of electricity and benefit from the Feed-in Tariff and any other current or future incentives.

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

At the end of its working life the Co-op may choose to replace the turbine or not, and to continue in business or wind up, according to the business of the Co-op at that time. The projections are based on a default position where the turbine is decommissioned at the end of 20 years operation.

Methodology

The projections show 2 scenarios:

The **base scenario** makes a very conservative assumption regarding turbine performance at 85% of the predicted yield. In the base case, all operational expenses are paid, the landowner receives 10% of the gross income as rent, the Community Fund receives £2,500/yr and the remainder of the surplus is split amongst the Members. This yields a return to Members of 5.6% (IRR), ignoring the effect of any tax reliefs.

The **expected scenario** assumes that the performance of the turbine will be as predicted in the wind study. Under the expected scenario, any additional surplus over the base case is split three ways between the landowner, the Community Fund and the Members in the proportion 25:15:60. The Community Fund would receive around £4,500 in yr 1. The return to Members rises to 7% (IRR) ignoring the effect of any tax reliefs.

EIS and SEIS Tax Relief

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

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

If shares lose value then members can set this loss (minus the initial relief) against income for tax purposes in that year (or the previous year). Funds invested in an EIS scheme can also provide significant relief of Capital Gains Tax if you have recently sold an asset.

EIS Income Tax relief example

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

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

See <http://www.hmrc.gov.uk/eis/> and <http://www.hmrc.gov.uk/seedis/>

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

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

Assumptions

The Projections are based on the following principal assumptions:

1. That annual energy production of the Installation will be in line with the estimates made for the base case and expected levels. In the event that the predicted energy production falls below the projected levels the revenues of The Co-op will be reduced. In the case of a technical fault, the Co-op will endeavour to make sure that this is covered by warranties and/or insurance, including for losses incurred as a result.
2. Current expectations relating to the global energy market, the UK electricity industry, UK Government policy, and the desirability for and promotion of electricity from renewable sources, will remain reasonably consistent and reasonably favourable to the Installation over the next 20 years,

resulting in continuing demand for electricity and related Environmental Attributes produced by the Installation.

3. Prices at a reasonably similar level to those currently obtainable will be achieved through the life of the Installation (after allowance for annual inflation).
4. Operation and maintenance costs will be incurred from the start of operations. Maintenance costs will continue to rise as the equipment gets older. It is assumed that operations and maintenance costs will rise no faster than the income.

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

Notes on the Financial Projections

1. The total cost of £800,000 is based on:

Capital cost turnkey quote from RM Energy (including contingency of £50,000)	£604,000
Repayment of project costs to date, repayment of CARES loan, and recompense of project risk taken by landowners	£161,000
Cost of establishing Co-op, Share Offer costs and legal documents (work carried out by Sharenergy and others)	£35,000
Total	£800,000

2. The projections in this offer document are based on quotes from RM Energy, Realise Renewables and from work carried out by the landowners, Realise Renewables, Sharenergy and the Board.
3. Inflation is set at 2.5% per annum over the 20-year period with the exception of electricity sales where inflation is set at 4% to reflect the strong trend to outstrip RPI over the last decade.
4. Income is based on the combined value of the Feed-in Tariff, electricity sales, and other benefits being 23.6p/kWh, reflecting relevant FiT and current electricity pricing.
5. Depreciation of equipment is straight-line over the 20-year period and creates a fund to pay back Members' capital. Capital is here modelled as being returned to Members annually after year 3 subject to the maintenance of a contingency reserve within the Co-op.
6. Business rates are set at nil due to reliefs available for renewable energy technologies.
7. Insurance costs are set at £1,500/year – this is based on a quote from a reputable broker.
8. Administration costs of the Co-op are set at £3,000/year. This is as quoted by Sharenergy for their standard 'small co-ops' package which covers book-keeping, production of annual accounts, maintenance of membership database, phone, email and postal support of members, preparation of AGM papers and annual return, FCA and other regulatory fees. The Co-op will produce annual accounts and as a small business will apply for the exemption from audit.
9. Interest on cash in bank is set at 2.5%.
10. All profits are allocated to depreciation charge or paid as interest to Members or gifted to the Community Fund so the projections do not predict a liability for Corporation Tax. Note that Members are likely to be liable for Income Tax on their returns from investment.
11. Normal monthly cash expenditure is expected to be small and will be amply covered by the generation and FIT income. The Projections anticipate that Wester Derry Wind Co-op will be cash positive each year from the commencement of operations.
12. Projections are based on a 20-year FiT period, which corresponds to the approximate working life of the turbine.

20 year income and expenditure projections

Year	£000	£000	£000	£000	£000	£000	£000	£000
	yr 1	yr 2	yr 3	yr 4	yr 5	6-10 yrs	11-20 yrs	all yrs 1-20
Base case								
Operating income	80	83	86	89	92	514	1,353	2,295
<u>Expenses</u>								
Operating Expenses	20	20	21	21	22	117	283	504
Depreciation	40	40	40	40	40	200	400	800
Operating Surplus before distributions	20	22	25	28	30	196	670	992
Add interest on cash in bank	-	1	2	3	3	11	10	30
Total Surplus before distributions	20	23	27	31	33	208	680	1,022
<u>Distributions</u>								
Community fund	3	3	3	3	3	15	36	64
Rental to landowner	8	8	9	9	9	51	135	230
Surplus available to members	10	13	16	19	21	142	509	728

Expected case								
Operating income	94	97	100	104	108	597	1,555	2,655
<u>Expenses</u>								
Operating Expenses	20	20	21	21	22	117	283	504
Depreciation	40	40	40	40	40	200	400	800
Operating Surplus before distributions	34	37	40	43	46	280	872	1,351
Add interest on cash in bank	-	1	2	3	3	11	10	30
Total Surplus before distributions	34	38	42	46	49	291	882	1,381
<u>Distributions</u>								
Community fund	5	5	5	5	5	27	66	118
Rental to landowner	11	12	12	13	13	72	186	319
Surplus available to members	18	21	25	28	30	192	630	944

Cashflow (either case)								
Operating cashflow	40	40	40	40	40	200	400	800
Less capital repaid to members	-	-	-	47	47	235	471	800
Opening cash	-	40	80	120	113	106	71	-
Closing cash	40	80	120	113	106	71	-	-

Members Projected return (IRR)

	No EIS	EIS	SEIS
Base Case	5.6%	8.8%	11.8%
Expected Case	7.0%	10.4%	13.6%

Risk Factors

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

General investment risks

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

Renewable energy industry risks

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

Risks specific to Wester Derry Wind Co-op

- Equipment failure due to exceptional circumstances would increase maintenance costs and this would impact on co-operative income. However, warranties and insurance will be in place in the event of mechanical breakdown of the equipment and will cover loss of income for associated periods of business interruption. Accidental and malicious damage will also be covered under insurance and public liability insurance is provided.
- Any changes to the FiT that occur before the turbine is commissioned could result in a change to projections, or in the worst case, non-viability of the project. However the Co-op has obtained Preliminary Accreditation to ensure that the modelled FiT level is available (allowing 2 months for delays in construction). If commissioning were to be delayed such that this FiT was not available Members predicted return would reduce.
- A planning application for grid-related equipment at the site is currently in preparation. If this were to be delayed it could delay the project. However it is a very minor application and this is considered unlikely.

Risks specific to Pioneers

- See page 13 (Pioneers) for an explanation of Pioneers. Pioneers will receive their share allocation before the end of the Share Offer period. Their funds may be spent in whole or in part before the conclusion of the Share Offer. If the Share Offer fails to raise the required funding, despite any extension, then the co-op would seek to find alternative means of raising the shortfall. Should this fail then the funds subscribed would be returned to non-Pioneer applicants and the co-op is likely to be wound down. In the worst case this could lead to a partial or complete loss of Pioneers' capital. Pioneers who are eligible for SEIS tax relief may be able to claim loss relief under this circumstance.

Management and Administration

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

The Board

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



Nick Joy



David Mitchell



Diane Ramsay



Alastair Ramsay



Jon Halle

Nick Joy – Director

Nick studied agriculture at the Cirencester Royal Agricultural College and subsequently studied aquaculture at Inverness College. In 1999, Nick and two others formed Loch Duart Ltd, a salmon farming company designed to farm salmon differently using sustainable and environmentally-responsible approach. Nick was instrumental in the development of the RSPCA's Freedom Food standard for the welfare of salmon. He is married with two children and lives in Angus.

David Mitchell – Director

David was brought up in Blairgowrie and has lived and worked extensively throughout the UK but settled in Alyth 20 years ago. He worked as a Financial Adviser for many years before starting a property development company and subsequently a painting and decorating business. David is also a panel member for Drumderg which allocates grants to local groups. He has a keen interest in environmental projects which benefit the local area.

Diane Ramsay – Director

Diane studied Law at university and worked in practices in Crieff, Blairgowrie and Perth specialising in Property Law. Diane and husband Alastair have owned Wester Derry Farm for twenty years and have participated in environmental and conservation schemes. She has also recently completed a farm diversification project providing sustainable farm holiday accommodation. Diane is passionate about renewable energy, she leads the Wester Derry wind turbine project, and is keen to see the local community get involved and benefit from it.

Alastair Ramsay – Director

Alastair grew up on the family farm at Mains of Craigisla, Kilry and has farmed there in partnership with his brother for over thirty years. Alastair moved to Wester Derry Farm after marrying and built the family home. He is enthusiastic about renewable technologies. He has installed a geothermal heat loop for the farmhouse and restored an old farm threshing mill wheel to power a micro hydro scheme. Alastair is keen to see Wester Derry Farm harness another renewable resource and to advance their wind turbine project as a co-operative venture.

Jon Halle - Director and Company Secretary

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

Current and intended shareholdings of Directors

The total intended shareholdings of Directors and their direct family members amounts to £47,000. Of this sum, 17,000 shares are subscribed for under the Pioneer terms.

Disclosure

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

Conflicts of Interests

Diane and Alastair Ramsay are the landowners at Wester Derry Farm and the farm will receive rent in that capacity when the installation is running. Diane and Alastair Ramsay also developed the initial project and took it through planning permission and will receive a payment from the Co-op to reimburse them for expenses and risk taken to date.

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

Remuneration

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

Board Practices

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

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

Development handover

The landowners will be reimbursed for development costs incurred before and in relation to the Offer, and for the risk taken in developing the project from its earliest stage. Following this reimbursement the landowners will relinquish all rights in the project to the fully independent Wester Derry Wind Co-op. The sum is currently £159,000 (excluding cost of minor works currently underway).

Administration

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

Accounts

Wester Derry Wind Co-op was incorporated on 6th February 2014. Its financial year-end is 31st December. At the time of commencing share issue, except for the issue of 5 shares at par to the Directors, no other transactions had taken place.

Dividend Policy

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

Legal Proceedings

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

Rules of The Co-op

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

Further information

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

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

Share Offer

Reasons for the Offer and use of proceeds

This Offer is being made so that:

- Wester Derry Wind Co-op and its Members are able to generate renewable energy and reduce the negative effects of reliance on non-renewable energy sources and their effects on Climate Change.
- A 250kW wind turbine can be constructed and commissioned.
- The Co-op can buy the project as developed to date from the landowners.
- Members may benefit from Wester Derry Wind Co-op owning the Wind Installation.
- Members may be as far as possible drawn from the local community.

Offer Shares

800,000 (Eight Hundred Thousand) ordinary Shares of £1 are offered at par and payable in full on acceptance of an application on the Terms and Conditions of this Offer Document. The Shares, which will not be traded on any stock exchange, have been created under the Industrial & Provident Societies Act 1965.

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

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

Pioneers

In order to make sure that the project goes ahead as planned, the Co-op anticipates the need to spend some funds before the conclusion of the whole Share Offer. Members applying are therefore asked on the application form if they would like to be considered as Pioneers. The first 150,000 of shares applied for and paid up by Members who have asked to be Pioneers will be issued as soon as this threshold is reached. The funds so subscribed will then be available to the Co-op in order to put a deposit payment on the turbine.

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

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

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

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

Interest payment/dividend

Interest will be paid on the balance of each Member's account at rates reflecting annual financial performance. Each Share also carries a right in theory to an equal part in any declared dividend, although it is not the intention to declare dividends in addition to annual interest payments. The date on which entitlement

to interest (or any dividend) arises will be announced each year. It is envisaged that any interest (or dividend) unclaimed for a period of 7 years will be cancelled for the benefit of all Members. There are no restrictions on interest and dividend payments and no special procedures have been established for non-resident holders.

Voting rights

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

Rights to share in profits/surpluses

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

Redemption provisions

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

Taxation

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

Provisions on death of a Member

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

EIS Example: projected cashflow for a Member who invests £1000 and qualifies for EIS Income tax relief at 30%:

	yr 1	yr 2	yr 3	yr 4	yr 5	yrs 6-10	yrs 11-20
	£	£	£	£	£	£	£
Interest on investment	23	27	31	35	38	240	787
Capital repayment	-	-	-	59	59	294	588
Income Tax refund	300	-	-	-	-	-	-
Total	323	27	31	94	97	534	1,375
Cumulative	323	349	380	474	571	1,105	2,480

Terms and Conditions

Eligibility

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

Minimum and maximum holdings

The minimum number of Shares that can be applied for is 250 and the maximum (save for applications from Industrial and Provident Societies) is 50,000

Application procedure

- Anyone interested in responding to this Offer is strongly advised to take appropriate independent financial and other advice.
- Shares shall be applied for using the Application Form following the Guidance Notes.
- By delivering an Application Form an Applicant offers to subscribe, on the Terms and Conditions contained in this Offer Document, for the number of Shares specified, or such lesser number as may be accepted.
- An Applicant who receives Shares agrees to automatic membership of Wester Derry Wind Co-op and to be bound by its Rules.
- An application once made cannot be withdrawn.
- Multiple subscriptions will be admitted providing that they do not result in a Member (other than an Industrial and Provident Society) holding more than the limit of 50,000 Shares.

The Offer timetable

The Offer will remain open until 31st July 2014. The Board at its discretion may, if necessary, extend the Share Offer. If a sum less than the Offer total is raised, the Board will not proceed with the development of the Installation. The Co-op will seek to reduce capital losses to Pioneers. All other Application Monies will be returned in full to the Applicants as soon as is practical. None of Wester Derry Wind Co-op, its Directors or advisors will be responsible for loss of interest or any other benefit suffered by Applicants during the period the monies are held by the Co-op.

Confirmations by Applicants

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

- Meets the eligibility criteria.
- Is not (unless an Industrial and Provident Society) making multiple applications for a total of more than 50,000 Shares.
- Is not relying on any information or representation in relation to the Offer Shares, Wester Derry Wind Co-op, or the Installation which is not included in this Offer Document
- Shall provide all additional information and documentation requested by Wester Derry Wind

Co-op in connection with their application, including in connection with taxation, money laundering or other regulations.

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

Procedures on receipt of Applications

- Offer cheques/bankers' drafts will be presented on receipt and may be rejected if they do not clear on first presentation.
- Surplus Application Monies may be retained pending clearance of successful Applicants' cheques.
- Applications may be rejected in whole, or in part, or be scaled down, without reasons being given.
- Application Monies in respect of any rejected or scaled-down Applications shall be returned no later than one month after the end of the Offer Period (as extended).
- No interest is payable on submitted Application Monies which become returnable.
- Applications on incomplete or inaccurate Application Forms may be accepted as if complete and accurate.
- The Co-op reserves the right not to enter into correspondence with Applicants pending the issue of share certificates or the return of Application Monies.
- Results of the Offer will be published on the Project website within one month after the Offer has been closed.
- In the case of oversubscription, Directors' applications will be met in full and the Directors shall, at their discretion, determine the appropriate allocation of Shares on the principle that priority will be given to:
 1. Pioneers
 2. Applications from those living closest to the site by postcode
- Share certificates will be issued to successful Applicants within one month after the end of the Offer Period.

Pricing, trading and dealing arrangements

Shares are offered at their par value of £1. The underlying asset value of each Share is likely to remain at £1 and any Share redemption will take place at par.

Offer Costs

Offer costs are included in the share capital being raised as part of this share offer.

Guidance Notes

Applying for Shares

The Offer is open to individuals, Industrial and Provident Societies and other organisations. It is only possible to purchase Shares in Wester Derry Wind Co-op by completing the Application Form.

Before completing the Application Form you should consider taking appropriate financial and other advice, particularly in relation to any aspect of the Offer Document which is not clear to you. Your attention is particularly drawn to:

The Risk Factors section which describes risks relating to an investment in the Offer Shares.

Terms and Conditions of the Offer. By completing the Application Form you will make an irrevocable offer which may be accepted by Wester Derry Wind Co-op.

The Rules of Wester Derry Wind Co-op. In buying Offer Shares you will become a Member of the Co-op and will be bound by those Rules.

Amount to invest

The price of each share is £1. You should decide how many shares you want to buy and put that number in the box. The minimum number is 250. The maximum is 50,000. Annual interest payments will be based on the number of Shares you hold, but you will only have one vote, regardless of the number of Shares you hold.

Personal details

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

Persons under 16 years of age cannot become Members. If you wish to invest as a trustee or nominee on behalf of a child you may need to take advice on any tax implications. Please note that the maximum investment of £50,000 includes

any shares purchased as a nominee for a child. Shares issued in these circumstances could be transferred to a child when he or she becomes 16 and the Board will endeavour to assist with that intention when confirmed at a later date. If you do wish to take the shares as a nominee or trustee of a child, please indicate that intention as shown on the Application Form.

Priority Application

The number of Offer Shares you apply for will not necessarily be the number of Shares you will receive. If the Offer is over-subscribed your application may be scaled down, or even rejected in its entirety. All applications are welcome, but in the event that the Offer is oversubscribed, the Directors will endeavour to give priority to those living closest to the Site.

Declaration

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

Non-UK residents must take responsibility for ensuring that there are no laws or regulations in their own country that would prevent them from investing in or receiving income from a UK co-operative. Under Money Laundering Regulations, you may be required to produce satisfactory evidence of your identity and it is a condition of the Offer that you do so as requested.

Payment

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

Application Form

WESTER DERRY WIND CO-OP LIMITED SHARE ISSUE

Before completing this Application Form you must:

- Read the accompanying Share Offer Document
- Pay special attention to the Risk Factors set out in this Offer Document
- Consider where you need to take financial advice or other advice
- Read the Rules of Wester Derry Wind Co-op available from the Co-op

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

I wish/my organisation wishes to invest a total amount of £ in Wester Derry Wind Co-op on the Terms and Conditions of the Offer Document at the price of £1.00 per Share. You may invest not less than £250 and not more than £50,000.

Please tick if you intend to claim EIS tax relief

Please note Pioneer Shares are all sold out as of this printing

Individual Applicant details

Title (Mr/Mrs/Ms/other):

Forenames:

Surname:

Address:

Post code:

Day-time Telephone:

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

Email:

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

Name on account:

Sort code:

Account number:

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

Child's name:

Child's date of birth:

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

Organisation name:

Organisation address:

Type of organisation:

Registration number:

Position of authorised signatory:



Please continue to and sign the Declaration overleaf

Declaration

I confirm my understanding that:

- This Application may be withdrawn if a supplementary Offer Document is issued, but not otherwise and if and when accepted by the Co-op forms a contract in law on the Terms and Conditions of the Offer Document.
- An Applicant who/which is not UK resident is responsible for ensuring that this Application complies with any laws or regulations applicable outside the UK to which he/she/it is subject.
- If the Offer is oversubscribed it is possible that an otherwise eligible Application will not be accepted in part or in whole.

I confirm that:

- I have read the Offer Document (including the Risk Factors and the Guidance Notes to this Application Form) and the Rules of the Co-op.
- I am over 16 and the Applicant meets the Offer eligibility criteria.
- The Co-op is hereby authorised to make such enquiries as are deemed necessary to confirm the eligibility of this Application.
- The Applicant is not making an application or multiple applications for a total of more than 50,000 Shares.
- The Applicant is not relying on any information or representation in relation to the Offer Shares or the Co-op that is not included in the Offer Document.
- The Applicant shall provide all additional information and documentation requested by the Co-op in connection with this Application, including in connection with money laundering, taxation or other regulations.
- If signing this Application on behalf of any person/organisation I am doing so with explicit authority.

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

Signature (Applicant/on behalf of Applicant organisation as applicable):	Date:
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Payment

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

Cheque	Transfer
Please attach a single cheque or banker's draft for the amount shown above, payable to Wester Derry Wind Co-op Limited and crossed a/c Payee.	Please transfer to the following account: Wester Derry Wind Co-operative Limited Sort code: 08-92-99 Account no.: 65717561 Please use the Applicant name as the reference attached to the transfer.

Send your completed Application Form and payment to:

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

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

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

THANK YOU FOR APPLYING TO JOIN WESTER DERRY WIND CO-OP.

Glossary

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

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

Application Monies The total gross sum realised by this Offer.

Board The Board of Directors of Wester Derry Wind Co-op.

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

Community Fund A fund endowed by the Co-op which is to be distributed to local organisations.

Wester Derry Wind Co-op (or the Co-op) Wester Derry Wind Co-op Ltd. Registered Office: Wester Derry Farm, Kilry, Alyth Perthshire PH11 8JA (Registered Industrial and Provident Society number 2785RS).

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

Directors The directors of Wester Derry Wind Co-op.

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

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

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

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

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

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

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

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

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

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

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

Pioneer As defined on Page 13 (Pioneers)

PPA Power Purchase Agreement for the sale of electricity.

Project The proposed ownership and operation by the Co-op of a Wind Installation at Wester Derry Farm

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

Rules The Rules of the Co-op, available on demand.

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

Site the location of the proposed Wind Installation.

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

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

01743 277119

info@westerderrywind.org.uk

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

The project website with further documents is available at:

www.westerderrywind.org.uk

Wester Derry Wind Co-op strives to promote Co-op Values and Principles:

Self help and
self-responsibility

Opportunities for
education

Member economic
participation

Honesty and openness

Democracy and
equality

Concern for community

Autonomy and
independence

Social
responsibility

Co-operation among
co-operatives

This co-operative project has been developed in association with



Printed on recycled paper. All photos unless credited taken by members of the Co-op.
Wester Derry Wind Co-op Limited is an Industrial and Provident Society registered with the FCA (reg no. 2785RS)

