

AWESOME ENERGY (DALRIADA) LIMITED

SHARE OFFER DOCUMENT

AN INVITATION TO INVEST IN GREEN ENERGY



Community Hydro Share Offer

Open Offer:	1st March 2019
Offer Close:	At Board Discretion
Invest Min:	£1,000
Invest Max:	£100,000



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SUMMARY

This document contains an invitation to subscribe for post-construction shares in Awesome Energy (Dalriada) Limited (Financial Conduct Authority reg. no. 7240) to support the first community-owned hydro scheme in the Dalavich Improvement Group (DIG) area.

Awesome Energy has been established as a Community Benefit Society* for the specific purpose of owning and operating community renewable energy schemes in the DIG area to benefit the local community. Awesome Energy commissioned the scheme on 30th January 2018 and is generating revenue by selling green hydro-electricity to the national grid. The income will allow Awesome Energy to contribute to other projects and initiatives within the area by gifting the net profits of the scheme to Dalavich Improvement Group (DIG) to be paid into a Community Benefit Fund. DIG is a registered charity (No. SC032664) with the objective of promoting sustainable development in the local community.



Awesome Energy raised £300,000 from the first two Share Offers and this Open Offer has been launched to meet demand from potential investors.

If you are considering buying shares it is important that you read the whole document.

SUMMARY (Cont'd)

This open offer launched on 1st March 2019 and will remain open until the Directors close it. Investors should appreciate that any investment they make is to support the ongoing generation of renewable energy and accordingly, a subscription for shares in Awesome Energy should be regarded primarily as an investment for social and environmental purposes, which could produce a fair financial return.

It should also be noted that members of Community Benefit Societies do not have access to the Financial Ombudsman Service or the Financial Services Compensation Scheme.

Due care and attention has been taken in preparing this offer document. The process has been overseen by the board of Awesome Energy (Dalriada) Limited, Community Benefit Society who can vouch that the information it contains is in accordance with the facts available and that there are no known omissions likely to affect the viability of Awesome Energy.

Please note: throughout this share issue document Awesome Energy and AED are used as a shortened version of the full name: Awesome Energy (Dalriada) Limited.

* A community benefit society is run primarily for the benefit of the community at large, rather than just for members of the society. This means that it must have an overarching community purpose that reaches beyond its membership. An applicant enterprise must also have a special reason for being a community benefit society rather than a company, such as wanting to have democratic decision making built into its structure. Although a community benefit society has the power to pay interest on members' share capital, it cannot distribute surpluses to members in the form of dividends.

THE COMMUNITY

Like many remote rural communities, the residents have a history of working together to ensure local needs are met



The community is made up of the villages of Dalavich, Kilmaha, Lochavich and Inverinan. It lies 28 miles from Oban and 105 miles from Glasgow and Arrivain is situated within the hills of the Argyll forest, by the shores of Loch Awe and Loch Avich which are joined by the river Avich.

The full time resident population is around 120. A Cabin Park adjacent to Dalavich houses some 71 holiday cabins which are rented year-round, boosting the population considerably. Many visitors, including families, fishermen, cyclists, and walkers regularly return to the area.

The villages of Dalavich and Inverinan were built by Forestry Commission Scotland to house forest workers in the early 1950's. Like many remote rural communities, the residents have a history of working together to ensure that local needs are met. Currently, Dalavich benefits from a village shop which also houses the Post Office and a Cafe; a community owned and managed Community Centre which houses the volunteer run Social Club; a privately-run restaurant; a bike hire business and a boat hire facility on Loch Awe. These premises and the Cabin Site provide most local employment.

An abundance of flora and fauna including red squirrels, deer, pine martens and various birds of prey can be seen in the area, which has been settled since the later prehistoric period. Built heritage includes crannogs, hut circles, medieval castles, early Christian foundations, and later rural settlements.

THE PROJECT HISTORY

The project was initiated in 2012, by the Directors of Dalavich Improvement Group (DIG) who gained funding for feasibility studies to find the most suitable site for a community renewable energy project in the area. These studies resulted in a site being identified on the river Avich for a small-scale, run of river hydro scheme.

As a Scottish Charity DIG is not allowed to operate a hydro scheme, so in 2015 Awesome Energy (Dalriada) Limited was established as a Community Benefit Society with the primary objectives of:

- Developing and operating renewable energy project(s)
- Providing an opportunity for public-spirited people and organisations to contribute financially to the community, and benefit from a fair return on their investment in addition to the social reward
- Supporting the charitable purposes and activities of Dalavich Improvement Group

In 2017, after finding a viable solution to the local Grid Curtailment challenge, the initial share offer was launched, commercial funding secured, due diligence completed and in July construction commenced.



On the 30th January 2018, commissioning was complete and generation started.

Awesome Energy's guiding principles are to achieve the following:

- An environmentally acceptable renewable energy project which will remain in the control of the local community through its community investment membership
- The assets will remain for the benefit of the community in perpetuity via an "asset lock"
- The management of the new Society will remain in the control of the membership of the Society
- Investors will have equal voting powers irrespective of the size of their investment. One member one vote
- All net profits will be invested in the local community.

THE OPPORTUNITY

BENEFITS

Generate Clean, Green Energy

Bring Financial & Social Benefit

Offer You Financial Return

This share offer is an opportunity for you to support the generation of clean, green, renewable energy and the continued development of the local community.

The goal is to raise £500,000 to allow the Directors to restructure the existing debt to reduce the interest payments due and thereby generate more Community Benefit in the early years. It is anticipated that a small proportion of funds raised will be held in reserve against unexpected costs, such as unplanned maintenance, whilst we build up reserves for future repairs and maintenance.

We need to raise a minimum of £350,000 to clear the most expensive debt and provide a small operational buffer. All money raised will have a direct impact on the amount of money available for Community projects and enable the community to access higher levels of funding in the early years than would be possible with the current debt structure.

The benefits of the Hydro scheme and investing in shares are three-fold:

1. Generating Clean, Green Electricity and Environmental Benefit

The scheme is expected to generate 1,149 MWh of green electricity every year. This will support the local community's ambitions to help meet Scotland's ambitions to generate the equivalent of 10% of its electricity from renewable sources by 2020. This volume is based upon national river data and uses Low Flow data P50 numbers.

'Run of river' hydro schemes have very few environmental impacts provided they are well designed and the implementation of the schemes are carefully planned. The Scottish Environment Protection Agency (SEPA) has set out specific guidance, which the hydro scheme is following as part of its licence conditions. This ensures that suitable provision is made for aquatic life and habitat and that water levels in the river is not allowed to get too low. The water intake is beside the Avich falls and had little impact on the falls. The pipeline from the intake to the powerhouse has been buried and the scheme will have limited visual impact on the landscape once natural regeneration has occurred. Careful consideration was given to the restoration of the ground and the accessibility to the falls has been improved on the intake side of the River.

THE OPPORTUNITY (Cont'd)

2. Bringing Financial and social benefit to the community

Our original Financial Projections indicated that income from sales of electricity to the grid and from the Feed In Tariff (FIT) payments would generate around £202,000 per annum in gross revenue, rising in line with inflation for the 20 years of the FIT guarantee. After that the revenue is likely to be less, depending on the commercial electricity price at the time.



Our team have worked hard to secure good deals and despite the abnormal weather conditions, we have, in the first 6 months of generation, already earned £81,718 with a projected income of £158,359 for the financial year ending 30/11/2018 which will be 10 months of generation.

The total revenue over the 20 years of FIT payments is forecast to exceed £5.7M with a surplus of approximately £1.9M which will be gifted to the Community Benefit Fund, to fund community improvement projects in line with the Community Action Plan (See Page 19). The amount donated will vary from year to year depending on factors such as interest payments, unforeseen problems and the weather. If Loch Avich has a wet year then the surplus may be more than if we have a dry year.

3. Offering You a Financial Return for Your Support

The projected community benefit will not be possible without the support and commitment of investors. If you invest in Awesome Energy you will help to achieve our vision of a green future and the rate of interest that you may receive is potentially greater than that available from current bank interest rates. Share purchases become eligible for interest payments agreed at the AGM held after the year ends on 30th November subject to all usual interest payment conditions being met and approved by the AGM.

NB. Both Awesome Energy and Dalavich Improvement Group Boards are staffed by volunteer directors and there will be no financial gain for the directors (unless they are also investors).

THE OPPORTUNITY (Cont'd)

Why we need Your Investment

Because of Awesome Energy's special status as a Community Benefit Society we can raise funding at a much lower cost by using Community Shares. This means more of the income generated by AED will be available to be given to the community via a Community Benefit Fund. This is because the cost of share capital is considerably less than that of a commercial loan (arrangement costs, interest payable etc)

Our goal is to maintain a healthy level of Share Equity to ensure that we have a vibrant community of shareholders.

Investing in AED is principally a social investment, but will provide investors with a fair financial return. You should expect to invest for a minimum of 3 years and investors can only withdraw shares within the first three years of trading at the absolute discretion of the Awesome Energy board.

Shares in Awesome Energy will never go up in value, but their value could fall to zero if AED were to fail. Investors can expect a reasonable rate of return on their investment. Based on the assumptions about the likely profits, the Directors hope to be able to pay an interest on share capital of 4% (gross) per annum. The level of interest will be proposed by the Awesome Energy Board each year and approved by members at the AGM. Investment returns are capped by the rules that govern AED. A copy of the rules is available on the AED Website.
www.Awesome-Energy.com

Membership of Awesome Energy is open to individuals over the age of 16 years, corporate bodies, voluntary organisations and public sector investors. A share application form for individuals is provided with this document and a corporate form is available to download from the website: www.awesome-energy.com.

The share price will be £1, for sale in increments of £25, with a minimum investment of £1,000 and a maximum of £100,000. You may buy shares as a gift for a child (who will become a member on their 16th birthday). Each investor will receive one vote regardless of the amount invested and the level of your investment will remain confidential.

THE OPPORTUNITY (Cont'd)

Member / Investor benefits and further participation

As an investor and member of Awesome Energy, you will be entitled to:

- receive interest on your shares, with a target interest rate of 4% (gross) per annum, payable after the 2018/19 AGM, held in April 2020 and annually thereafter
- withdraw some, or all, of your share capital, subject to terms and conditions
- receive copies of the annual accounts, reports and notices of meetings
- call for a general meeting with the support of other members
- attend, speak at and submit resolutions to general meetings of all members
- stand for election to the Board of Awesome Energy
- vote in elections for Board members and on other important decisions, including rule changes
- inspect Awesome Energy's register of members and officers
- contact other members and officers about matters to do with the society
- resign as a member

It is expected that the Scheme will generate £1.9m of Community Benefit over 20 years. This will start modestly in the early years at around £10,000 and rise steadily thereafter

The share offer opens on 1st March 2019 and remains open until the Directors close it. The Board of Awesome Energy reserves the right to close the Share Offer at its discretion.

FINANCIAL PERFORMANCE

Following a detailed review of the financial models, based on the actual performance up to July 2018, and advice from our technical and financial experts, the Awesome Board present this cautious but realistic financial projection. It is the Board's belief that the numbers presented in the Share Offer err on the side of caution as, whilst they assume the ability to export all the electricity generated, the generation numbers are based on the mid-point (P50) of the potential generation curves. More detailed analysis can be found in the Business Plan on the website.

The business plan uses actual generation revenue and actual costs to end July 2018. Thereafter, generation is based on a Seasonally Adjusted Forecast using Low Flow Data P50 generation for the remainder of 2017/18. Prices and costs in 2018/19 reflect agreed contracts, thereafter Grid Revenue, Feed-in-Tariffs and costs increase by 2% per annum throughout the financial model.

INCOME: Based on an export capacity of 350kW, generating 1,147MWh p.a. the scheme will earn £158,359 in 2018 and £238,357 in 2019. This figure increases by 2% per annum in the financial model. A total of £5.7m is generated over the FiT period (20 years), with an estimated £1.9m for community benefit.

The Business Plan will be updated annually and made available for download, along with the approved statutory accounts, on the Awesome-Energy.com website

ACTIVE NETWORK MANAGEMENT

Awesome Energy has taken advantage of smart grid technology to overcome local grid constraints and is using Active Network Management (ANM) to flexibly export up to its maximum generation capacity of 350kW.



There are several renewable energy generators already operating in the area around Dalavich, which means there is little grid capacity available to accommodate new generators. As a result, the Distribution Network Operator (DNO) was only able to offer AED a full firm connection for part of the hydro plant's maximum output, well below the 350kW rated turbine. This would curtail the hydro plant's electricity generation until the distribution grid is reinforced with upgrades to the transmission line from Taynuilt to Inveraray. This is a large infrastructure investment and is unlikely to be completed until 2022/23.

Active Network Management (ANM) is smart grid technology that allows DNOs to manage the grid in real-time, providing a more flexible way of using the network while remaining within operational limits. ANM allows more renewable energy generators to connect to the grid without expensive grid reinforcement. New generators are offered a flexible connection (also known as a non-firm connection) that allows them to generate up to maximum capacity, depending on the current generation capacity of other generators connected to the same part of the distribution network.

AED has agreed to a flexible non-firm grid connection in partnership with another local hydro scheme, operated by Innogy. The two sites will share a combined total grid connection capacity, so that when Innogy's generator scheme is not operating at full capacity, AED can export up to 350kW. As the partner generator uses water flowing through a different catchment area and has a larger grid connection than they need, they make an ideal partner for AED.

ACTIVE NETWORK MANAGEMENT (Cont'd)

The ANM Meters at each site send live generation figures to the ANM controller. When the partner generator is generating less than the export capacity it has been allocated on the network, the spare capacity is allocated to Awesome Energy. The other generators connected to the network have no influence in any way.

The principle is that provided the aggregate output is less than the combined grid connection capacity, both Dalavich hydro and the partner generator will be able to export to the grid freely. When the combined output exceeds the network constraint, Dalavich will have its output automatically curtailed.

Awesome Energy was initially offered a firm connection of 50kW. The partner generator has released an additional 220kW of unused capacity which will increase the Dalavich minimum export connection capacity to 270kW. During the implementation of the ANM scheme, working closely with our team of experts, we were able to prove that AED would always be able to export EVERYTHING that it generated.

The reality is that the combined maximum generation capability is less than the combined licenced capacity and AED Hydro has been given a failsafe value (the amount that we can export if the ANM system connection fails) of 350kW.

It is therefore expected that the average annual generation from the hydro scheme will be 1,149mWh based on Low Flow Data P50.

OPERATING THE HYDRO

Following the inaugural AGM held in June 2017 and the second held in April 2018, AED now has a full Board complement of 9 Elected Directors and 3 DIG nominated Directors. All of whom are volunteers.



ABOUT US



Sheila Clark – Chair, Elected Director & Founder Member

Sheila's background is in Modern Languages, curation of prehistoric artefacts in the museum environment, and Heritage Management.

She is a field archaeologist working within the Heritage Management Team in Historic Environment Scotland (the Scots equivalent of English Heritage and Cadw) and has over 25 years' experience in the area of producing field reports on Scheduled Monuments of National Importance, field survey projects, guidance papers on managing land to protect the historic environment, and archaeological management plans for Forestry Commission Scotland.

She has worked extensively alongside FCS and private commercial forestry companies, as well as SEPA, SNH, RSPB, NTS and other organisations, has served on the Perth & Argyll Regional Forestry Forum, and has occasionally attended meetings of the Scottish Forestry Forum. She has lived in Dalavich since 1988 and was a founding member of the Dalavich Improvement Group.



Chrissie Sugden – Elected Director & Minutes Secretary

Chrissie brings 21 years of experience of working in community groups, and was Chair of Dalavich Improvement Group for 3 years.

She has been intimately involved in developing the hydro project for the past 3 years, and has seen it through many highs and lows. She co-wrote the Awesome Energy Business Plan and original Share Offer

Document. Chrissie is proud that the hydro will be producing clean energy long after she has gone. Working towards a better future for her grandchildren is a great anti-dote to despair about the state of the world. As a director, resident and shareholder Chrissie will be keen to ensure that Awesome Energy delivers benefits to both shareholders and the community without compromising the ongoing success of the business.



Carol Thomas – Elected Director & Hydro Project Manager

Carol moved to Dalavich in 2012 after a long career in Supply Chain Management, Business Development, and Business Consultancy.

She is an experienced Project and Business Manager having managed, amongst other things, a multi-national cross-functional team implementing complex software in conjunction with building a

second manufacturing plant in the highly regulated Nuclear Pharmaceutical Industry. She has led several process improvement projects; delivered change management; coached and trained people in all aspects of Supply Chain and Project Management in blue chip companies in Food & Beverage, Pharmaceutical, Heavy Industrial, and Research companies. In addition to her work-based expertise, she is also a local business owner, served for 28 years as a volunteer Leader with the Scout Association, and has a keen interest in wildlife, ecology, and sustainability. She joined the Hydro Project Team in 2014 and has worked tirelessly since then to make the scheme a reality. Carol says: "I want my descendants to know I did my best to make a difference, I see the Hydro as an opportunity to make a positive contribution both locally and globally and besides I enjoy making things happen and I have a warped sense of fun!"

ABOUT US (Cont'd)



Andrew Swann – Treasurer & Elected Director

Born in Scotland in 1952, Andrew completed his education in England and took a degree in Natural Sciences at Cambridge. He then worked for 33 years in the banking industry rising to board level. His final position was as a director of Alliance & Leicester Commercial Bank where he created their Corporate Banking Division establishing a series of project finance and asset finance operations including a Renewable Energy Finance team.

Retiring in 2007, he is active as the treasurer and trustee of a number of local charities, including Age UK Buckinghamshire, and a small national charity – The Autism Research Trust. He is also active in the Scout Association and is a keen hill walker. Although continuing to live in Buckinghamshire, he visits Scotland several times each year. He has followed the development of Awesome Energy with great interest over the past 12 months and is happy to put his financial expertise to use in supporting its continued development and operation.



Peter Thomas – Elected Director & Founder Member

Peter has been resident in Dalavich since 2012. In 2016, he retired from his job as a Process Engineer for Thames Water, where he worked on the sewage side of the business and now lives full-time in Dalavich. He was heavily involved in a professional capacity improving the generation of electricity from waste materials and was actively involved in the commissioning of several Combined Heat & Power plants. He brings a wealth of technical expertise and capability and has been a valuable member of the Design Team. A Polymer Rheologist by background, he is a keen mountain and climbing enthusiast, a qualified Mountain Leader, and has a strong interest in sustainability and ecology. Peter is keen to see the Hydro generating energy and wealth for both the community and the investors.



Michael Odumosu – Elected Director

As a seasoned management professional with 20+ years in project management, Michael offers a consistent and impressive track record of successfully completing projects on time and under budget. He has a history of helping companies streamline processes on an ongoing basis to continually improve efficiency and effectiveness. He is confident that the skills and experience he brings to the table are a perfect match for the position at AED's Board membership.

He has spent the majority of his career in the information technology field with extensive experience in staff training and development. He has managed well over 250+ staff throughout his career. He possesses a vast amount of knowledge about the most effective ways of guiding teams to meet ambitious project milestones and targets on time and within budget. He is process-driven and meticulous in his approach to leading teams and meeting targets.

ABOUT US (Cont'd)



Libby Foy-Lowrey – Elected Director

Libby has lived and worked in Dalavich since 1996. She owns and operates the Dalavich Village Shop & Wild Rowan Cafe' and is the Post Manager of Dalavich's sub post office. She holds an Associate's Degree (AAS) in Applied Science & Liberal Arts and a Bachelors of Arts (BA) in Education and Psychology from the Universities of New York at

Binghampton and New Paltz.

She worked for Forest Holidays from 1996-2009. For the majority of this time she was Site Manager at Loch Awe Cabin Site. She has been and continues to be involved in many other aspects of the community. She was a member of Dalavich Social Club management committee from 2001-2012 and is a founding member of Dalavich Improvement Group and currently an elected DIG board member. She has been an elected AED board member since 2017.



Adrian Shaw – Elected Director

Adrian Shaw is the Climate Change Officer for the Church of Scotland. Current work interests include climate justice, the transition to a low carbon economy and fossil fuel divestment. He was company secretary of Eco-Congregation Scotland, and a founder director of the

Dalavich Improvement Group; he is currently a member of the World Council of Churches Climate Change Working Group and Conference of European Churches thematic group on economy and ecology. He previously worked for Argyll and Bute Council and has degrees in geography from the Universities of Cambridge and Toronto.



Sam Marshall – Company Secretary & Elected Director

Sam is a local businesswoman based in Lochgilphead. She was elected to the Board in 2018 having followed the progress of the River Avich Hydro scheme through social media before moving to Argyll in 2017.

Her background is managerial and educational. She runs her own training and networking consultancy business predominantly teaching social media to the terrified and she is an avid networker! She brings Commitment and Experience in these fields to Support the board in moving the programme forward.

Sam is in awe of the wonderful nature all around her and delighted to be contributing to a community based renewable scheme.

ABOUT US (Cont'd)



Agnes Fleming - Chair Dalavich Improvement Group (DIG)

Agnes has lived in Dalavich for 10 years and currently works for Argyll and Bute council managing the systems development group. She is a certified project and programme manager with over 20 years' experience successfully delivering large scale change programmes for the IT industry and local government.

Agnes has been at the forefront of the River Avich Hydro Project from its inception. Around 8 years ago she made the first enquiries into the feasibility of developing a hydro scheme for the local community, She lives and works in Argyll so being involved in something that directly benefits the community is a driving force for her.

Agnes said "The decision to invest in the project was easy for me to make, I had seen all the desktop scenarios and am confident that I will get a good consistent return on my investment. I am really pleased I have invested in a green energy project and know that the resulting community benefit fund will help make Dalavich sustainable for the future."



Cath Auty - DIG board member

Cath is a research scientist with a chemistry degree working for a global company. She is married with 2 children and live in Cheshire.

She is a Brownie leader and used to be a voluntary volunteer manager with responsibility for approx 600 registered volunteers across the NW, over 25 branches of a national parent support charity but stepped down from that

about 9 months ago to do more Guiding! She has always seemed to end up in the treasurer role before so it's nice that this time she hasn't because this is dealing with larger sums (which she didn't want to do)

Investing in Awesome Energy was a no-brainer for Cath. She looked at the numbers and was happy with them but more than that she wanted to put money into a green energy project and to have such a project in an area which will benefit a community that she has ties to (and that her children view as a second home) is fantastic.



Irene McClounnan - DIG Board Member

Let us introduce Irene McClounnan. She has lived in Dalavich for 56 years now, so has just become a local! She has raised a family here and is proud to say that her great grandchildren are now being raised here. Over the years she has played a pivotal part in the development of the Dalavich Social Club and Dalavich Improvement Group.

She is a DIG representative on the AED board and is proud to have been a part of this wonderful project since its inception. She currently manages 27 holiday homes on the Dalavich Cabin Site and thoroughly enjoys welcoming people from all over the world to this thriving community.

COMMUNITY BENEFIT PAYMENTS

The surplus from the hydro scheme will be gifted to DIG and will be paid into a Community Benefit Fund. Disbursement of this fund will be guided by DIG's Community Action Plan which was produced after an in-depth consultation process with the local community and regular visitors to the area.



The Board of DIG has asked AED to help appoint an independent third party to manage the Community Benefit Fund on its behalf. This will ensure that the allocation of funds to qualifying projects will be done impartially.

The consultation process carried out in 2016 identified the following key themes and priorities: the community centre, communication /community spirit, children and young people, local environment, infrastructure and services, tourism and facilities/activities, employment and opportunity.

Specific targets identified in the current action plan include:

- Community Centre: update community centre facilities
- Communication/Community Spirit
- Children and Young People
- Local Environment
- Infrastructure and Services
- Tourism and Facilities (Activities)
- Employment and Opportunity

The full community action plan (2016-2021), some of which has already been implemented can be viewed on the website:

www.awesome-energy.com

THE RISKS

As Awesome Energy has been incorporated with limited liability, the liability of its members will be limited to the amount paid for their shares. However, prior to making any decision to subscribe for shares in Awesome Energy, you should carefully consider, together with all the other information contained in this document, the specific risk factors described below which are material in relation to the society.

These risk factors are not set out in order of priority and the list should not be regarded as exhaustive or a complete and comprehensive statement of all potential risks and uncertainties associated with the scheme. Additional risks and uncertainties that are not presently known or which are currently deemed immaterial may also have an adverse effect on the society's operating results, financial condition and prospects.

Risk Factors:

All businesses involve an element of risk. Successful organisations manage and mitigate the risks appropriately. The following risks, or areas of risk, have been identified and the current management will seek to manage these and any emerging risks:

Grid Curtailment

There is a constraint on the local grid network (West Scotland), which would limit our ability to export electricity. This risk has been mitigated by our Active Network Management Agreement (see page 12)

Active Network Management Agreement terminated before Grid Reinforcement complete

There is always a possibility that the agreement with Innogy might be terminated. They have the legal right to do so under certain circumstances including selling off the site or increasing their capacity. Should this occur before Grid reinforcement, we are confident that we would be able to come up with an alternative solution in the time frame provided by the contracts (varies according to the circumstances but the minimum is three months) and we believe that our track record shows we should be capable of managing this.

Income Security

Awesome Energy obtained all permissions in time to pre-register the project for the Government Feed in Tariff (FiT). The hydro started generating electricity on 30th Jan 2018 and the FiT payment has been secured. This is guaranteed income until 2032

THE RISKS (Cont'd)

PPA (export revenue) we have identified a team to help secure best prices for us and this has already yielded dividends. Whilst we cannot control market commodity prices, we can limit our exposure by securing good deals in response to market trends. Our track record of performance against plan demonstrates our competence in this area.

Business Rates

We are currently in receipt of 100% rate relief on business rates (this year the full amount was £26,000). Whilst we cannot protect against policy changes, we are working closely with organisations such as Local Energy Scotland to influence policy.

Corporation Tax

Tax Laws and rules on capital allowances mean that whilst surpluses are gifted to the Community Benefit Fund are based on accounting Profit before Tax, it will be necessary to put aside a small sum in later years to off-set any tax bill that may arise once the various carry forward allowances have been exhausted. Our current estimate is that AED may, over the life of the project (20 years) have a tax bill amounting to circa £150,000. The size of this will become more apparent once our accountants have completed the return for 2016/17 in November 2018. We have provided a tax implication model on the website to show what this might mean to Community Benefit over 20 years. The finance team will continue to work with accountants and advisers to ensure that we are doing all that we can to mitigate any adverse impacts on the fund.

Ongoing risks, such as that presented by Local Business Rate policy, will continue to be managed by AED's management team, who have already proven themselves adept at mitigating financial risks and securing competitive deals. Successes to date include:

Export price agreements were secured at 20% above budget for 2018; and the ANM failsafe means that we are negotiating a reduced service level agreement. Plans are in place to build reserves against major repairs and renewals. The team will continue to monitor performance and take whatever steps it can to mitigate risk.

OTHER LEGAL CONSIDERATIONS

Awesome Energy was registered with the Financial Conduct Authority on 9th November 2015. Our governing document, Awesome Energy Rules and Registration, can be found on our website www.awesome-energy.com

As with any investment there is risk involved. Should AED get into financial difficulties:

- We may not be able to pay interest
- We may have to suspend your rights to withdraw shares

You may lose some or all the money you pay for your shares, which means your shares will be worth less than £1 each. If AED is wound up, its assets will first be used to meet its liabilities; next to repay members for their shares; finally any surplus remaining will be passed on to a charity, society or other asset-locked body serving the DIG community.

If a member dies their personal representative can apply for withdrawal of the share capital. Return of share capital under this provision will be prioritised by the Board over any other return of members' capital.

We encourage prospective members to view their investment as a long-term commitment to the project; a one-off investment to generate a long-term financial benefit to yourself and a lifetime of environmental and social benefit to the DIG community.

Shareholders should be prepared to tie up their capital for several years.



OTHER LEGAL CONSIDERATIONS (Cont'd)

Share capital cannot be withdrawn before 30/04/21 and thereafter only at the Directors' discretion.

Please Note, the Directors may resolve at any time to return excess capital to members in the proportions in which they provided it to the society. Also, Directors reserve the right to refuse an application for withdrawal of investment to protect the stability of the society's financial position.

The content of this document has not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000.

Reliance on this document for the purposes of engaging in investment activity may expose an individual to a risk of losing all the money he/she has invested.

Nothing in this document constitutes investment, tax, legal or other advice by Awesome Energy (Dalriada) Limited, its directors or advisers.



SHARES FOR CHILDREN

You can purchase shares as a gift for a child (whether related to you or not).

As children under 16 cannot be members we manage this in the following way: You may name one or more children for whom you wish to buy shares as a gift on the application form.



The shares will remain in your name on the share register but we will issue gift certificates for you to give to the recipients.

When the child's 16th birthday is reached, we will withdraw shares from your share account and issue new shares to the child in their name. they will then become voting members.

Please note this is an administrative arrangement and not a legally binding nomination and you may revoke it at any time.

PROJECT SUPPORTERS

Awesome Energy gratefully acknowledges the support and funding given to them by the following people and organisations

Local Energy Scotland, with special thanks to Iona Hodge

Argyll & Bute Council

Dalavich Improvement Group

Michael Russell MSP

Brendan O'Hara MP

Community Shares Scotland

Co-Operative & Mutual Solutions

Gregor Cameron Consultants

Forestry Commission Scotland

Ricardo Energy

DA MacDonald

Campbell of Doune

ADDITIONAL INFORMATION

The Awesome Energy (Dalriada) Limited Business Plan, technical documentation plus additional background information regarding the scheme can be found on our website www.awesome-energy.com.



We have tried to provide sufficient information to inform your decision. however, if you would like more information than is provided here and in the business plan, please contact us by emailing info@awesome-energy.com or by ringing Carol Thomas on 01866 844160.

HOW TO INVEST



Terms and Conditions for applying for shares.

Your application

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

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

Your application will be considered for approval at the next Directors' meeting after receipt of application and payment.

Your payment

The purchase of shares should be seen as a social investment to support the aims of Awesome Energy (Dalriada) Limited and not purely as an investment for personal gain or profit.



Data protection

The data that you provide on this application form will be stored within a computerised database.

Your information will only be used for Awesome Energy's purposes and will not be disclosed to any third party.

Your application
please complete either the personal or corporate application
form enclosed inside this document or downloadable from
the website
www.awesome-energy.com.

