

You are invited to be part of LEG Power Lochaber Limited

Share Offer

Offer Shares: £1,880,000 - Closing Date: 30 September 2021



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Chair's Welcome

LEG POWER LOCHABER LIMITED

26 August 2021

Dear Potential LEG Power Member

I am delighted that you are interested in participating in this public Share Offer by LEG Power Lochaber Limited ('LEG Power'). LEG Power is a community benefit society and with the funds raised, will construct a new hydro electricity generation plant on Abhainn Ghreadain burn in Glenachulish, near Fort William in the west highlands of Scotland, on land owned by Forestry and Land Scotland ('FLS').

The average annual generation the Hydro Project is expected to exceed over a 10 year period is 1,619,000kWh of renewable electricity, powering up to 420 local homes and resulting in reduced carbon dioxide emissions compared to generating the same amount of electricity from fossil fuels. LEG Power needs the money from this Share Offer as soon as possible so that it can be sure it has enough cash to build the Project and meet the Feed-in Tariff deadline of 30 September 2022. Qualifying for the Feed-in Tariff entitles the Project to an additional payment for the renewable energy generated. Site construction work has already started, initially with tree clearance work in June and with the contractors commencing construction works this August.

Lochaber Environmental Group ('LEG'), a local charity, has been developing the Hydro Project to date, having purchased the rights in the Hydro Project from Green Highland Renewables ('GHR'), the original developer. The Hydro Project has planning consent, Feed-in Tariff pre accreditation, a lease from FLS, a licence to abstract water for the purposes of the Hydro Plant (granted by the Scottish Environment Protection Agency) and a contract with Scottish Hydro Electric Power Distribution Plc ("SHEPD"), the local grid operator, entitling the Hydro Project to connect to the local electricity distribution network.

Any financial surpluses from the Project, after meeting the operating costs of the business, building prudent reserves, paying interest to Members and the planned cost of share redemptions, will be paid to LEG to support its work. LEG is a vibrant community organisation working to deliver low carbon sustainable living in Lochaber.

We want as many people as possible, especially local people from Lochaber, to join LEG Power which is why the minimum investment is as low as we can make it at £100. LEG Power is a community benefit society, so all Members are equally important. Every Member, no matter how much they have subscribed, has an equal vote in running the Society. You can stand to be elected as a Director, or offer your time as a volunteer, to help the Society achieve its environmental aims.

The projected rate of interest payable to Members on their share capital is 4% for the first five years of operation after commissioning the Hydro Project; 4.5% for the next ten years of operation; and 5% for the next five years of operation. Commencement of repayment of Shares is expected to start from about May 2027 (assuming loan finance is required at the level projected) and all Members are expected to be repaid in full within 20 years of commencement of operation. Please note these are our current best estimates at this stage. The Hydro Project is expected to have a life of 40 years. After Members have been repaid their investment all profits will be paid to LEG to support its work.

Energy4All, which is assisting LEG Power with this Share Offer, is the leading social enterprise in the UK for establishing community owned renewable energy schemes.

Provided the Minimum Capital Sum of £1,187,000 has been reached, Shares will first be issued on 14 September 2021. Applications made prior to that date will have priority. The Share Offer will close on 30 September 2021 unless extended or shortened by the Directors.

How to Apply

An Application Form with details of how to apply for Shares is attached at the end of this Share Offer Document. The maximum subscription for individuals and businesses is £50,000 and the minimum is £100. Please read this Share Offer Document and consider the risks, including those set out on pages 8 and 9. You should consider taking appropriate financial and other advice before making your decision.

I look forward to welcoming you as a Member of LEG Power.

Yours faithfully,

Craig Burton

Craig Burton - Chair of LEG Power

Summary

Potential Members should note that:

- The Summary should be read as an introduction to the Offer Document
- Any decision to invest in the Offer should be based on consideration of the Offer Document as a whole

1. LEG Power's mission – to build a new hydro electricity generating plant in Lochaber

The purpose of this Share Offer is to raise up to £1,880,000 (of the total projected capital costs of £2,130,000) so that LEG Power may construct and operate a 547kW hydro electricity generating plant on Abhainn Ghreadain burn in Glenachulish, overlooking Loch Linnhe near Fort William in the west highlands of Scotland, on land owned by FLS. The balance of capital costs is to be covered by local subscriptions or loan finance to the extent required. LEG Power will then sell the electricity generated and, provided the Hydro Project is commissioned by the end of September 2022, will be entitled to receive the Feed-in Tariff on electricity generated by it. The Feed-in Tariff is a 20-year inflation protected payment paid by the electricity industry on the generation of electricity from renewable sources.

2. Developments to date in constructing the Hydro Project

LEG has been developing the Hydro Project to date, having purchased the rights in the Hydro Project from GHR, the original developer, in August 2020. The Hydro Project has planning consent, Feed-in Tariff pre accreditation, a lease from FLS, a licence to abstract water for the purposes of the Hydro Plant (granted by the Scottish Environment Protection Agency) and a contract with SHEPD, the local grid operator, entitling the Hydro Project to connect to the local electricity distribution network. LEG's work has been supported by a grant and a loan from the Scottish CARES scheme (Community & Renewable Energy Scheme) and more recently a loan from Energy4All member Energy Prospects.

LEG has now transferred its rights in the Hydro Project to LEG Power since LEG Power has the status to have the pre-accredited Feed-in Tariff transferred to it and, as it is a community benefit society, is a suitable organisation to make the Share Offer and to operate the Hydro Project as a standalone organisation with no prior trading history. LEG Power has been granted a sublease of LEG's lease of the Site, with the consent of FLS.

The Site is located within an area of commercial forestry and benefits from an existing network of access roads. Construction work commenced in June 2021 with the necessary tree felling. An order has been placed with CINK Hydro-Energy for the turbine, and the deposit has been paid. Green Cat Renewables have been appointed as LEG Power's project manager. TSL Contractors have been appointed as the principal contractor to undertake the civil engineering works and be responsible for health and safety on the site. TSL Contractors are a local company based on the Isle of Mull and are experienced in constructing hydro schemes. Construction works are expected to start from 30 August 2021 and will be building new access roads, constructing the intake, installing the penstock and building the powerhouse. The turbine is due to be delivered in April 2022.

3. Carbon saving, environment and community

Investing in LEG Power delivers a positive ethical, carbon saving, environmental and community return. The Society will be an ethical and environmental enterprise and enables Members to make a real contribution to the development of renewable energy and to the UK's response to climate change and energy security. Its surplus will support the decarbonisation work of LEG in Lochaber.

4. Supporting low carbon living and sustainability in Lochaber

Any financial surplus made by LEG Power after meeting expenses, building prudent and appropriate reserves, paying share interest and the planned share redemptions to Members, are covenanted to be donated to LEG, which has Scottish charitable status, to support its work in reducing carbon emissions and promoting sustainable living in Lochaber.

Members are projected to be repaid their Shares in full in the 20 years after generation commences. The Hydro Project has a lease of the Site for 40 years and all profits made after members have been repaid will be donated to LEG to support its work. The Feed-in Tariff only has a duration for 20 years however, so income and profits will be much reduced in the second 20-year period.

LEG is a vibrant community organisation with projects including Food Lochaber promoting local food production, the Bike Kitchen helping a transition to cycling, an electric bike hire scheme and free energy advice to households. In addition to supporting sustainable community development across Lochaber, the charity currently supports six local jobs as part of the ongoing projects.

5. Interest on and return of your investment

The Hydro Project is projected to commence generating electricity in early summer 2022. Investors in the Society should receive a return on their investment targeted to be 4% per annum in the first five years of operation, 4.5% in respect of the next ten years of operation and 5% for the next five years of operation. This will be paid proportionately for a partial financial year of operation. The Society is to have a May year end, so the first payment of interest on the Shares is expected to be made in May 2023. No interest is payable in respect of the period from investment in the Shares to the commencement of generation by the Hydro Project.

Investing in the Shares is a long-term proposition. The Society intends to commence redeeming Shares in about May 2027. Members do not have the right to withdraw their Shares, but the Board has the power to permit Shares to be withdrawn. The Board currently envisages, depending on the amount of loan finance raised, if there are sufficient funds, that it will offer to repay a small number of Shares in May 2027 and then increasing amounts of Shares each year thereafter until all Shares are fully repaid. If a smaller amount of loan finance is required repayment of Share Capital may begin sooner, a larger amount may mean later redemption. Members who wish to redeem their Shares are proposed to be given priority, and any remaining Shares will be redeemed in proportion to Members' shareholdings. All redemptions will be at the par value of £1. The Society will fund the repayment of Shares principally from cash accumulated but also, if appropriate, by making an issue of new Shares to existing Members and others who wish to invest, or increase their investment, in the Society. The intention is to redeem all Shares within 20 years after the commissioning of the Hydro Project.

6. Borrowing

LEG Power intends to borrow in the closing stages of construction to complete the financing of the Project. The borrowing is intended to be repayable over the first four years of operation and presently is estimated at £250,000. The actual amount will depend on the amount of Share Capital raised, whether or not the contingency is used and if any additional amounts arise during construction. Presently borrowing is available from Baywind, another Energy4All co-operative, but it is possible that the Society may make a loan note issue to the public.

7. Taxation

Under current legislation (i) interest payable to Members is paid gross, without deduction of tax; and (ii) the first £1,000 in aggregate of interest from all sources received by Members who pay basic rate income tax is tax free. Members who pay income tax at 40% receive a tax-free allowance of £500. The Society understands that its Shares are likely to be treated as exempt from inheritance tax under current rules. Members should seek personal advice on this point for certainty on their position if it is important to them.

8. Investment in LEG Power by Directors and others associated with it

The Directors of LEG Power, LEG and Energy4All directors and staff and their immediate families intend to invest not less than £140,250 under the Share Offer on the same terms as other Members.

9. Information about LEG Power

LEG Power is a community benefit society formed under the Co-operative and Community Benefit Societies Act 2014 (number 8053). It is owned by and managed for the benefit of the community. Its constitution is in the form of Rules approved by and registered with the Financial Conduct Authority.

As a community benefit society, LEG Power is committed to high ethical standards and to the values of co-operation as well as a commercial ethos.

Constitutionally, key characteristics of LEG Power are:

- the Society operates for the benefit of the community;
- there are two classes of Shares: Contributor Shares (which are the subject of this Offer); and one Community Anchor Share, which is held by LEG. Each share has a nominal value of £1;
- the Board consists of up to eight Directors, four elected by the Contributor Members, two appointed by LEG and two co-opted;
- no interest is paid on the Community Anchor Share, but it has 26% of the votes on any resolution to change the objects and certain other rules of the Society;
- a Contributor Member must have the minimum number of Shares;
- all Contributor Members have one vote each regardless of how many Shares they hold;
- Shares are not transferable;
- At the discretion of the Board Shares can be withdrawn by Members at the price paid for them. The Board may require Shares to be withdrawn at that price as part of a return of capital to all Members in proportion to their shareholding.

10. Risks and Regulatory Status of the Offer

All investment and commercial activities carry risk. Anyone buying Shares in LEG Power is at risk of losing some or all of the money invested and there is no guarantee that you will receive any return on your investment.

Share offers by community benefit societies are exempt from specific Financial Services authorisation requirements because of their community benefit legal status. Accordingly, the Shares are not covered by the Financial Services Compensation Scheme or the Financial Ombudsman Service. The money you pay for Shares is not safeguarded by any deposit protection scheme or dispute resolution scheme. Members should take appropriate advice and make their own risk assessment whilst also bearing in mind the environmental and social benefits of investing in LEG Power. This is an unregulated share offer. Your attention is drawn to the specific risks identified on pages 8 and 9, which you should take into account before investing.

This Offer Document follows the basic approach and outline format used in relation to both past authorised and past similarly exempt community renewable share offers similarly supported by Energy4All.

11. How to invest and timetable. When will Shares be issued?

An Application Form, with details of how to invest, is attached at the end of this Offer. The minimum investment is £100 and the maximum investment is £50,000.

Provided the Minimum Capital Sum has been reached, Shares will first be issued on 14 September 2021. Local Applications will have first priority. If Applications made by that date exceed the Maximum Capital Sum, non local Applications will be dealt with in date order.

The Share Offer will close on **30 September 2021** unless extended or shortened by the Board.





Risk Factors

All commercial activities carry risk, and potential Members should take appropriate advice and make their own risk assessment whilst bearing in mind the social and environmental aspects of this opportunity. Taking up shares in a business is not a loan or deposit. Your capital is at risk. Holding Shares is a long-term proposition for up to the life of the Project (which is up to 20 years) with capital intended to be repaid during that period; and although arrangements have been made to enable early repayment your Shares may not be readily realisable.

In addition to the specific risks of holding Shares in a social enterprise, your attention is drawn to the following:

General risks relating to the Shares

- Investing in Shares is not the same as investing money in a bank account as your capital is at risk and you could lose up to, but not more than, your entire investment. Income from the Shares can fluctuate. The projected rates of return are not guaranteed and there is no guarantee that you will receive any return on your investment.
- An investment in the Shares is not covered by the Financial Services Compensation Scheme or the Financial Ombudsman Service. So the money you pay for Shares is not safeguarded by any deposit protection scheme or dispute resolution scheme. Shares in the Society are not regulated investments for the purposes of the Financial Services and Markets Act 2000 (as amended) and therefore you do not have the protection provided by that Act. This Share Offer is exempt from regulation under that Act and regulations made under it. This Share Offer does not need approval and has not been approved by an approved person under that Act. This Share Offer is not regulated by the Prospectus Regulations 2005 (as amended), which do not apply because there is a specific exemption for the issue of non-transferable shares by a community benefit society such as the Society.
- Smaller unquoted businesses such as LEG Power are likely to involve a higher degree of risk than larger companies.
- Shares are not transferable so cannot be traded on a recognised stock exchange or otherwise.
- Shares can be redeemed by LEG Power at par value in accordance with the Rules but are not withdrawable by Members without prior approval from the Board, which cannot be guaranteed. If LEG Power lacks sufficient cash to enable Shares to be withdrawn when desired, withdrawal may be delayed, or may not be possible. Holding Shares should be seen as a long-term proposition.

Renewable energy industry risks

- Government policy towards renewable energy has changed and may change again in the future.
- New inventions and developments may render existing technologies and equipment obsolete.
- Assumptions of future electricity prices used in the Financial Projections may turn out to be incorrect.
- A typical short-term weather conditions and local ground conditions could affect expected levels of electricity generation and therefore income, although overall patterns outside anticipated parameters are unlikely.
- Although modern Hydro Turbines are extremely reliable, mechanical or technical failure can interrupt the generation of electricity or the distribution network, leading to unexpected costs. Manufacturers' warranties and guarantees, insurance and regular servicing usually offer some protection.
- Accidents can happen and may not always be covered by insurance.

Risks specific to this Project

- A contract for the construction of the Project has been signed with a principal contractor and a start date and programme agreed with them. The contractor has confirmed that it has the capacity available to complete construction of the Project within the Feed-in Tariff ('FiT') deadline. Nevertheless, if there is a material delay in construction or the delivery of the turbine (which is being shipped from the Czech Republic and due to be delivered in April 2022), resulting in commissioning of the Project occurring after 30 September 2022, the Project will not qualify for the FIT which constitutes rather more than half of its projected income.
- Planning permission, a CAR licence, FIT pre-accreditation and a grid connection consent have been received and applications made to transfer them to LEG Power where required. The transfer of the grid connection consent is not yet complete.
- Restrictions on working in the river may drive the timing of construction, split between this year and next depending on progress during the Autumn. It is anticipated that any programme changes for this reason could delay construction by about a month.
- There are ground condition risks that have largely been identified by undertaking a peat survey. In the construction contract, TSL have accepted ground condition risk along the penstock route while LEG Power will take the risk at the powerhouse and intake. The survey has indicated solid earth with no rock at the powerhouse. There is rock in the area of the intake which may need to be removed. TSL have provided a £25,000 provisional sum to remove any rock which will only be charged if the ground conditions cause any variation to the planned works.
- Unfavourable weather conditions may have an impact on the construction programme. Construction works are expected to start from 30 August 2021. This should allow installation of the pipe before the work is potentially hampered by very wet or wintry weather. The price of materials has risen significantly in recent months and it is possible could increase further. However negotiations on the contract have sought to minimise this risk.
- Adverse conditions could arise because of Covid19, which could lead to delays.
- The local area has suffered landslips. An insurance policy is in place to seek to cover this eventuality during construction but such an event could lead to delays in construction, increased cost and loss of income.
- Equipment purchased by LEG Power should be supported by the usual guarantees and warranties from companies believed by LEG Power to be financially strong, but equipment suppliers, contractors or other contracting parties with LEG Power could fail to meet their obligations.
- The Financial Projections, derived from expert advice and experience gained from other Energy4All projects, may turn out not to be accurate.
- The Financial Projections are based on the assumption that the water flow will be sufficient to produce approximately 1,619,000kWh of electricity annually. This number is based on higher abstraction of water which has been applied for and approved but not yet finally certified. There is a risk that this amount of electricity will not be generated either due to a reduced level of water flow or due to the performance of the Hydro Turbines falling below the manufacturer's projections or because maintenance requirements are greater than anticipated.
- The turbine is priced in euros so there is risk the exchange rate could be different from that assumed in the Financial Projections.
- The Financial Projections assume a rate of 3% interest for the proposed loan in 2022, but it is possible that conditions then could require a higher rate.



Persons Responsible & Directors' Declaration

The Team behind the Lochaber Hydro Project...

The Society's Directors are:



Craig Burton (Chair) BSc, MSc, CBiol, MRSB, MemMBA

Craig is a professional marine biologist. His principal field of interest is sustainable aquaculture and fisheries. Early career experience in finance in a manufacturing industry was valuable when assisting companies with their future development plans or managing research projects. He has advised Governments and the EU on various topics and served as a Director on the Board of the Scottish Aquaculture Research Forum.

Recognising the importance of maximising energy efficiency when planning any project and the potential that renewable technologies can offer led to Craig to explore the practicalities by making improvements to his home by fitting photovoltaic and solar thermal systems. In addition, living on the west coast of Scotland, he is very aware of the many hydro-electric generation schemes of varying ages and sizes around the country and the benefits that the newer, smaller scale developments can bring to their local communities. This prompted his involvement in LEG Power when the opportunity arose.

Marian Austin

After graduating from Edinburgh University with an Honours degree in History, Marian spent most of her working life in the ski industry – instructing in various locations around the world and then settling at Nevis Range Mountain Experience during its construction in 1989 and working up to becoming its Managing Director in 2000. As well as the multiple challenges of running a weather controlled visitor attraction and snow ski area, she drove forward an environmental agenda including gaining a Green Tourism Gold Award, implementing a carbon reduction plan, reducing waste and installing a wood chip boiler. She left Nevis Range in 2015 to set up a very small horticultural business with her husband on a newly acquired croft in Banavie producing vegetables, soft fruit, cakes and jam. She project managed the construction of a 1.1MW hydro scheme and after several years on the LEG board as secretary became chair in 2017.



Susan Carstairs BSc, MSc, MRes

Susan worked in the first phase of her life with refugees from Chile before returning to Scotland to live in Lochaber. After a few years at Arisaig Hotel she worked as the project manager at Lochaber Environmental Group from 1999 to 2005 and then at the Scottish Environment Protection Agency (SEPA) working on waste strategy until 2011 when she went to Edinburgh University to study an MSc in Environmental Sustainability. In her own words: "Environmental issues are urgent and we in Lochaber are fortunate in having many ways in which we can bring our resource use closer to one planet living". Susan is also a Director of Lochaber Environmental Group.

Christine Rolin BSc, MRes

Christine lives in Glenachulish and is a marine biologist working on sustainable aquaculture. She has spent several years developing seaweed cultivation in Shetland and on the West Coast of Scotland. She previously worked for Lochaber Environmental Group from 2017 as an Environmental Development Officer to develop and deliver activities within Lochaber to help people and businesses become more energy efficient, reduce waste and use sustainable transport. Christine has a passion for sustainable development, social entrepreneurship and community engagement. Christine is originally from Denmark and has lived in Scotland for over 10 years, settling on the West Coast as she is a keen hillwalker, climber, kayaker and cyclist.

Christine is also a Director of Lochaber Environmental Group.





Jim Lee

Jim has been active in the Co-operative Movement for a number of years. Jim is Energy4All's Development Manager in Scotland and his role is to develop opportunities for Energy4All in Scotland, helping them to extend the scope of community-owned renewable energy. Jim is currently on the boards of Edinburgh Community Solar Co-operative and several other community energy co-ops. He previously worked for the Scottish Fair Trade Forum and is currently the Chair of the Lanarkshire Credit Union.



Jamie MacManaway

Jamie has worked in adventure tourism and outdoor education for the best part of fifteen years.

Working in fragile mountain environments including the Alps and Canadian Rockies gave him first-hand experience of the impacts of climate change and ignited a passion for sustainability and environmental protection. Jamie is now based in Fort William where he continues to work as a freelance outdoors instructor, whilst studying for an honours degree in Geography at the University of the Highlands and Islands.



Hugh Wallace

Hugh has a background in Investment Management having worked for Brewin Dolphin & Co following graduation from Durham University in 1994. A keenness to set up his own business in the fledgling market for renewable energy led to the formation of Glendevon Energy in 2005. Initially the business focused on supplying the built environment with solar panels, then heat pumps and biomass boilers. The business has installed a number of high-profile projects and services have evolved into offering first class maintenance services to keep systems in excellent working order.

Glendevon Energy has also engaged in hydro development work through taking the Rumbling Bridge Hydro (500kW Run of River) and Loch a Bhraoin (2MW with storage) from initial concept through to operation with an interest in both. Rumbling Bridge established a need for automated weir cleaning systems which Glendevon now offers to the sector in conjunction with Canadian partners.

Information on LEG Power & the Site

LEG Power Community Hydro Scheme

The purpose of LEG Power is to develop, construct and operate a community owned 547kW Hydro Turbine at the Site near Glenachulish in Lochaber, to generate renewable electricity, reduce carbon emissions and to make a financial surplus to support the environmental work of LEG in Lochaber.

Background to the Hydro Project

The initial commercial developer of the Project, GHR, undertook a feasibility study, following which planning permission, an abstraction licence from SEPA, Feed-in Tariff pre accreditation and the grid connection were successfully obtained. LEG, an environmental charity working in the area of the Project, then purchased the rights to the Project so it could be developed and operated as a community scheme. LEG received CARES funding from Local Energy Scotland to undertake due diligence on the Project, acquire the rights in the Project and pay the deposit for the grid connection. LEG negotiated a Community Asset Transfer lease of the Site with FLS and pre accreditation for the Feed-in Tariff was transferred to LEG. However, a community benefit society is required as the appropriate entity to raise the funds needed and to construct and operate the Project, hence LEG Power was promoted to undertake the Project. LEG Power now holds the CAR licence and Feed-in Tariff Pre Accreditation. The Grid Connection Agreement is owned by LEG Power's wholly owned subsidiary company GAC and is in the process of being transferred to LEG Power. LEG has been granted a 40 year lease of the Site and has granted LEG Power a 40 year sub-lease of the Site on the same terms.

LEG has agreed to pay an inflation linked contribution as community benefit to Ballachulish Community Company, a community organisation local to the scheme, subject to available resources. The amount has been calculated as suggested by the Scottish Government at £5,000 per MW installed capacity, in this case £2,500 for 0.5MW.

The work of Lochaber Environmental Group

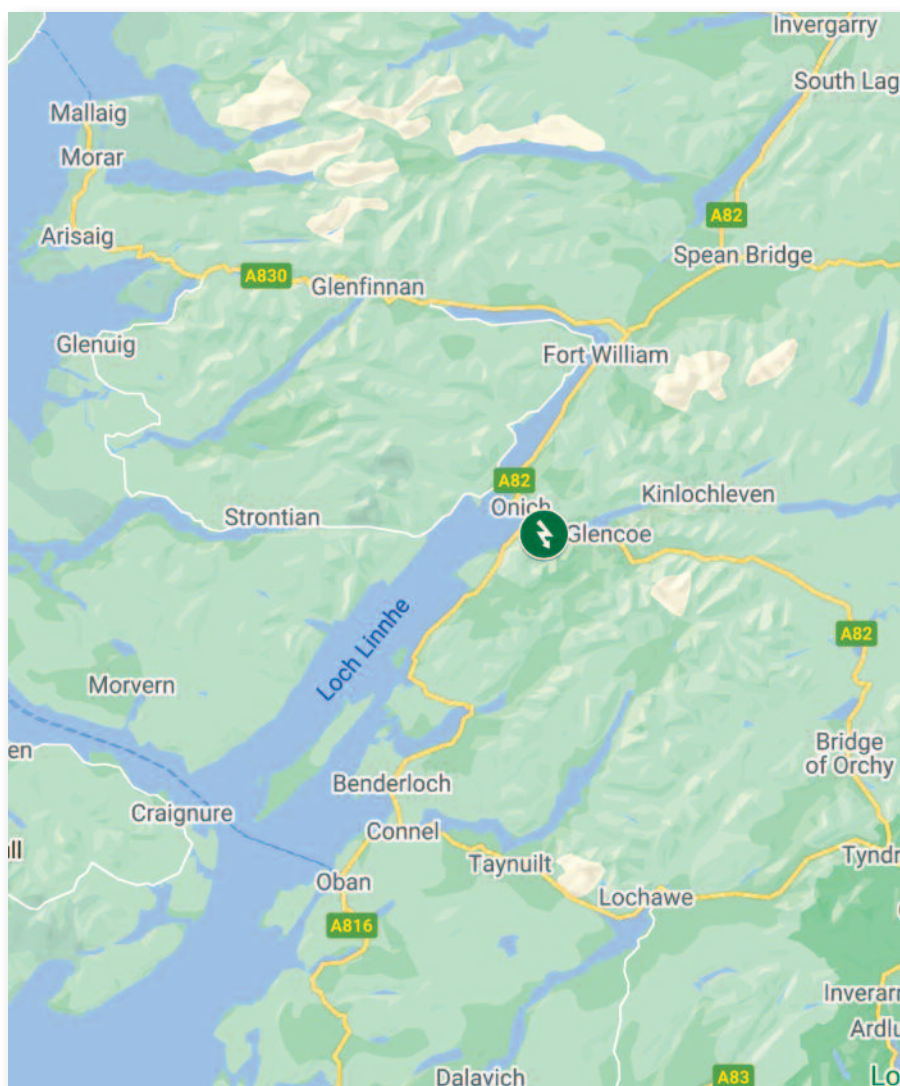


The Hydro Project would not have happened without the very considerable work and determination of LEG, which has undertaken a substantial amount of development work in bringing the Project to a state where it was suitable for funding by the community.

LEG is a longstanding environmental charity established in 1999 and working throughout Lochaber with an office base in Fort William. LEG seeks in particular to reduce carbon emissions and foster a sustainable future for the environment and communities of Lochaber; focusing on energy efficiency, renewable energy, active travel, local food production and waste reduction. In addition to its development and promotion of the Hydro Project, LEG's current programme of work includes projects called Low Carbon Lochaber, Food Lochaber, the Fort William Bike Kitchen and The Fort William E-Bike Scheme. All of these projects rely on funding currently secured until 2022, if the Hydro Project performs as anticipated it will

provide a stable long-term source of income for LEG to support and develop its work.

To give legal force to its commitment to support the work of LEG, LEG Power has entered into a Deed of Covenant undertaking to pay its surplus (after payment of interest, the planned redemption of Shares and the making of prudent reserves for its business) to LEG. LEG Power has also agreed that it will not carry out any additional energy generation projects, without the consent of LEG.



The Hydro Project

The Hydro Project will be located on the Abhainn Ghreadain burn in Glenachulish using water from a fast flowing, mainly rocky bottom stretch of the burn. A study by technical experts, Green Cat Renewables, established that this 'run of the river' Hydro would be feasible. The Hydro Project will involve the creation of a new intake structure and the installation of a pipeline to transport the water to a newly built powerhouse.

Planning permission was granted by Highland Council in November 2016, a water abstraction licence was granted by SEPA, and SHEPD has entered into a grid connection agreement to enable the generated electricity to be sold to the electricity supply market. The scheme was registered with OFGEM in March 2019, ensuring its eligibility for the Feed-in Tariff.

As a Scottish Charity LEG is not constituted to operate a Hydro scheme or to raise the capital required. It was decided that the most appropriate legal structure for the Project was a community benefit society which is why LEG Power has been promoted to deliver the Project.

Grid connection

The Site is in the area of operation of SHEPD which has entered into a Grid Connection Agreement with GAC, which is a wholly owned subsidiary company of LEG Power and is in the process of transferring the Agreement to LEG Power. A deposit and subsequent stage payment have been paid to secure the grid connection, funded by a loan from CARES. SHEPD has programmed their work to connect the Site to the electricity grid in time for the delivery of the Hydro Turbine to Site.

Hydro Turbine

CINK Hydro-Energy k.s. is a manufacturer of micro, mini and small hydro power plants and specialises in the installation of run-of-the-river schemes. The company holds ISO 9001:2015 and ISO 14001:2015 certificates.

The model ordered is a 547kW crossflow turbine which has been designed to operate in the conditions found on the Site. LEG Power will benefit from the usual manufacturer's warranty and an operation and maintenance agreement. As the Hydro Turbines age, mechanical parts may need replacing, but modern Hydro Turbines are normally extremely reliable. After commissioning of the Hydro Plant, CINK will provide ongoing annual maintenance and attend breakdowns.



Project Parameters

Gross head	Hb	= 102.50	m
Pipe length	L	= 1,266.00	m
Pipe diameter	DN	= 700	mm
Hydraulic losses	Σt	= 6.10	m
Net head	Hnet	= 96.40	m
Flow rates: Maximum flow rate at Hnet	Qmax	= 710	l/s
Minimum flow rate at Hnet	Qmin	= 71	l/s
Minimum operation flow	Q	= 43	l/s

Civil Construction Works

The works comprise:

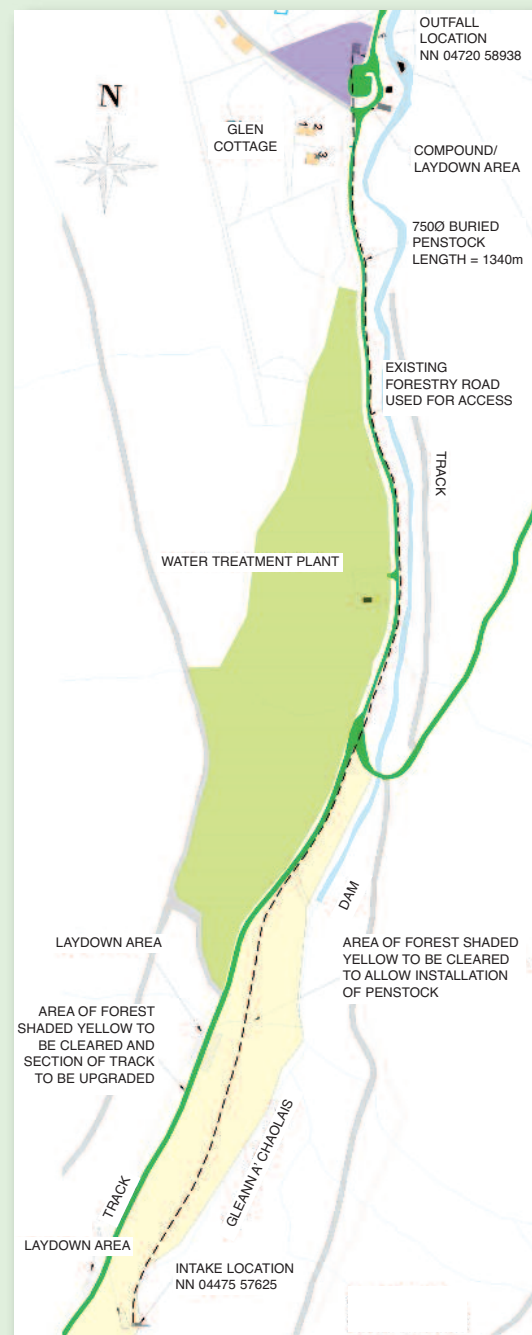
- Construction of an access track to the intake from the existing forest track
- Installation of the intake constructed from pre-fabricated concrete sections
- Excavation and installation of the penstock from intake to powerhouse location
- Construction of the powerhouse and outfall to river
- Re-instatement of the site

Green Cat Renewables who were responsible for the design of the scheme have been contracted to project manage construction.

Energy Yield

Flow monitoring was undertaken in the river for the Forestry Commission covering the period April 2008 to April 2010. The monitoring included the installation of a river gauging station collecting water level data at 15 minute intervals with regular visits to download the data and undertake manual flow measurements. The analysis included the development of a rating equation to convert the stage data to flow data and then the derivation of a long term flow duration curve and average mean flow for the river using long term analogue stations operated by SEPA.

The derived long term flow duration curve provides the distribution of water resource available for generation. The average mean flow is used to define the maximum allowed abstraction. A maximum power output is estimated based on maximum abstraction, net head at maximum abstraction and turbine and generator efficiencies. The estimate of output was then increased to take account of the increased abstraction from the river (1.5 times average mean flow), which has been approved by SEPA but not yet certified, giving an estimated energy yield of 1,619 MWh in a year of average rainfall.



Operating & Financial Review

Commencement of Operations

LEG Power will commence trading when the Hydro Turbine begins generation, anticipated to be in early summer 2022.

Operational Cash flow

Apart from the capital requirements of the Project and obligations to third party suppliers, LEG Power has a limited requirement for working capital in the conventional sense, as it has no employees and few fixed costs.

Normal monthly cash expenditure is projected to be small and to be amply covered by the sale of electricity and the Feed-in Tariff payments. The Financial Projections anticipate that LEG Power will be cash positive each year from the commencement of operations.

Capital Costs

Grid & Electrical	£126,036
Turbine & Civils works	£1,381,514
Development Fees	£155,000
Share offer costs	£25,000
Project Management	£169,439
Other including contingency	£273,012
Total	£2,130,000

The capital costs include an element for contingency. LEG Power proposes to raise up to £1,880,000 from this Share Offer, leaving a balance to be financed by local membership, a loan note or loans from other Energy4All Co-operatives in 2022. The amount to be financed by borrowing will be determined once the contract approaches conclusion and the final amount becomes clear.

Income

LEG Power's income will come from the sale of electricity and the Feed-in Tariff. The Hydro Turbine is expected to be fully operational by May 2022.

Expenses

Energy4All will charge a fee to LEG Power for the cost of administering and managing the Society along with providing secretarial services. It will be paid 10% of annual turnover each year which is expected to be approximately £22,000 in the first year of operation. Operating costs will mainly consist of the operation and maintenance contract costs, parts and repairs, insurance, rent, SEPA fees, monitoring and depreciation, which will be the single largest expense.

Development Costs

Energy4All will be paid a fee of £75,000 for its work bringing the Project to this point and in co-ordinating the Offer and construction arrangements on behalf of LEG Power, but only after the monies required for installing the Hydro Turbine at the Site have been raised.

All profits made by Energy4All are used in the furtherance of Energy4All's mission to increase community ownership of renewable energy.

LEG will be paid £60,000 as reimbursement of costs to date and for its work in developing the Project.

Taxation of LEG Power

LEG Power does not anticipate having any liability for corporation tax for at least the first 16 years of trading as, under current rules, it should receive capital allowances on its capital expenditure for the Hydro Plant, which it will set off against profits chargeable to corporation tax. LEG Power is registered for VAT.

Borrowing

The early stages of the Project have been supported by a CARES loan and by a loan from Energy Prospects, a co-operative which is a member of Energy4All and whose mission is to support the development of renewable energy projects for ownership by the community. The repayment of both loans from Share Offer proceeds is included in the Project's financial modelling. LEG Power proposes to borrow in the closing stages of construction, through a (shorter term) loan note or by borrowing from other Energy4All Co-operatives, to finance the balance of the construction costs. The amount will be determined as final costs become clear. Presently a figure of £250,000 is used in the Projections.

The Community Benefit Fund

LEG Power intends to support the local community and LEG intends to pay £2,500 annually, inflation linked, to Ballachulish Community Company subject to sufficient resources. In addition surplus profits will be available for environmental projects through LEG.



Financial Projections

The following is a summary of the Financial Projections, which have been approved by the Board.

Year	1	2	3	4	5	6-10	11-15	16-20	Total
Profit after tax & Share interest	£10,703	£8,168	£10,070	£16,503	£22,483	£171,811	£374,877	£445,845	£1,060,459
Closing Cash balance	£42,940	£41,182	£31,406	£24,000	£23,680	£113,371	£104,355	£102,764	£26,399

Finance Example – Returns on £1,000 Investment - Summary

	Total Return	1	2	3	4	5	6-10	11-15	16-20
Annual share Interest %		4.0%	4.0%	4.0%	4.0%	4.0%	4.5%	4.5%	5.0%
Share Interest £	£577	£40	£40	£40	£40	£39	£192	£130	£55
Capital Returned	£1,000	£0	£0	£0	£18	£41	£235	£339	£367
Total paid	£1,577	£40	£40	£40	£58	£80	£427	£469	£422

Year 1 commences 1 Jun 2022 and ends 31 May 2023.

Assumptions

The Financial Projections are based on the following principal assumptions, the majority of which are ultimately beyond the control of LEG Power:

- LEG Power raises £2,130,000 in Share Capital and loan finance;
- The Project will be completed in accordance with the timetable;
- Capital costs incurred for the Project will be in accordance with the Financial Projection assumptions;
- Electricity output will be in accordance with the estimates used, which are believed to be prudent based on the increased abstraction applied for and approved but not yet certified;
- Electricity prices have been estimated on what is believed to be a prudent basis;
- The Project will qualify for the Feed-in Tariff rate of 6.81p per kWh (2021 Feed-in Tariff rate plus 2% inflation);
- Current expectations relating to the global energy market, the UK electricity industry, UK government policy and the desirability for and the promotion of electricity from renewable sources will remain reasonably consistent and reasonably favourable to LEG Power over the next 20 years;
- Inflation is 2% during the life of the Project and inflation at this level applies consistently to wholesale electricity prices, the Feed-in Tariff and the expenses of LEG Power;
- Interest is paid to Members at the rate of 4% for the first 5 years after commissioning, then at 4.5% for the next 10 years and then at 5% for the remainder of the Project. Any additional expenses incurred may reduce the rate of return on the Shares
- Community benefit is paid at a rate of £18,000 starting from year 4 and increasing with inflation each year. Smaller amounts are paid in the first 3 years.
- Borrowing of £250,000 at 3% is paid off over the first four years of operation

- Expenses are projected at a similar level to those on other hydro projects and other Energy4All community energy projects unless there is detailed information available to LEG Power which provides a better estimate of projected expenses; and
- While no binding commitments have been entered into, the Financial Projections assume return of Share Capital commences at the end of year 4 and continues annually thereafter to year 20.

Any of the assumptions not being realised is likely to result in adjustments to the Financial Projections. Financial Projections and assumptions such as those set out above are inherently less reliable over longer time spans.

Accounts

The Society's financial year end is presently 31 March but an application has been made to change the year end to 31 May. As it has not yet traded, the accounts to date reflect a dormant company. The accounts are available to view at www.legpower.coop

Legal Proceedings

There have been no governmental, legal or arbitration proceedings relating to LEG Power and none are pending or threatened.

Expenses of the Share Offer

The costs of the Share Offer are budgeted at not more than £25,000 to cover the cost of design, advertising and promotion of the Share Offer and legal and accountancy charges. In addition Energy4All is receiving the development fee described under Material Contracts.

Statement of Directors' responsibility

LEG Power and each of its Directors are responsible for the information in this Offer Document and 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 their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Accountant's Letter

The Directors, LEG Power Lochaber Ltd

20 August 2021

Dear Board of Directors

We report on the financial projections comprising the projected income & expenditure account of LEG Power Lochaber Ltd for the twenty years ending 31 May 2042 (the "Financial Projections"). The Financial Projections, and the material assumptions upon which they are based, are set out on Page 15 & 16 of the section headed "Operating and Financial Review" (the "Document") issued by the Company as a section of the Share Offer dated 26 August 2021.

Responsibilities

It is the responsibility of the Directors of the Company to prepare the Financial Projections. It is our responsibility to form an opinion as to the proper compilation of the Financial Projections and to report that opinion to you. This report is made solely to the Company's Board of Directors, as a body, in accordance with our terms of reference. Our work has been undertaken so that we might state to the company's Board of Directors those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's Board of Directors, as a body, for our work, for this report, or for the opinions we have formed.

Basis of Preparation of the Financial Projections

The Financial Projections have been prepared on the basis stated on Page 16 of the Document.

The Financial Projections are required to be presented on a basis consistent with the accounting policies of the Company.

Basis of Opinion

Our work included evaluating the basis upon which the Financial Projections have been prepared and considering whether the Financial Projections have been properly computed based upon the disclosed assumptions and the accounting policies of the Company. Whilst the assumptions and the accounting policies upon which the Financial Projections are based are solely the responsibility of the Directors, we considered whether anything came to our attention to indicate that any of the assumptions adopted by the Directors, which in our opinion are necessary for a proper understanding of the Financial Projections, have not been disclosed, or if any material assumption made by the Directors appears to us to be unrealistic.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Financial Projections have been properly compiled on the basis stated.

Since the Financial Projections and the assumptions on which they are based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the Financial Projections and differences may be material.

Opinion

In our opinion, the Financial Projections have been properly compiled on the basis of the assumptions made by the Directors and the basis of accounting used is consistent with the accounting policies of the Company.

Declaration

We have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Yours faithfully

Melville & Co Chartered Accountants, 17-18 Trinity Enterprise Centre, Ironworks Road, BARROW-IN-FURNESS, LA14 2PN

Administration & Management

Management Structure

LEG Power will have no employees and the business is not dependent on key individuals. Administration and accounting will be undertaken or managed by Energy4All under the supervision of the Board. The Board will manage day to day operations and bear ultimate responsibility to the Members, acting on reports and advice from Energy4All.

Energy4All

Energy4All (www.energy4all.co.uk) is a non-profit distributing co-operative social enterprise owned by the community energy organisations that it supports. It works to deliver community owned renewable energy. It employs an expert staff of twenty-three (not all of whom are full time). Energy4All is highly experienced in the management of renewable energy co-operatives and community benefit societies and provides similar services to 30 other such co-operatives. Energy4All has been very supportive of the Society and its development to date. Any surplus made by Energy4All on its charges will support its work in developing and supporting further community renewable energy projects, in the same way that fees paid by existing Energy4All members have enabled Energy4All to support LEG Power during its development phase.

Company Secretary: Annette Heslop MBE

Annette is the Finance and Administration Director of Energy4All and has been working in the renewables industry for more than 20 years. She is an experienced Secretary of co-operatives and community benefit societies and is responsible for the professional management and administration of all the Energy4All members. As Finance Director of Energy4All she leads on financial control, modelling, costing, projections, banking and treasury matters.

Investment in LEG Power by those connected with the Share Offer

Directors, staff and consultants of LEG Power, LEG and Energy4All and their immediate families intend to invest not less than £140,250 in Shares in LEG Power on the same terms as the public.

Directors' Disclosure statement

Neither Energy4All and its officers nor the officers of LEG Power 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 insolvent liquidations or received any public reprimand or sanction by a statutory or regulatory authority or designated professional body or been disqualified from any function by any court.

Payment to the Directors and their term of office

The Directors of LEG Power are unpaid for their work as Directors. They are acting as Directors because they are committed to the success of LEG Power's business, the ethos it represents, the ability of a community to make a difference by their own actions and the environmental and community returns the business delivers. Directors invest in the Society on the same terms as all other Members. Directors do not have service contracts and serve in accordance with the Rules as described. Some of the Directors may be remunerated for routine maintenance work they carry out for the Society.

Conflicts of Interests and Related Party Transactions

Jim Lee is employed by and remunerated by Energy4All, which is providing development and management services to LEG Power. Directors in the employment of Energy4All shall not participate, be counted in the quorum or vote on any consideration of the terms of any agreement between LEG Power and Energy4All or on the quality of their performance or in relation to any actual or potential dispute between LEG Power and Energy4All.

Directors who are directors of LEG shall not participate, be counted in the quorum or vote on any consideration of the terms of any agreement between LEG Power and LEG or in relation to any actual or potential dispute between LEG Power and LEG.

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

Adoption of co-operative values and principles

As a community benefit society, LEG Power will, whilst trading as a commercial organisation with a view to profit, strive to promote and comply with International Co-operative Values and Principles: self-help and self-responsibility; democracy and equality; honesty and openness; social responsibility; autonomy and independence; member economic participation; opportunities for education; concern for community and the environment; and co-operation amongst co-operatives.

Major Shareholders

LEG Power will not have "major shareholders" since each Member has one vote regardless of the size of their shareholding. However, LEG has special rights through its Community Anchor Share, which entitles LEG to nominate two Board directors and to have votes equivalent to 26% of the total on any motion which could alter the objects of the Society, or change the restrictions on interest payable or the application of surpluses made by the Society.

Information about the Shares

Payment of interest to Members on their investment

Members of LEG Power are projected to receive a reasonable rate of return at a level intended to be sufficient to obtain and retain enough capital for LEG Power's business requirements. LEG Power plans to pay a rate of interest on Shares annually in arrears which is expected to be 4% for the first 5 years following the commissioning of the Hydro Project, then 4.5% for the next 10 years, and 5% for the remainder of the twenty-year Feed-in Tariff term.

LEG Power anticipates paying interest on its Shares in May each year with the first payment of interest projected to be made in May 2023 in respect of LEG Power's financial year to 31 May 2023.

Taxation

Members should inform themselves, including through independent advice, of the actual and full incidence of tax in relation to interest payments. Under current legislation Share interest payable to Members is paid gross, without deduction of tax. Members may need to declare the interest they receive. The first £1,000 in aggregate of interest from all sources received by Members who pay basic rate income tax is currently tax free. Members who pay income tax at 40% currently receive a tax-free allowance of £500.

Repaying the money you invest – withdrawal of Shares

Members do not have the right to withdraw Shares but the Board has the power to permit Shares to be withdrawn. If there is sufficient cash accumulated in LEG Power for the purposes of the business, it is currently intended that after 3 years of operation a programme of repaying Member's Share Capital annually will begin. Members who wish to redeem their Shares may be given priority and any further Shares redeemed will be redeemed in proportion to Members' shareholdings. All redemptions would be at the par value of £1. The Society will fund the repayment of Shares principally from cash accumulating, but may decide to offer new Shares also.

The intention is to redeem all Shares within 20 years after the commissioning of the Hydro Project.

Any such redemption is dependent on the performance of the business. An effect of redeeming Shares is to reduce the amount paid out in interest and thereby potentially to increase the surplus available to be paid to LEG to fund its environmental work in Lochaber.

Shares for children and gifting your Shares in your will

Parents and grandparents can buy Shares in LEG Power now for their children and grandchildren or can apply on their own behalf now with a view to gifting their Shares to their children and grandchildren. Shares purchased on behalf of a child nominee will be held in the name of the Applicant until the child reaches the age of 16, at this point the shares will be

redeemed and reissued. Share Interest in respect of the Shares will be paid direct to the child. Shares can be inherited in accordance with any instructions you set out in your will.

The Society understands that under current legislation, Shares in the Society are likely to be treated as exempt from Inheritance Tax. Members should seek advice on this point for certainty on their personal position.

Transfer of Shares

Shares are not transferable and on the death of a Member the Society will pay the par value of the Shares to the Member's executors or personal representatives.

Offer Shares, Minimum Subscription, Working Capital and Use of Proceeds

Shares are offered for subscription at £1 each on the terms of this Offer Document. Shares are payable in full on acceptance of an Application Form pursuant to the Terms and Conditions. The net proceeds from the Offer will be applied to meet the capital costs of the Hydro Project and to provide working capital. Further Shares in addition to the Maximum Capital Sum may be offered to local people after this Offer closes, at the Board's discretion. Subscriptions from local people under this arrangement are intended to reduce the amount of loan finance required in 2022.

If the Maximum Capital Sum is not raised under the Share Offer then LEG Power will consider the appropriate steps to take including extending the Offer or seeking to borrow the shortfall. The Minimum Subscription is the amount necessary for the capital costs of the Project to be met together with any borrowing. If that Minimum Subscription is not achieved then subscription monies will be returned in full and Energy4All will cover the Offer Costs.

On receipt of the Minimum Subscription of £1,187,000 LEG Power confirms that it will have sufficient working capital for at least 12 months following the date of this Offer Document based on the capital costs used in the Projections.

Successful Applicants for Shares will receive a confirmation of Shares allotted and their details and holdings will be recorded in a share register to be kept by Energy4All on behalf of the Society at Unit 26, Trinity Enterprise Centre, Furness Business Park, Barrow-in-Furness, Cumbria LA14 2PN or any successor business address. Each person or organisation issued with Shares becomes a Member of LEG Power with membership rights defined in the Rules. The principal membership rights are:

- one vote per holding on resolutions of the Members, including on the appointment of Directors;
- the right to Share interest on the Shares currently held in the Society;
- the return of the original investment during the life of the Project, subject to available surplus assets, as determined by the Directors; and
- eligibility for election to the Board.

Project Documentation

The Society

LEG Power is a community benefit society incorporated by the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 in March 2019, originally under the name Yorkshire Community Energy Society Limited, with registered number 8053. The Society changed its name to LEG Power Lochaber Limited, changed its registered office to An Drochaid, Claggan, Fort William, PH33 6PH and adopted its present rules on 9 June 2021.

Material Contracts

A summary of the material agreements entered into by LEG Power in relation to the Project is set out below.

Leases

LEG Power has entered into a binding commitment for a sublease of the Site from LEG which has entered into a headlease with FLS. All terms in the headlease are mirrored in the sub-lease to LEG Power including the rent. The Lease and Sub-Lease, starting from August 2021, allows LEG Power to install the Hydro Project within the leased land and operate the scheme for a period of 40 years. Rent payable to FLS for the lease is charged at 3% of turnover, increasing to 5% after 15 years.

Hydro Plant Contract

LEG Power has a contract with CINK Hydro-Energy k.s. for the design, supply, manufacture, installation, testing and commissioning of one 547kW hydro turbine and associated equipment. The contract has been signed and the deposit paid.

Construction Contract

The principal contractor will undertake the civil works and be responsible for health and safety on site. The contract has been awarded to TSL Contractors, a company based on the Isle of Mull and experienced in constructing hydro schemes. The contract is in the NEC3 standard form and was signed on 24 August 2021 with a start date on site commencing 30 August 2021. TSL Contractors will be building new access roads, constructing the intake, installing the penstock and building the powerhouse, ready for the turbine to be delivered in April 2022. The contract completion date is 1 September 2022 however the turbine is programmed to be commissioned in late Spring to early Summer 2022.

Project Management Contract

Green Cat Renewables has been providing development services to LEG since it started work on the Project, and to LEG Power since it became the organisation to deliver the Project. The contract has been extended to provide project management services during the construction stages.

Grid Connection Contract

GAC, a company wholly owned by LEG Power, has a contract with SHEPD for the provision of a connection to the electricity distribution network. A deposit and second stage payment have been made to secure the works. Final payment is due once the installed turbine has been successfully connected to the grid. This contract is being transferred to LEG Power.

Feed-in tariff

LEG has transferred the FIT pre-accreditation to LEG Power.

CARES Loan

CARES provided funding for LEG to pay grid connection instalments and other early development work. LEG Power has undertaken to repay the loan when this Share Offer has raised sufficient monies to continue the Project.

Energy Prospects Loan

Energy Prospects has provided LEG Power with the development funds of up to £300,000 to purchase the rights in the Project from GHR and to pay for the cost of VAT, lawyers, lease deposits and insurance, the turbine deposit, further designs, tree felling and other miscellaneous expenses. Once sufficient funds from this Share Offer have been raised, Energy Prospects will be repaid the sums borrowed plus a fee of up to £30,000.

Energy4All – Development Services Agreement

Under a development services agreement, Energy4All will be paid a fee of £75,000 for its work on this Project in undertaking due diligence and in assisting LEG Power with this Share Offer, raising loan finance and supporting the Board of LEG Power during the project development, fundraising and construction process.

Energy4All – Services Agreement

Under the services agreement between LEG Power and Energy4All, Energy4All will be paid a fee of 10% of annual turnover each year for its management, administration and secretarial services. The contract is for 10 years from the date of the end of the first year of generation.

Deed of Covenant

Under the Deed of Covenant between LEG Power and LEG surplus profits are to be paid to LEG. Surplus profits are defined as profits remaining once account has been taken of business requirements, tax, creation of reserves and the payment of interest and return of capital (either loan finance or share capital) in accordance with the Financial Projections used as the basis for this Share Offer. The surplus will not be shared with LEG to any material degree until Members have been paid in full the targeted rate of interest and the targeted redemption of their Shares.



The Rules

LEG Power is a community benefit society owned by its Members and run for the benefit of the community. As a community benefit society, LEG Power is governed by Rules, which are approved by and registered with the FCA. A copy of the Rules is available on the LEG Power web site at www.legpower.coop. Under the Rules, Members can elect up to four Directors. Members are protected by limited liability and are only obliged to contribute the initial cost of their Shares.

Attention is drawn to the following Rules in particular:

Rule 2 sets out LEG Power's objects and **Rule 3** its principal activities which are, in summary: to carry on business for the benefit of the community through benefiting the environment by developing and operating renewable energy projects primarily within Lochaber and paying Surplus Profits to Lochaber Environmental Group to support its work on promoting sustainable development within Lochaber.

Rule 10 states that there are two classes of shares: Contributor Shares and The Community Anchor Share. Contributor Shares are the shares being offered under this Offer and are withdrawable, not transferable, carry a right to interest, allow the holder to vote and stand for election to the Board and entitle the holder to no more than £1 per Share if the Society is wound up. The Community Anchor Share entitles the holder (currently LEG, which is intended to be the permanent holder of this share) the right to nominate up to 2 directors and to prevent changes to the Rules that result in a change to the Society's objects, the rate of interest paid on Shares, the application of the Surplus Profits or the rights of the Community Anchor Share. No interest is paid on the Community Anchor Share.

Rules 59-68 provide that an AGM shall be held each year and not more than 15 months shall elapse between one AGM and the next. Other general meetings may be requested by 10% of Members. 14 clear days' notice must be given of the date, time, and place of the meeting and the general nature of the business to be transacted.

Rule 84 provides that each Member shall have one vote per holding, regardless of the number of Shares held by them, on resolutions of the Members, except for the special voting rights of the Community Anchor Share described above.

Rules 177-8 provides for amendment to the Rules by a 75% majority vote of Members voting, provided the amendment is registered by the Financial Conduct Authority and subject to the rights of the Community Anchor Share described above.

Rule 101 provides that there shall be a maximum of eight Directors of which up to 4 shall be Members appointed by the Members (with up to two Directors being appointed by the holder of the Community Anchor Share and up to two being co-opted). One third of the directors appointed by Members shall retire by rotation each year commencing with the third AGM after the adoption of the Rules.

Rules 36-44 relate to the non-transferability and withdrawal of Shares, as described above.



Terms & Conditions of the Offer

Eligibility

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

Amount to invest; and Minimum and maximum holdings

The price of each Share is £1. You should decide how many Shares you want to buy and put that number in the box on the Application Form. The minimum number of Shares which can be applied for is 100 and the maximum is 50,000.

Application procedure

- Read this Offer Document
- Pay special attention to the Risk Factors set out on page 8 and 9 of the Offer Document
- Pay attention to the environmental and community benefits that the Society seeks to deliver
- Consider whether you need to take financial or tax advice or other advice in relation to the Terms and Conditions of this Share Offer
- Read the Rules of LEG Power set out at www.legpower.coop since if you receive Shares you become a Member of the Society and agree to be bound by its Rules
- Shares must be applied for using the Application Form at the back of this Offer Document
- Make your bank transfer or attach your cheque as described below under "Payment"
- Complete or submit the online form or post the completed form to LEG Power; Energy4All will handle the application process on behalf of LEG Power

By delivering an Application Form you offer 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 by the Society. Once an application has been made it cannot be withdrawn. If you are signing on behalf of an organisation or on behalf of another adult individual, you are personally representing that you have been expressly authorised to do so.

Payment

You can pay directly through the banking system, BACS, into LEG Power's bank account. Please quote your surname and date of birth as reference and pay to account number 21705348, sort code 16-58-10. Alternatively, please attach a cheque 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.

Use of email and payment to you by BACS

As a Member you will receive various communications from us which you agree may be by email, to minimise the cost and environmental impact of writing to you. Please tell us your email address and advise us if you change it. Interest and the proceeds of redeeming your Shares will be paid to you by electronic transfer by BACS so please inform us if the details of your bank account change.

Procedures by LEG Power on receipt of Applications

- Offer cheques/bankers' drafts may be presented following 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 by bank transfer through BACS to your account or if you prefer by crossed cheque, payable to the Applicant, to the postal address on the Application Form no later than one month after the end of the Offer Period (as may be 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 Society reserves the right not to enter into correspondence with Applicants pending the issue of Shares or the return of Application Monies.
- The results of the Offer will be published on the website www.legpower.coop and by press release within one month after the Offer has been closed.

Extension or reduction of Offer Period and number of Shares offered under this Share Offer; re-opening the Share Offer

The closing date for the offer is 30 September 2021 but it may be closed early if it becomes fully subscribed or the Directors decide sufficient capital has been raised under the Offer. The Directors reserve the right to extend the Offer Period at their discretion. The Directors may increase the Maximum Capital the Society is seeking to raise if the costs of the Project increase beyond the budgeted amount or are likely to do so; and it may re-open the Share Offer, if it has closed, to offer more Shares. The Directors may reduce the number of Shares offered under the Offer if the costs of the Project decrease.

Interim Share issues and over-subscription

The number of Shares you apply for will not necessarily be the number of Shares you will receive. If the Share Offer is over-subscribed the Board will determine how to allot Shares and your application may be scaled down, or even rejected in its entirety. Once the Minimum Subscription has been raised, the Society may make one or more interim issues of Shares in order to fund the construction of the Project whilst the Offer is open so early Applicants could receive priority in allocation of Shares. The Society also intends to give residents of Lochaber and nearby areas priority to subscribe for Shares, which could include giving them a longer period in which to subscribe.

Governing law

The Terms and Conditions of this Share Offer are subject to English and Welsh law.

Money laundering and non-UK resident Applicants

Under applicable anti-money laundering regulations, you may be required to produce satisfactory evidence of your identity and it is a condition of this Share Offer that you do so if requested. Non-UK residents must take responsibility for ensuring that there are no laws or regulations in their own country of residence that would prevent them from or apply any regulatory conditions to them buying Shares or receiving income from the Society.

The Offer timetable

The Share Offer will remain open until 30 September 2021 (but will be closed early if the Maximum Capital Sum is raised).

The Board expects the following timetable to apply. There is inevitably a degree of uncertainty over the precise dates for the commissioning of the Hydro Turbine in respect of the Project. However, delivery of the Hydro Turbine on Site is expected in April 2022. LEG Power's year end is 31 March but is to be changed to 31 May.

2021	
24 August 30 September Mid October	Offer Period opens Offer Period ends unless closed early or extended Offer results published and Share certificates issued
2022	
31 May In May or June In Jun/July	End of financial year Expected date for Hydro Plant to commence generation Annual General Meeting
2023	
End of May 31 May Late May Sep/Oct	Payment of first year interest on Share Capital to Members End of financial year Financial accounts prepared Annual General Meeting

Complaints

Any complaints about this Offer or about the Shares should be sent to the Chair of LEG Power at Unit 26, Trinity Enterprise Centre, Furness Business Park, Barrow-in-Furness LA14 2PN.

Glossary

Applicant	An applicant for Shares through submission of an Application Form
Application/Application Form	The form on page 28 of this Offer Document which must be completed and returned in accordance with the Terms and Conditions on page 23 in order to apply for Shares in the Society
Application Monies	The total gross sum realised by this Offer
Board	The Board of Directors of LEG Power
CAR Agency	Controlled Activities Regulation certificate issued by the Scottish Environment Protection
CARES	Community and Renewable Energy Scheme which provides independent and ongoing support for all aspects of community energy project development, and is administered by Local Energy Scotland
CINK	CINK Hydro – Energy k.s.Lesov 125, Sadov360 01, Czech Republic Reg. Nr: 26398273
Closing Date	30 September 2021 (subject to early closing or extension under the terms of the Offer)
Community Anchor Share	The £1 LEG Power share held by LEG
Contributor Member	A Member who holds a Contributor Share
Contributor Share	A Share offered through this Share Offer
Directors	The directors of LEG Power
Energy4All	Energy4All Limited (registered company number 4545379 and registered office at Unit 26 Trinity Enterprise Centre, Furness Business Park, Barrow-in-Furness, LA14 2PN), a non profit distributing co-operative company established to promote, advise and manage community owned renewable energy projects in the UK
Energy Prospects	Energy Prospects Co-operative Limited (registered number 30879R and registered office Unit 26 Trinity Enterprise Centre, Furness Business Park, Barrow-in-Furness, LA14 2PN) a co-operative which is a member of Energy4All and whose remit is to support the development of renewable energy projects for co-operative ownership by the community
FCA	The Financial Conduct Authority
Feed-in Tariff or FiT	A government programme designed to promote the uptake of a range of small-scale and larger scale renewable and low-carbon electricity generation technologies.
Financial Projections	The financial projections comprising the projected income and expenditure and returns to Members of LEG Power for the twenty years ending 2042 including the assumptions on which they are based, as set out on pages 15 and 16
FLS	Forestry and Land Scotland, the landowner of the Site
GAC	Gleann a Chaolais Hydro Limited, a company registered under the Companies Acts (Registered Number SC315779) registered office An Drochaid, Claggan Road, Fort William, Inverness-Shire, PH33 6PH
GHR	Green Highland Renewables Limited, Inveralmond Industrial Estate, Inveralmond Rd, Inveralmond Industrial Estate, Perth PH1 3TW Company no:SC315779
Green Cat Renewables	Green Cat Renewables Limited, Bethany Hall, 29a High Street, Biggar, South Lanarkshire, ML12 6DA Company No. SC277156
Hydro Plant	All of the construction works including the Hydro Turbines required to generate electricity at the Site
Hydro Turbine	A turbine that harnesses the energy of flowing water to produce electricity for distribution into the electricity network
LEG	Lochaber Environmental Group a company incorporated under the Companies Acts with registered number SC251043 (also being a Scottish charity, having Scottish charity number SC029291) and having its registered office at An Drochaid, Claggan, Fort William, Inverness-Shire, PH33 6PH
LEG Power or the Society	LEG Power Lochaber Limited, a community benefit society with registered number 8053 and having its registered office at An Drochaid, Claggan, Fort William, Inverness-Shire, PH33 6PH
Maximum Capital Sum	£1,880,000 which is the maximum amount LEG Power is seeking to raise for the Project through this Share Offer
Members	Members of LEG Power holding Contributor Shares

Minimum Capital Sum	£1,187,000 or such lower sum as represents the minimum share capital required to be raised under the Offer to meet the capital costs of the Project, taking account of any committed lending to LEG Power
NEC3 Standard Format	A standard construction and engineering Contract www.neccontract.com/NEC3-Products/NEC3-Contracts
OFGEM	The Office of Gas and Electricity Markets, supporting the Gas and Electricity Markets Authority, is the government regulator for the electricity and downstream natural gas markets in Great Britain
Offer or Share Offer	The Offer of Shares in LEG Power contained in this Offer Document
Offer Costs	The expenses incurred by or on behalf of LEG Power in issuing this Offer Document and managing the Offer
Offer Date	The publication date of this Offer Document
Offer Document	This formal financial promotion document setting out the Offer
Offer Period	The period for which the Offer will remain open (including any extension) as set out in the timetable on page 24
Penstock	The pipeline connecting the intake to the Hydro Turbine
Project or Hydro Project	The construction and operation of the Hydro Plant at the Site as set out in this Offer
Risk Factors	The risk factors in relation to a subscription in Shares which are set out at pages 7 and 8
Rules	The Rules of LEG Power, a copy of which may be viewed at www.legpower.coop
Secretary	The secretary of LEG Power, who has the responsibilities set out in the Rules
SEPA	Scottish Environmental Protection Agency
SHEPD	Scottish Hydro Electric Power Distribution PLC, a utility company
Shareholders	Holders of the Shares
Share Capital	Members' Contributor Shares in LEG Power
Shares	Contributor Shares issued as a result of this Share Offer
Site	The Site on which the Project is to be constructed near Glenachulish
Surplus Profits	Profits of LEG Power remaining once account has been taken of business requirements, tax, creation of reserves and the payment of interest and return of capital (either loan finance or share capital) in accordance with the Financial Projections used as the basis for this Share Offer. The surplus will not be shared with LEG to any material degree until Members have been paid in full the targeted rate of interest and the targeted redemption of their Shares
Terms and Conditions	The terms and conditions of the Offer contained in this Offer Document
TSL Contractors	TSL Contractors Limited, Torosay Sandpit, Craignure, Isle Of Mull, PA65 6AY Company No.SC067094



Guidance Notes

For completion of Application Form for Shares in LEG Power

Applying for Shares

The Offer is open to individuals, Societies and other organisations who support the aims of LEG Power. It is only possible to purchase Shares in LEG Power by completing the Application Form on Page 28. These notes are designed to help you complete 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 Social, Community and Environmental Benefits of LEG Power described on Page 4.
- The Risk Factors on Pages 8 and 9 which describe risks relating to the Shares.
- The specific Terms and Conditions of the Offer set out on Pages 23-24 because by completing the Application Form you will make an irrevocable promise to take up Shares, which may be accepted by LEG Power.
- The Rules of LEG Power (a copy of which is available to view at www.legpower.coop/the-cooperative/ or can be obtained by post) because in buying shares you will become a Member of LEG Power and bound by these Rules.

LEG Power Shares:

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 100. The maximum is 50,000 (except for subscriptions by other Societies).

Annual interest payments on Share Capital 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 if you are properly authorised, on behalf of a Society or other organisation.

For legal reasons children cannot become Members. If you wish to acquire Shares as a trustee or nominee on behalf of a child you may need to take advice on any tax implications, and please note that the maximum of 50,000 includes any Shares purchased as a nominee for a child. Shares issued in these circumstances can be redeemed and re-issued to the child when he or she becomes 16 and the Board will endeavour to assist with that intention where requested. If you do wish to take the Shares as a nominee or trustee of a child, please indicate that intention as shown.

Application:

The number of Shares you apply for will not necessarily be the number of Shares you will receive. If the Offer is oversubscribed your application may be scaled down, or even rejected in its entirety.

Priority

All applications are welcome, but in the event that the Offer is oversubscribed, the Directors will endeavour to give priority to local people residing in post code areas PH31, PH33-PH44, PH49-PH50, PA34, PA38, PA40 & PA80

This priority will apply if the Offer is oversubscribed at the dates for issue of Shares indicated in this Offer document.

Declaration:

In signing the Application Form, as an individual, you are personally making an irrevocable and enforceable promise to take up Shares in LEG Power. If you are signing on behalf of an organisation or on behalf of another adult individual, you are personally representing that you have been expressly authorised to do so.

Non-UK residents must take responsibility for ensuring that there are no laws or regulations in their own country of residence that would prevent them from investing in or receiving income from a UK Society.

Under applicable anti-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 pay direct through the banking system into the LEG Power's bank account. Please quote your surname and date of birth as a reference and pay to **Account Number: 21705348 Sort Code: 16-58-10** then email your application form to info@legpower.coop. Alternatively, attach a cheque or banker's draft, drawn on a UK bank or building society, for the exact amount shown in the box under 'Amount to subscribe'. If there is a discrepancy between the two, or if the cheque is not honoured on presentation, your Application Form may be rejected without further communication.

Optional:

It will help with the launch of other renewable energy social enterprises if we can identify the most effective means of communicating with potential Members. We would be grateful, therefore, if you would indicate on the Application Form how you first heard of LEG Power, if you are not already a Member of an existing Energy4All related enterprise.

Communications and Privacy Policy

As a Member, you will receive various communications throughout the year. It will help to reduce paperwork (and carbon dioxide emissions) if we contact you by email. Please provide your email address on the Application Form. By submitting your details, you are opting into receiving information from LEG Power and Energy4All. Your details will only be used by LEG Power and Energy4All Ltd and will not be passed on to other organisations. You can view our privacy policy at www.legpower.coop/privacy-policy/. If you subscribe for Shares and are unsuccessful you can request to have your data deleted from our database by contacting info@legpower.coop

Application Form

LEG POWER LOCHABER PUBLIC SHARE ISSUE 2021

Important: before completing this Application Form you must:

- Read the accompanying Share Offer of LEG Power Lochaber Limited ("LEG Power") (the "Offer Document");
- Pay special attention to the environmental and community benefits set out on page 4 of the Offer Document;
- Pay special attention to the Risk Factors set out on pages 8 and 9 of the Offer Document;
- Consider whether you need to take financial or taxation or other advice in relation to the Terms and Conditions of the Offer contained in the Offer Document; and
- Read the Rules of LEG Power at www.legpower.coop (the "Rules").

Declaration (if applicable, also on behalf of an applicant organisation)

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 LEG Power, this Application forms a contract subject to the law of England and Wales 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; and
- 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, the Rules and the Terms of the Offer;
- I support the aims and objectives of LEG Power;
- I am over 16 and I meet the Offer eligibility criteria;
- LEG Power is hereby authorised to make such enquiries as are deemed necessary to confirm the eligibility of this Application;
- I am not making an application or multiple applications for a total of more than 50,000 Shares;
- I am not relying on any information or representation in relation to the Shares, LEG Power, the Project or the Share Offer which is not included in the Offer Document;
- I shall provide all additional information and documentation requested by LEG Power in connection with this Application, including in connection with anti-money-laundering, taxation or other regulations applicable to LEG Power; and with the assistance of Energy4All will perform identity checks on applicants using a secure third-party provider as part of their anti-money laundering, prevention of fraud and customer due diligence checks
- if signing this Application on behalf of any person/organisation I am doing so with express authority

Online Application

Due to requests from members we have added an online form for applying for Shares.

If you would like to apply for Shares online, please complete the form here:

<https://legpower.coop/online-application-form/>

The site uses HTTPS data encryption to prevent your data being read during transit.

Once you have completed your application you will need to transfer your money via BACS through your bank.

Please pay to Triodos Bank Sort Code: **16-58-10** Account Number: **21705348**

Note: All electronic payments must include a reference when arranging your payment. Please use applicant surname & date of birth.

We hope you find this process easier.

Alternatively you can complete the application on the following page and post along with your cheque to LEG Power.



“ Thank you for considering an investment in
LEG Power Lochaber ”

Offer Application

LEG Power Lochaber Limited Registered No. 8053

OFFICE USE ONLY:

URN:
BATCH:
INITIAL:

PLEASE USE CAPITALS AND BLACK INK

Amount to invest

I wish to invest a total amount of £ in the Shares of LEG Power Lochaber Limited on the Terms and Conditions of the Offer Document dated 26 August 2021 at the price of £1 per Share. (The Minimum investment is £100 and the maximum is £50,000)

Individual Applicant details

Title (Mr/Mrs/Ms/other): Forenames: Surname:
Address:
Town: County:
Post code: Date of Birth:
Email:
Telephone: Mobile:

If Applicant is nominee for a child (noting tax issues)

Child's name: Child's date of birth:
Child's address (if different from above):
 Post code:

Payment Details

During the current Covid-19 crisis it would be preferable for Applicants to make a BACS payment rather than sending cheques due to government restrictions and possible postal issues.

☐ I have paid by bank electronic transfer/Bacs to 'LEG Power Lochaber Limited'
Please pay to Sort Code 16-58-10 Account Number: 21705348 Date payment made:
All electronic payments must include a reference when arranging your payment. Please use applicant surname & date of birth.
☐ I enclose a cheque or banker's draft crossed A/c Payee to the value indicated above, payable to 'LEG Power Lochaber Limited'
I understand that the cheque supporting this application will be presented for payment following receipt and I warrant that it will be paid on first presentation.

Signature Date:

Note: If paying by BACS signature not required.

Day-time Telephone No. (for any enquiries in relation to this Application):

Send your completed Application Form by email to: **info@legpower.coop**. If paying by Cheque, post to:
LEG Power Lochaber Limited, Unit 26, Trinity Enterprise Centre Furness Business Park, Barrow in Furness, Cumbria, LA14 2PN

Annual Share Interest Payments

LEG Power Lochaber Limited will pay share interest due on Shares by electronic transfer via BACS. To receive your share interest please provide the following details:

Bank Account No: Sort Code: Name on account:

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

Energy4All Ltd	<input type="checkbox"/>	Oban/Lochaber Times	<input type="checkbox"/>
Lochaber Environmental Group	<input type="checkbox"/>	The Friend	<input type="checkbox"/>
Lochaber Life	<input type="checkbox"/>	Other	<input type="checkbox"/>

Please specify

Opt-in to Energy4All

If you would like LEG Power to share your contact details with Energy4All in order to receive information about its work, investment opportunities, projects and Energy4All's Newsletter, please tick this box: ☐

*You can stop receiving information from Energy4All at any time by emailing info@energy4all.co.uk. Your personal information will be processed securely, strictly in line with data protection laws and in line with Energy4All's Privacy Notice which can be read here www.energy4all.co.uk/privacy-policy

Notices by email and documents on our website - To help reduce paper costs (and CO2 emissions), LEG Power and Energy4All would like to send you notices and information by email and refer you (by email) to documents posted on the LEG Power and Energy4All website. By signing this form you are consenting to receiving such notices by email and accessing documents through the website.



RENEWABLE ENERGY - A BRIGHTER, GREENER FUTURE



RENEWABLE ENERGY - BENEFITING THE FUTURE

LEG POWER LOCHABER LIMITED

LEG POWER LOCHABER LIMITED
ADMINISTRATION ADDRESS: UNIT 26 TRINITY ENTERPRISE CENTRE, FURNESS BUSINESS PARK, BARROW-IN-FURNESS, LA14 2PN
TEL: 01229 821028 EMAIL: INFO@LEGPPOWER.COOP WEBSITE: WWW.LEGPPOWER.COOP
REGISTERED ADDRESS: AN DROCHAID CLAGGAN, FORT WILLIAM, PH33 6PH