



An investment you can be proud of

Proposal to raise an additional £20,000 of share capital, at 5% interest per annum over 20 years, and to reinvest the projected savings from the CEC Ltd hydro project

PROPOSAL

CEC Directors have proposed to reinvest the projected savings on the Killington Hydro Project (approximately £21,000) into installing a 29.7kw solar photovoltaic array on the headquarters of the Lake District National Park Authority in Kendal. The Directors have also proposed to raise an additional £20,000 to cover the total costs of the PV array. The PV project gained 'pre-accreditation' for the feed-in-tariff in September 2015, so as long as the system is commissioned by 16th September 2016 CEC Ltd would receive the higher rate of FITS (11.7p/p/kwh). This proposal represents the same investment plan as the original Community Energy Cumbria Ltd share offer of August 2015.

WHY ARE THE DIRECTORS OF CEC SUPPORTING THIS PROPOSAL?

Reinvesting these savings strengthens the financial case for CEC Ltd returning an expected 5% interest over a 20 year term to all Members. If CEC Ltd does not reinvest the £21,000 savings and instead deposits this sum in a bank, then we will only expect to generate a 1%-2% return from this deposit, thereby weakening our overall financial position until we have repaid this proportion of the share capital back to Members. Using your original investment to reinvest in this project will not affect your eligibility to claim tax relief, as the project was included in the original share offer of August 2016.

Over and above the financial rationale, CEC Ltd's stated aim is to 'increase the deployment of renewable energy in Cumbria'. The LDNPA PV project helps to deliver this intention, using a Cumbrian solar PV company to ensure that our local economy benefits as well as the environment.

All of the documentation, contracts and legals are in place. The PV array has pre-accreditation with OFGEM for FITS established at 11.7p/p/kwh. Planning permission with SLDC is granted, grid connection is approved with ENWL and the Lease with the LDNPA is signed. Installers are ready and have assured that the PV will be commission by 16th September.

OPPORTUNITY TO PURCHASE £20,000 OF ADDITIONAL SHARES WITH PROJECTED 5% INTEREST OVER 20 YEARS

The total cost of installation of the PV system is £41,000.00, meaning that CEC Ltd requires to raise £20,000.00. We propose to open/reopen the share offer shortly with a deadline

of October 15th and in the interim are accepting expressions of interest from members.

Interest payments are expected to be 5% per annum following installation (September 2016), based on an average annual payment over a 20 year period. This means, like your original investment, you would have your capital investment returned as well as receiving an annual 5% interest payment per annum on the capital that remains invested in the scheme. Please refer to our original August 2015 Share Offer Document (which can be found on the website www.communityenergycumbria.org.uk)

Please note that the only difference from the original share offer document is that these additional shares are NOT eligible for Enterprise Investment Scheme or Seed Enterprise Investment Scheme tax relief (which the Government recently withdrew). In all other respects, the process of investment and paying back remains unchanged at an expected 5% per annum.

Please also note that the installation date is likely to be reached before we raise all of the remaining capital through shares, but we have sufficient cashflow to complete. In the unlikely event of not raising the full £20,000, the Directors of CEC will raise the remainder through social investment or standard loans from several banks which focus on community energy investments but which require a higher level of interest payment.

WHAT TO DO IF YOU WANT TO INVEST IN, SUPPORT OR TO OBJECT TO THE LDNPA SOLAR PV PROJECT

MEMBERS, THEIR FAMILY OR FRIENDS INTERESTED IN INVESTING IN CEC LTD AT AN EXPECTED 5% INTEREST PER ANNUM OVER 20 YR PERIOD: We think that CEC Ltd is an excellent, ethical, positive way to help our communities, our environment and our economy benefit from sensitively developed renewable energy. We've had investors taking shares out of fossil fuels investments and putting them into CEC; we've had parents and grandparents buying shares for their children, nephews and nieces; and of course, we've had YOU making the decision to invest for multiple reasons. Thankfully, we now have an opportunity to extend the original share offer.

So, if either you, members of your family or someone you know wants a chance either to add to your existing investment, for new members to buy shares for themselves or for anyone else as a gift, please GET IN TOUCH asap! With bank rates so low at present, it's likely that there will be a rush on!

In the first instance, please complete the 'Expression of Interest' form by 5pm Wednesday 31st August 2016 and preferably email it back to the Company Secretary, Phil Davies, at phil@cafs.org.uk; alternatively send it in by post. This DOES NOT COMMIT you to buying any shares, but lets us know of the appetite for investment from Members, family and friends; it also lets us know if we need to publicise the investment further afield. If there is sufficient appetite from existing Members, then Members will have priority in the allocation of additional shares, on a first come first served basis. If this is not reached by existing Members then we will allocate to family and friends, again on a first come first served basis.

We will notify all those who express an interest in buying shares and invite them, as appropriate, to buy shares. Once CEC has notified you, then the allocation will be on a first come, first served basis. Either way, please keep an eye on your emails over the next fortnight for regular updates. If you have any questions, please email phil@cafs.org.uk by

Wednesday 31st August 2016. And please do spread the word! Thank you.

MEMBER SUPPORT

This proposal is supported by the Directors of CEC Ltd. Therefore, if you do support the proposal you DO NOT have to let us know or invest. However, we would be delighted to hear from you if you wish to tell us why you support the project; it's a great way of telling the story of community ownership, local economic benefit and positive environmental progress.

MEMBER OBJECTIONS

The Directors want to provide Members with an opportunity to object to the proposal if they feel strongly that the company is taking the wrong path. So, if you object to this reinvestment proposal, please email your objection together with a rationale to the Company Secretary, Philip Davies, at phil@cafs.org.uk by 5pm Sunday 21st August 2016. If the Board of Directors of Community Energy Cumbria Ltd receive a 'significant number of responses representing widespread and well-reasoned objections' by this date, then the installation process will be postponed until reasonable reconsideration has been given by the Board to these concerns.

Thank you to Cumbria Action for Sustainability for managing and administering this process so ably and to the Directors of CEC Ltd (all voluntary) for carrying out the necessary checks and balances to allow us to present this option to you.

Kind Regards,



Philip Davies, Company Secretary On behalf of the Directors of Community Energy Cumbria Ltd.

Community Energy Cumbria C/O CAfS, Eden Rural Foyer, Old London Road,
Penrith, Cumbria, CA11 0TP; 01768 210 276 ; Community Energy Cumbria Ltd is an Industrial and
Provident Society for the Benefit of the Community, registered with the Financial Conduct Authority on 4 March
2015, IPS Bencom Number 7084. VAT Registration No. 226709109.