

Repower Seven Pty Ltd

ABN: 77 624 365564

Offer Information Statement

April 2018

Prepared by Repower Shoalhaven Incorporated



About this document

This Share Offer Document contains detailed information about the opportunity to invest in Repower Seven Pty Ltd.

This company has been set up by Repower Shoalhaven Incorporated, a community energy association, for the sole purpose of raising capital via shareholders, in order to purchase a collectively owned solar power system, from which any earned profits will be returned to shareholders.

This is a small-scale offer pursuant to section 708 of the Corporations Act 2001 to issue securities in the form of shares in Repower Seven Pty Ltd (ABN 77 624 365564).

INVESTOR NOTE: Investing is inherently risky. Your capital may be at risk when investing in this project.

Disclaimers, Warnings & Investor Notes

In any stage of a capital raising being undertaken, the pricing of the securities provides investors with a guide only and the price paid for securities will always be a matter for negotiation between the Parties. Neither Repower Seven Pty Ltd (henceforth in this document referred to as the Company) nor Repower Shoalhaven make representation about the underlying value of the securities on offer. Prospective investors must make their own assessment about whether the price of the securities being offered represents fair value.

ASIC Class Order 02/273 Investor Warning

- (a) Investment in a new business carries risks. Before investing in any project about which information is given, prospective investors are strongly advised to take appropriate professional advice;
- (b) The information contained in this Publication has been prepared by or on behalf of the Company. Neither Repower Shoalhaven nor its associates or agents have undertaken an independent review of the information contained in this Publication;
- (c) The information contained in this Publication about the proposed business opportunity and the securities or scheme interests is not intended to be the only information on which the investment decision is made;
- (d) Prospective investors should be aware that no established market exists for the trading of any securities or scheme interests that may be offered; and
- (e) This Publication is subject to Australian Securities and Investment Commission (ASIC) Class Order 02/273.

ASIC Class Order 02/273 Prominent Statements

A prospective investor is strongly advised to take appropriate professional advice before accepting an offer for issue or sale of any securities or scheme interests.

Future Statements

Except for historical information, there may be matters in this Publication that are forward-looking statements. Such statements are only predictions and are subject to inherent risks and uncertainty. Forward-looking statements, which are based on assumptions and estimates and describe the Company's future plans, strategies and expectations, are generally identifiable by the use of the words

"anticipate", "will", "believe", "estimate", "plan", "expect", "intend", "seek", or similar expressions.

Investors are cautioned not to place undue reliance on forward-looking statements. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties both general and specific that contribute to the possibility that predictions, forecasts, projections and other forward-looking statements will not occur. Those risks and uncertainties include factors and risks specific to the industry in which the Company operates as well as general economic conditions and prevailing exchange rates and interest rates.

Actual performance or events may be materially different from those expressed or implied in those statements. All forward-looking statements attributable to the Company or persons acting on behalf of the Company are expressly qualified in their entirety by the cautionary statements in this section.

Except as expressly required by the Act, the Company undertakes no obligation to publicly update or revise any forward-looking statements provided in this Publication whether as a result of new information, future events or otherwise, or the risks affecting this information. None of the Company, its officers or any person named in

this Publication with their consent, or any person involved in the preparation of this Publication, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement except to the extent required by law. The forward-looking statements reflect the views held only as at the date of this Offer Information Document

Definition of Terms

We are focused on writing our offer documents in language that is comprehensive. We want you to understand this document to make conscious decisions about your investment. This glossary provides an outline of terms used throughout the document.

<u>Term</u>	<u>Explanation</u>
Customer	the business who is hosting a solar power system
Host Site	an alternate term for the business who is hosting a solar power system
Owner/Company	Repower Seven Pty Ltd
PPA	Power Purchase Agreement
Project Administrator	Repower Shoalhaven (<i>as per Operator's Agreement</i>)
Project Developer	Repower Shoalhaven
RS	Repower Shoalhaven
RECs	Renewable Energy Certificates
Solar Installer	Sunny Afternoons Pty Ltd
Solar revenue	revenue generated from the purchase of solar energy from the solar power systems
Sophisticated Investor	status received from qualified accountant certifying a gross income of \$250,000 or more in each of the previous two years or net assets of at least \$2.5 million.

Contents

[About this document](#)

[Disclaimers, Warnings & Investor Notes](#)

[Definitions](#)

[1 Project Summary](#)

[2 Project benefits](#)

[3 Investment offer](#)

[4 Project Structure](#)

[5 Operational Details](#)

[6 Company Financial Forecasts](#)

[7 Cost forecasts](#)

[8 Governance](#)

[9 Ownership Rights](#)

[10 General Tax Considerations](#)

[11 Key Personnel](#)

[12 Risk](#)

[13 Subscription Instructions](#)

[14 Contact Us](#)

[Appendix 1. Summary of project risks](#)

[Appendix 2. Frequently Asked Questions](#)

1 Project Summary

Non-profit community group, Repower Shoalhaven are currently seeking investment in their seventh community solar investment project, Repower Seven.

By investing in this project, you will be a shareholder in Repower Seven Pty Ltd. This company will be the owner of solar power system (120kW) installed at The Shoalhaven Heads Bowling and Recreation Club. This company has been set up by Repower Shoalhaven Incorporated for the purpose of allowing community members to participate, invest in and earn returns from this community solar project.

Repower Shoalhaven’s first project in 2013 – Repower One Pty Ltd, is a community financed solar system currently installed at The Shoalhaven Heads Bowling and Recreation Club (SHBRC). SHBRC have now come back to us for a second community finance solar system to extend their solar generation.

Repower Shoalhaven are raising \$177,205 for funding the above project.

It is a complete rooftop solar installation. The hosts have agreed to purchase all the solar electricity generated from the system for a contract period of 10 years, across 11 financial years, generating revenue for the shareholders. At the end of the contract term, the host site will be gifted the solar power system, after which the company will be wound up.

Project Summary	
Solar system capacity funded	120kW
Forecast Investor return	5.0% p.a.
Investment type	Community solar variable loan note
Project length	10 years
Total Investment sought \$	\$177,205
- <i>Minimum \$/investor</i>	\$3,544.10 (2 loan notes)
- <i>Maximum \$/investor</i>	\$44,301.25 (25 loan notes)

Table 1 - Investment summary

2 Project benefits

2.1 Investor financial benefits

The forecast internal rate of cash return on project investment is 5.0%. This is returned as annual interest payment on top of annual principal investment returns.

2.2 Local economic benefits

Your investment is **helping local businesses** access solar power without the initial capital cost. The project is modelled to be cashflow positive to the customer during the 10 year project period, with higher savings expected once the ownership of the system is handed to the customers after 10 years. This improves their **financial resilience** so that they can better serve their local community.

Local suppliers and installers are used for this project, providing **local income and jobs** and strengthening our local solar sector.

Importantly, your investment provides Repower Shoalhaven with project development funds to put towards developing **more local community solar projects**.

2.3 Carbon reduction

This project reduces the electricity **greenhouse gas emissions from the customer** by 22%. This equates to an estimated saving of:

- 153.2 tonnes of CO₂ saved per year
- 8807 barrels of oil left unburnt over the next 25 years (CO₂ equivalent)

3 Investment offer

Repower Seven has adopted a community solar note structure to improve the ease of administering returns to investors. The Repower Seven capital raise is structured as follows:

- Capital is raised via a **community solar ‘loan note’**, which is a performance-linked unsecured loan from the investor(s) to the Company (Repower Seven Pty Ltd). Investors are therefore lending to the Company, and are expected to receive their principal repayments back evenly and annually, with interest based on performance of the Company. The principal repayments are expected to be returned evenly over a 10 year period, except for the first and final year due to commissioning/handover taking place mid-financial year. The number of ‘community solar loan notes’ offered to each investor is in proportion with the number of Class G shares they own (see Table 3)
- The investors are granted **Class G shares** in the Company. This ensures that the investors still have security over the solar power asset (which is owned by the Company). It also ensures that, should the Company lifetime exceed the term of the loan note, that the investors can receive dividends in proportion to their initial investment.
- The investors are each granted a single **Class D share**, to provide each shareholder with an equal voting right.

Security Type	Purpose	Quantity	Terms
Community solar loan note	Allows investors to easily raise capital for the project and obtain returns in the project. Returns are performance linked.	Total: 100 notes Minimum notes per investor: 2	1 unit offered per Class G Share Principal: \$1,772.05/unit Rate: 5% p.a. variable Term length: 10 years
Class G Shares	Gives investors asset ownership, financial returns after loan note term ends (if required)	Total: 100 shares	Value: \$0.01/share (waived)
Class D Shares	Provides each shareholder with an equal voting right	Total: depends on number of investors	1 share offered per investor Value: \$0.01/share (waived)

Table 2. Summary of share offer

A maximum of 20 shareholders is allowed to invest in Repower Seven (excluding sophisticated investors). *Shareholders will be offered shares on a first-in first offered basis until the offer is filled.* Subscriptions will remain open until the fundraising target is reached. Refer to page 9 for investment example.

Why we use a loan note structure....

Repower Seven's investment structure has the following benefits:

Easier to understand for investors. Returns are classified as principal or interest (not capital return, dividend or franking credit);

Easier for investors to process their annual tax returns. Only interest income is taxed (no franking credits exist)

Principle is returned to investors evenly and annually.* This boosts the cash return (capital return was tri-annual on our earlier projects)

Easier company accounts. Streamlined processing of company tax return and investor returns

Equal democratic voting rights. Introduction of Class D shares.

The modelling conducted by the Project Developer forecasts an interest cash return on top of the returned capital. The internal rate of return is forecast to be 5%, over the ten year project period. The first and final payment will differ due to commissioning taking place mid- financial year.

The forecast yearly cash flow summary for two (2) loan-note units (minimum investment) is outlined in the table below:

Year	Principal	Repayment	Interest
Investment	\$3,544.10	-\$3,544.10	
Year 1	-\$3,189.69	\$354.41	82.05
Year 2	-\$2,835.28	\$354.41	87.86
Year 3	-\$2,480.87	\$354.41	93.73
Year 4	-\$2,126.46	\$354.41	99.68
Year 5	-\$1,772.05	\$354.41	85.70
Year 6	-\$1,417.64	\$354.41	111.80
Year 7	-\$1,063.23	\$354.41	117.97
Year 8	-\$708.82	\$354.41	124.21
Year 9	-\$354.41	\$354.41	130.54
Year 10	\$0.00	\$354.41	136.94
Total		\$3,544.10	\$1,070.48

Table 3. The projected cash return, per 2 loan notes (rounding errors may appear)

***IMPORTANT NOTE:** The forecast investor cash return is based on Repower Shoalhaven's assessment of current and future economic and operating conditions. We have identified the most important assumptions throughout this document, with other modelling assumptions available on request.

This forecast return may be subject to uncertainties and unexpected events, many of which are outside the control of the Project Developer. Events and circumstances often do not occur as anticipated and therefore actual results may differ from the forecasts in Table 3. Accordingly, Repower Shoalhaven cannot and does not

give any guarantee that the Forecast investor cash return will be achieved. Events and outcomes may differ in quantum and timing from the best estimate assumptions, with material consequential impact on the Forecast investor cash return.

Investment example - Jim

Jim wishes to invest approximately \$10,000 in Repower Seven. As each loan note is worth \$1,772.05, he calculates that he would like to invest in 5 x loan notes.

Loan notes	5 x	\$1,772.05 =	\$8,860.30
Total investment	=	\$8,860.30	

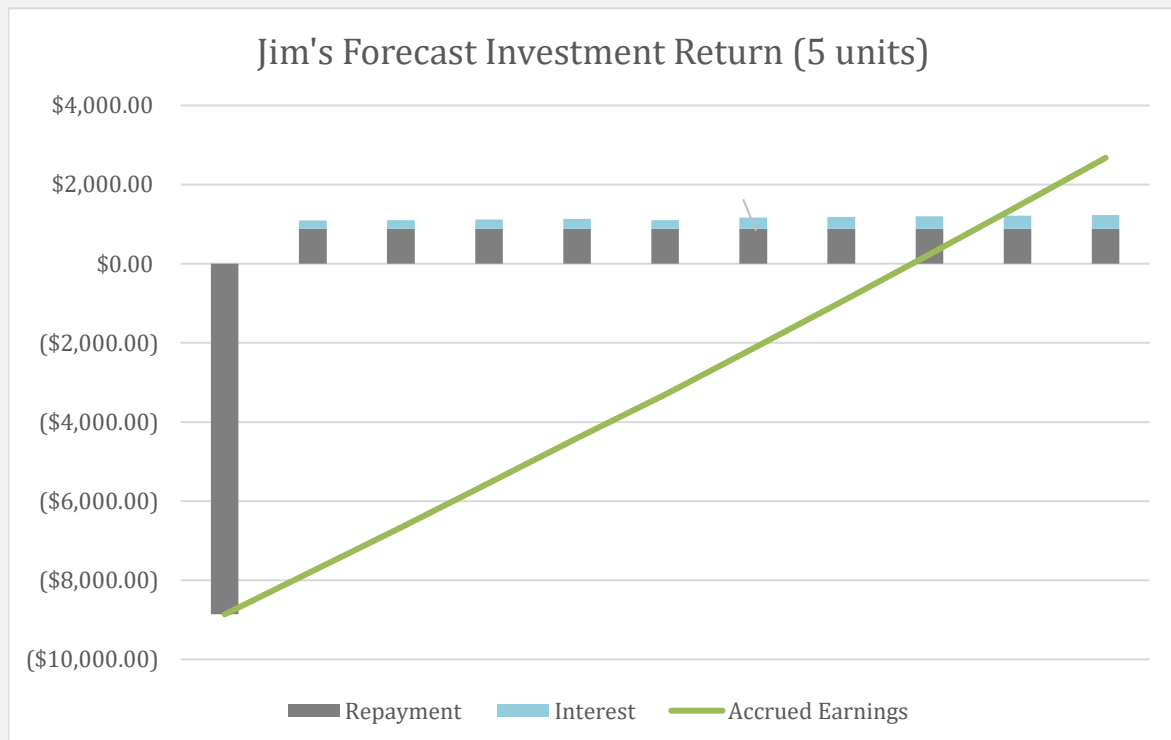
Based on the investment amount, he is also given the following shares in the project:

Class G Shares	5	<i>Same amount as number of loan notes</i>
Class D Shares	1	<i>Each shareholder gets 1 share</i>

Refer to page 7 for share descriptions.

Jim's forecast investment returns

The following is Jim's annual returns if the project performs as planned. As can be seen, his annual income is divided into principle and interest. All going well, the project pays itself back by 8 years and by the end of the term has yielded Jim \$2,676 in interest on top of his returned \$8,860.25 in principal. These forecast cash-flows equate to a 5.0% internal rate of return.



4 Project Structure

4.1 Participating entities and relationships

The roles and entities participating in this project are listed below.

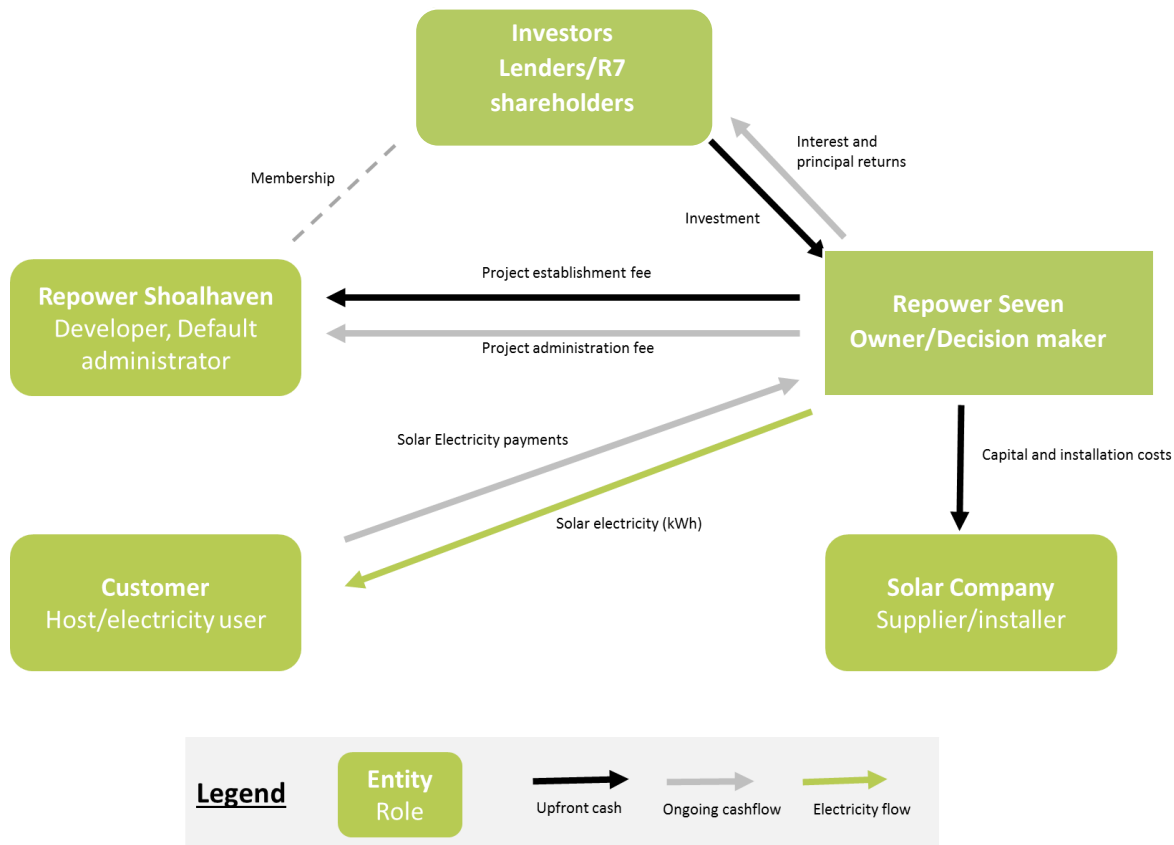


Figure 1 Entities, their role, payments and electricity flows

4.1.1 Repower Shoalhaven Incorporated

About

Repower Shoalhaven is a member based not-for-profit association founded in May 2013, which aims to develop community solar projects for the benefit of local people and organisations. The active members who progress the association are motivated by the same goal of seeing a sustainable energy system which enhances our local economy. Repower Shoalhaven is made up of volunteer active members, volunteer committee and currently, two employees and eight 'solar mentors'. Repower Shoalhaven has a well established track record of developing previous local community solar projects:

- Kangaroo Valley Community Centre – a 9kW system funded by community donations
- Repower One (Shoalhaven Heads Bowling and Recreation Club – a 100kW system
- Repower Two (15kW Figtree Anglican Church, 15kW Nowra City Church)
- Repower Three (30kW Anderson's Dairy, 12.3kW Milkwood Café, 20kW John Hill Signs, 30kW South Pacific Roof & Trusses)
- Repower Four (45kW Nowra Bowling Club, 30kW Eagle Park Dairy, 20kW Ogden Timber & Hardware)

- f) Repower Five (Tathra Beach Bowling Club 60kW, Sourdough Bakery 12kW, Challenge Southern Highlands 12kW, Shoalhaven Heads Golf Club 20kW, Chittick Dairy 20kW, Campbelltown Preschool 15kW)
- g) Repower Six (Hyams Beach 18.6kW, Wonson Timber 13kW, Coolamon Shire Council (3 sites – 66kW))

Project Role

Repower Shoalhaven is the project developer, being responsible for finding the host sites, drawing up the legal documentation, financial modelling, negotiation, establishing contractual relationships, incorporating the owner company, Repower Seven Pty Ltd), fundraising, and registering shareholders. Repower Shoalhaven charge an administration fee for establishing the project, amounting to 11.4% of the capital cost on top of fixed establishment expenses.

Repower Shoalhaven will act as project administrator of the solar power system. Repower Shoalhaven will appoint an interim director and seek an additional volunteer director from the project shareholders once the project is established.

The role of administrator involves monitoring, meter-reading, billing customers, making and receiving scheduled payments, administering system maintenance, undertaking annual accounts, and liaising with shareholders on decision-making and project developments. Repower Shoalhaven has an exemption to sell electricity via solar power purchase agreements, therefore Repower Shoalhaven sells the electricity to the customer on behalf of the Owner. Repower Shoalhaven takes 5% of project revenue to cover the ongoing administration of Repower Seven. In the event of over-performance, Repower Shoalhaven's administration fee may be adjusted.

4.1.2 Repower Seven Pty Ltd

About

Repower Seven is a Pty Ltd company set up as a 'special purpose vehicle' to allow investment, ownership and management of this community solar power project.

Project Role

Repower Seven will own the solar power systems situated on the roof of the customer for the duration of the contract period. Each investor is granted a Class D share which allows equal voting rights.

The project is budgeted to utilise Repower Shoalhaven as project administrator, however the shareholders of Repower Seven can elect to fully or partially remove Repower Shoalhaven from the role of administrator.

4.1.3 The Customer

There is only one customer for this project round. The customer purchases all electricity generation for a period of 10 years at the negotiated community solar rates. The SHBRC has decided to contribute \$50,000 towards the solar system capital, resulting in a lower solar energy rate they otherwise receive.

Information on the customers is in Table 4 below.

Shoalhaven Heads Bowling Club's first solar installation was also community financed and forms the Repower Shoalhaven Investment Round known as Repower One. This was funded by community investors and installed August 2014. Returns from Repower One have been in line with the original project forecasts.

The Repower Seven solar system installation will be separate to the existing Repower One system. It will have its own inverters, connections, monitors and billing processes.

Repower Shoalhaven has engaged with Green Energy Trading to generate and sell Large-Energy Group Certificates on behalf of SHBRC. This arrangement locks in the value of the certificates for a five year period for the club and will be renewed in year 5 for the remaining five years of the projects. Any cash flows associated with the rebate are external to the investment made by loan note holders and the cash flows they can expect.

Table 4. About the customer

Customer	Shoalhaven Heads Bowling and Recreation Club
Address	Shoalhaven Heads Road, Shoalhaven Heads NSW
About	SHBRC is a large, popular recreation club on the south coast of NSW. It is well known for its functions, music events and the sport of lawn bowls. The club has gone under recent renovations to promote their facility for functions and weddings.
Business name	Shoalhaven Heads Bowling and Recreation Club
Entity Type	Limited Company
Website	https://shoalhavenheadsbowlingclub.com.au/

4.1.4 Solar Installer

About

Sunny Afternoons was founded in 2005 and specialise in commercial scale solar projects since 2007, with an office at Engadine in Sutherland Shire and another at Bawley Point in the Shoalhaven. When undertaking projects in the local area, they utilise local installers and source their solar modules through a local supplier based in Nowra.

Role

For this project, Sunny Afternoons are supplying and installing the equipment, providing monitoring and maintenance for the initial Five years of the project, and facilitating provision of ongoing warranties. Repower Shoalhaven was satisfied with Sunny Afternoons' technology selection, service

and professionalism and is therefore confident that the proposed solar system will be installed to ensure the lowest possible risk of technical faults arising.

Repower Shoalhaven does not have an ongoing commercial relationship with Sunny Afternoons and is free to select other solar installers for future projects.

Repower Shoalhaven conducts periodic benchmarking to ensure competitive pricing.

***IMPORTANT NOTE:** If the solar company is not able to meet Repower Shoalhaven’s requirements, Repower Shoalhaven will engage with another of their pre-vetted solar companies.

4.2 Project legal documents

Each of the relationships in Figure 1 is governed by a legal document between the relevant parties. They are shown clearly in Figure 2 below:

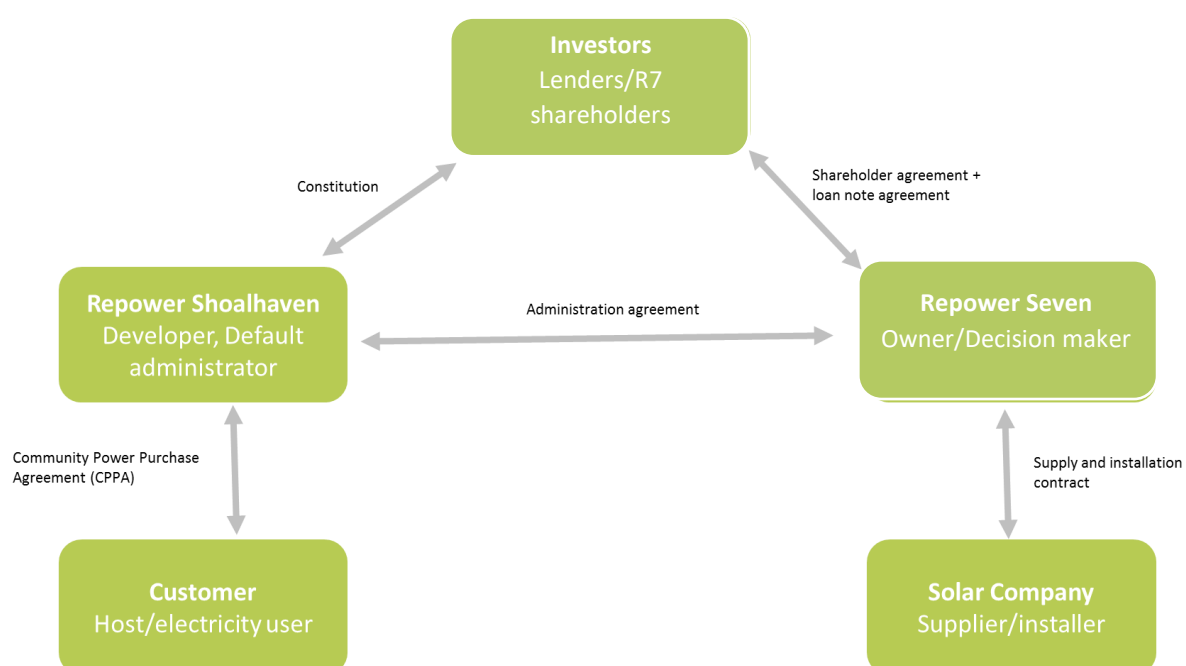


Figure 2. Legal documents governing relationships between parties

Each legal document has an important role ensuring that the project functions effectively. Each legal document is explained below:

4.2.1 Community Power Purchase Agreement

The Community Power Purchase agreement (PPA) is a contract between the Operator (Repower Shoalhaven) and the Customer, whereby the Operator sells electricity on behalf of the Owner.

It contains the following terms and conditions:

- Solar electricity price (withheld due to commercial-in-confidence)
- End of contract conditions (gifted)
- Contract length (10 years)
- Early exit conditions and fees
- Customer’s insurance obligations (customer must insure system as part of building insurance)

- Customer obligations if the Customer moves address, goes bankrupt, wishes to purchase outright, or terminate contract early
- Billing terms and conditions
- Notice to the Customer that the solar power systems will be registered on the Private Property Security Register
- Site access requirements

4.2.2 Solar contract

The solar contract is a supply & install contract between the Owner (Repower Seven Pty Ltd) and the Solar Installer. For this project, the solar installer is Sunny Afternoons Pty Ltd.

This contract covers cost and payment conditions, , technology and system design information, warranty conditions, installation terms and conditions, ongoing monitoring terms and maintenance provisions. Repower Shoalhaven has worked to ensure that the technology, installer, warranties and other contract conditions minimise risk to Repower Seven as much as possible.

All products (except for private metering technology and LG modules) are warranted by MMEM, one of Australia’s largest electrical distributors. Therefore, should any of the primary manufacturers pull out of the Australian market (or dishonour warranty claims for any reason), MMEM will be the warranty guarantor under Australian Consumer Law. This is a key risk mitigation method which should ensure warranties remain valid.

A summary of technology proposed to be used in Repower Seven and associated warranties are contained the Table 5 below.

Table 5. Products and warranties

Products	Brand	Warranty details
Solar panels	CSUN 265W monocrystalline or CSUN 290W polycrystalline	25 year, 80% linear output guarantee 12 year factory warranty on workmanship (LG only) 10 year factory warranty on workmanship (full replacement) Australian Consumer Law states that solar installer would need to honour the equipment warranty, if the manufacturer/distributor do not exist not honour a claim
Inverter	- INVT iMars	10 year full replacement warranty
Isolators	Telegon/IMO-IPD	12 months Certifications: EN 60947.3, UL 508, File E332938.
Racking	Hobergy	15 years
Metering, and billing	EDMI (Time Interval Meter)	Installation, Metering and billing fees in budget for project life.
Monitoring	Solar Analytics	5 year product warranty
Installation	Sunny Afternoons	2 years warranty Installation will meet following codes and standards: CEC Code of Conduct, AS/NZS5003:2005, AS/NZS 3000; AS4777: Grid-connection of energy systems via inverter; AS/NZS 5003:2005: Installation of photovoltaic arrays; AS3000: Electrical installations; AS1768: Lightning protection; AS 1170: Structural design actions.

4.2.3 Administration agreement

This agreement covers the terms of the relationship between Repower Seven and Repower Shoalhaven, the project administrator. The Project Administrator is responsible for monitoring, administering (but not paying for) maintenance and customer billing. The Project Administrator will also offer up to two directors for Repower Seven who are responsible for reviewing financial reporting, annual financial statements and tax returns. As part of this agreement, Repower Seven grants the Project Administrator bank access to make and receive payments on behalf of Repower Seven.

As part of this agreement, the Project Administrator will charge an upfront fee on the capital raised, as well as an ongoing fee from all solar revenue during the term of the project. The shareholders of Repower Seven can at any time elect to remove Repower Shoalhaven as the project administrator, thereby severing the agreement.

4.2.4 Repower Seven Company Constitution

The company constitution specifies the rules in which the company will operate, including the governance structure, meeting rules, AGM and EGM rules, directorship permissions. The constitution is written with respect to the Corporations Act and the Shareholder Agreement.

4.2.5 Shareholder Agreement

The Shareholders Agreement formalises the conditions in which the shareholder can participate in the company, including transferring shares, and voting rights.

4.2.6 Community solar loan note agreement

This document outlines the loan note terms between the Shareholder (lender) and the Company (borrower). The return is based on the cash available at the end of each financial year which is directly linked to the performance of the company. It is calculated by the following formula:

Cash available for return = (income received) – (operating cost accrued, including administration fee)
– (Company tax accrued)

The annual cash return to shareholders is comprised of:

- a) Principal repayment
- b) Interest

The maximum principal repayment is equal to the size of the initial principal divided by the years of the loan note agreement; for example, with five loan notes in this 10 year project, \$8,860.25 = \$886.03/yr. Lower than expected performance may see a lower than expected principal repayment for that year.

If additional cash is available it will be returned as interest (within the modelled amount). The gross interest in dollar terms is expected to gradually decrease over time owing to the gradually reducing output of the solar panels. However, the interest return as a percentage of capital (the rate of return) is forecast to increase as the project goes on because the principal base decreases as it is returned to the lender.

See Table 3 for detailed principal repayment and interest income forecasts.

Due to Section 974.35 (1)(A)(i) of the Income Tax Assessment Act 1997 stating that “the loan note must end no later than 10 years after the interest arising from the scheme is issued”, **the project developers have been advised to keep the length of the loan note term to within the ten year timeframe** to avoid the risk of the debt being reclassified as equity.

With this in mind, and the chance that the life of Repower Seven could exceed 10 years, shareholders have been granted Class G shares to allow dividends to be distributed in the appropriate ratio after the end of the loan-note period.

4.2.7 Repower Shoalhaven Constitution

This document outlines the way in which Repower Shoalhaven Incorporated Association conducts business, as well as the obligations and rights of members. Repower Shoalhaven’s constitution is very similar to the Template document provided for incorporated associations by the NSW Department of Fair Trading. By becoming a member one agrees to abide by the constitution in all dealings as a member.

5 Operational Details

5.1 System size and technical details

- 120kW solar modules
- Modules to be installed on SHBRC roof
- INVT inverters
- Modelled 174,058 kWh/kW in Year 1

5.2 Installation and Commissioning

- Installation for the site will begin once funds have been raised for the investment and network approval has been received. They will be installed most likely by the end of May, as long as the investment target has been reached and the network approval received in a reasonable time. The 10 year project PPA term will begin on the date of commissioning, that is, once the system is fully operational and the network connection is complete.
- In the first month of operation, the Solar Installer will check the system regularly to ensure optimum performance.
- In the event the network approval is unexpectedly delayed, the Repower Seven company length will be reviewed to allow collection of deferred income.

5.3 Metering and billing

- As it has a retail exemption to do so from the Australian Energy Regulator, Repower Shoalhaven must sell the electricity on behalf of Repower Seven.
- The customer must buy all generation, *regardless of whether they use it or not*.
- A private electricity meter will be installed between the solar generator and the customer loads. This meter has remote monitoring capabilities which includes full monitoring and fault alarm notifications.
- The community solar electricity price will be adjusted annually based on CPI movements, at the end of the financial year.

5.4 Monitoring and maintenance

Solar Installer

The solar installer will monitor the system closely after installation to ensure system performance and workmanship via an online portal receiving data from the system inverter. After the first month, the installer will periodically check the system's performance.

Repower Shoalhaven

Repower Shoalhaven will monitor the system for the entire project length via a separate Solar Analytics monitoring system. Solar Analytics provides a comprehensive insight into the systems performance, site energy usage and complex data analysis. Host sites and investors will be provided with a link to view the systems' generation.

Midway through the project life (year 5), solar panel cleaning and physical inspection is scheduled and budgeted for, estimated at \$1,000.

As administrator, Repower Shoalhaven has prepared responses to unexpected incidents which may impact on solar power system output. These are outlined in Repower Shoalhaven’s Project Risk Management Plan.

Should maintenance costs not be covered warranty or the customer’s building insurance, Repower Seven will be required to cover costs.

5.5 Financial management

- Investor returns will be paid annually, following the Annual General Meeting, usually held in September each year.
- The administrator will work with an accountant to file annual company statements, tax returns and to calculate shareholder returns.
- BAS and GST reporting will be conducted quarterly.
- Repower Seven has its own bank account with Bendigo Bank. The project administrator has access to this bank account to make and receive payments.

5.6 Project completion

At the expiry of the project any residual cash will be returned to the investors via a capital return or dividend. It is expected the company will cease trading and be wound up in 2028.

6 Company Financial Forecasts

The Repower Seven company financial forecasts are contained in Table 6 below.

Annual	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue	\$24,347	\$24,649	\$24,955	\$25,265	\$25,579	\$25,896	\$26,218	\$26,543	\$26,872	\$27,206
Expenses	\$2,524	\$2,536	\$2,548	\$2,561	\$3,573	\$2,586	\$2,599	\$2,612	\$2,625	\$2,638
Principle Returns	\$17,721	\$17,721	\$17,721	\$17,721	\$17,721	\$17,721	\$17,721	\$17,721	\$17,721	\$17,721
Interest Paid	\$4,103	\$4,393	\$4,687	\$4,984	\$4,285	\$5,590	\$5,898	\$6,211	\$6,527	\$6,847
Investor Returns	\$21,823	\$22,113	\$22,407	\$22,704	\$22,005	\$23,310	\$23,619	\$23,931	\$24,248	\$24,568

Table 6. Forecast financial flows (\$AU2018 real terms, rounding errors may occur)

6.1 Revenue forecasts

Electricity sales revenue is based on the solar generation multiplied by the solar electricity price. The solar electricity purchase price is fixed for the duration of the contract, with an allowance for Consumer Price Index changes. The solar generation is based on the solar developer’s comprehensive solar output modelling which includes shade, orientation and pitch angle of installation modelling.

It is normal for revenue to deviate from forecast on a monthly basis due to weather but it is expected to trend toward forecast over time. Revenue could be substantially effected if output drops or is shut down due to technical fault. Repower Shoalhaven are confident in the both the technology used and

installation team. If an event does arise, the monitoring system will ensure that any substantial faults are quickly identified and rectified as soon as possible.

7 Repower Seven Cost forecasts

7.1.1 Upfront costs

Upfront costs	\$177,205
Capital/install costs	\$149,955
Project Development fee	\$23,250
Establishment costs	\$4000
ASIC Fees	\$1,871
Company establishment costs	\$1,129
Project staffing costs	\$1000

Table 7. Upfront costs

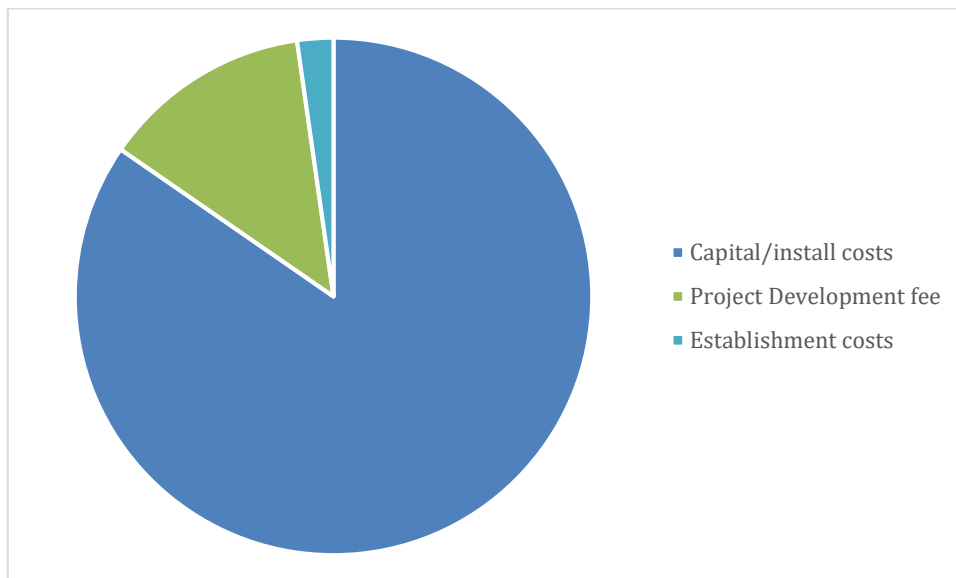


Figure 6. Breakdown of upfront cost (Exc GST)

The upfront costs have a high degree of certainty. Should the capital costs change substantially for any reason, Repower Shoalhaven's Project Risk Management Plan outlines the possible responses that the project developer may take.

7.1.2 Estimated Ongoing costs

Regular Ongoing costs	\$2475/yr
Project administration fee (4% of revenue)	\$975
Administration costs (Accountancy, billing fees)	\$900

Solar monitoring	\$350
Other costs	\$250
Ongoing one-off costs	
Panel cleaning (budgeted in Year 5)	\$1000
Company wind down costs	\$500

Table 8. Budgeted ongoing costs

As administrator, Repower Shoalhaven will endeavour to minimise project costs when feasible opportunities emerge. If actual costs differ from those budgeted, the full difference will be passed onto the shareholder. The exceptions to this rule is the administration fee, which will be at least 4% of revenue for the services stated in Administration Agreement

7.2 Depreciation and tax

Repower Seven owns the solar generator and associated components during the project term. The ATO states that the solar panels and associated components must be depreciated over twenty years. Repower Shoalhaven has modelled the forecasts using the 'Simplified Depreciation Method' which depreciates by 15% in Year 1, followed by 30% of the residual for each year thereafter.

Company tax is modelled on a rate of 30% of pre-tax profits, which is subject to change.

The forecasts for Repower Seven have no company tax liable of the life of the project. This is because the Company is forecast to make an accrued loss, due the depreciation rate and the fact that all additional cash is returned to investors via the community solar note.

8 Governance

For detailed information on the governance structure of Repower Seven, please refer to the Company Constitution accompanying this document.

8.1 Board of directors

The Board of Directors will comprise at least one director who is a representative from the project administrator and is responsible for the running the general business of the company.

Repower Shoalhaven urges shareholders to consider nominating themselves as a non-administrative director. The second Director's primary role would be to act as the contact person for shareholders who have general concerns or suggestions during the project term, or for those who wish to call a general meeting to pass a motion. If a shareholder comes forward who is deemed fit for the role, the initial Director (representative of the administrator) will appoint the second Director in accordance with 13.2 of the Company Constitution.

8.2 Decision-making

Directors who are representatives of the Administrator are responsible for the day to day running of the company, including all activities as outlined in the administrative agreement. Any action in addition to this - or where a decision would have a consequential negative impact on expected returns - requires the approval of the Members by ordinary resolution at a general meeting. Please refer to Section 14.1 of the Company Constitution for more detail.

For special resolutions or motions, a quorum of three members at a general meeting is required to hold a ballot. A majority is required to pass the resolution. **As every shareholder is granted a single Class D decision-making share, voting rights are equally split between shareholders based on participation and not the gross initial investment amount.** Please refer to Section 12 of the Company Constitution for more detail.

8.3 Meetings

Besides the Annual General Meetings, there will be no general meetings unless convened for the purposes of passing a resolution.

A meeting can be convened by any Director, or a minimum of 5% of the company membership. Please refer to Section 11 of the Company Constitution for more detail.

8.4 Annual General Meetings

It is expected that the Annual General Meeting will be held alongside the Repower Shoalhaven Annual General meeting, at the same date and location. All shareholders will be invited to attend.

9 Ownership Rights

For detailed information on the rights of share ownership, please refer to the Shareholder Agreement accompanying this document.

9.1 Transferring ownership

We recommend that the shareholder invest with the expectation to remain a shareholder for the full project term. However, the shareholder does have a right to sell their share. ***Community solar loan notes will automatically transfer from one shareholder to another upon transfer of the Class G Share, in proportion with the Class G share transfer.*** If the shareholder transfers all their Class G shares to a completely new shareholder, the single Class D share will also be transferred.

Finding the buyer is entirely at the expense and responsibility of the selling shareholder. The price of the share is also completely up to the buyer and seller. If requested, Repower Shoalhaven can provide a classifieds style noticeboard on the website for any shareholders who wish to sell their share.

If a shareholder dies, the other shareholders will be offered the opportunity to purchase the shares, with sale proceeds going to the estate of the deceased shareholder. If no existing shareholder purchase the shares, the shares will be transferred to the estate of the deceased shareholder.

Full terms and conditions regarding the transfer of shares, are contained in the Shareholders Agreement.

9.2 Voting rights

Please refer to section 8.2 for information on voting rights. Full information is available in the Shareholder Agreement and Company Constitution

10 General Tax Considerations

Please note: This taxation information is provided in general terms and is not intended to provide specific advice in relation to the circumstances of any particular potential investor. **You should seek independent advice in relation to your individual tax position before you choose to apply for or invest in this company.**

Distributions are expected to comprise of returns to loan notes – in both principal repayment and interest. The tax treatment for each of these is as follows:

10.1 Principal repayment of loan notes

For Investors who are tax residents of Australia, no part of the principal repayment will be treated as taxable for Australian income tax purposes.

10.2 Interest on loan notes

For Investors who are tax residents of Australia, interest payments are treated as taxable for Australian income tax purposes.

10.3 Dividends

As the loan note can run no longer than 10 years, should the project period exceed this length for any reason, the Company will be required to distribute additional returns as a dividend on the Class G Shares. **Note - no dividends are currently modelled for Repower Seven as all returns are modelled as principal and interest as part of the loan note offer.**

Any cash dividend you receive forms part of your Australian taxable income. The cash component of the dividend may also be fully or partly franked under the dividend imputation system. Any franking credits attached to the dividend also normally form part of your Australian taxable income. However, you are generally entitled to a rebate of tax, based on the franking credits attached to the dividend.

If your taxable income is too low to make you liable to tax, or the franking credits exceed your overall tax liability, then you may be entitled to receive a refund from the Australian Taxation Office for any excess franking credits. Companies are not eligible for a refund but may gross up the franking credit and carry it forward for utilisation against future income. You should be aware that the potential value of the franking credits does not accrue to you at the same time as you receive the cash distribution. You should also be aware that your ability to use the franking credits, either as an offset to your tax liability or by claiming a refund after the end of the year of income, will depend on your individual tax position.

10.4 Annual returns documentation

Annual returns will be processed in line with the financial year. Investors will receive:

- Receipt of repayments and interest, to correspond with the annual cash return
- Notice of company financial accounts
- Annual report summarising performance of projects

The project administrators will maintain both the company share registry and the loan note register.

11 Key Personnel

The community solar model employed here has been developed primarily by Repower Shoalhaven with the support of a number of professional service firms.

11.1 Repower Shoalhaven committee and membership

All decisions affecting the attributes of this project model were made via Repower Shoalhaven's democratic process, via either a members' vote at monthly meetings or approval from a quorum of committee members. Many members who have had a valuable contribution to the development of this community solar model are not acknowledged here.

John Clark President	With a background in business including technology development and ventures, John brings an understanding of new ventures. John has experience in corporate planning, business development and consulting in a range of sectors such as Cleantech, IT and software, and regional economic development.
Jessica Burg Community Projects Liaison	Jessica has been a Repower Shoalhaven's committee member since June 2014, and had a key role in the implementation of RS's first investment based project Repower One. Jessica previously worked as an Environmental Scientist at biowaste recycling organisation Loop Organics, and is now co-owner of Enviro-Dynamics, a local landscaping and sustainable cleaning business. Jessica holds a Bachelor of Science specialising in Sustainable Energy Management from Murdoch University.
Daniel Jones Community Projects Coordinator	Daniel has been an active solar mentor with Repower Shoalhaven since May 2015, developing Repower projects from Wollongong to Moruya. Daniel is passionate about sustaining and restoring our natural environment. He is currently finalising a Research Masters through the University of Wollongong's Sustainable Buildings Research Centre.
Amanda Lopez Committee member	Amanda has been secretary and fundraising coordinator of Repower Shoalhaven since mid-2014. She is a passionate environmental educator and campaigner having taught adults and children recycling, composting and environmental protection since the nineties. She has owned and worked in several businesses in Mexico and Australia, she is now a dedicated campaigner and serves on the board of board of Save the Tarkine. She has a degree in History of Art.
Mike Gorman Technical advisor	Mike Gorman is a local electrical contractor and residential solar installer at Kangaroo Valley Solar and Electrical. He provides independent technical advice and oversight for our projects. Mike is trained as an Electrical Engineer with over 20 years professional experience.
Sigrid Cooper Vice-President	Sigrid Cooper has been involved in Repower Shoalhaven since it began operating in 2013. She has played a major role in coordinating fundraisers, awards and general day to day running of Repower. She is also a successful local businesswoman and owner of Sigrid Cooper Physiotherapy.
David Schlosser Technical	David is a retired software developer. He worked in a variety of roles in many technical and business areas for companies of all sizes, from one-man to major multinationals. He is now applying that experience to Repower Shoalhaven.
Walter Moore Secretary	Walter is an environmental project officer with Shoalhaven Water and has been involved in the development of a number of water recycling and environment protection projects.
Linda Gray	Linda Gray is a volunteer events coordinator at Repower Shoalhaven. She is a successful local businesswoman and owner of Access Storage.

Committee member	
------------------	--

Repower Shoalhaven has a dedicated team of “Solar Mentors” who assist businesses investigating and implementing solar power systems. This team also seeks out possible sites for Repower Shoalhaven projects in the Illawarra and South Coast region. The Solar Mentor team comprises 8 members who work part time between 1 and 3 days per week. The target for 2018 is 350kW of projects funded, of which we expect at least 70% to be financed by community.

Repower Shoalhaven currently runs by a mix of volunteer effort and paid staff.

11.2 Giffard Sim Accountants

Repower Shoalhaven have contracted Giffard Sim Accountants to provide assistance and advice to this project by reviewing the financial model and incorporating the company. They will be ‘Repower Seven’s default financial service provider during the life of the project, assisting with the project administrator with annual reporting and cash returns.

They are based in Nowra and will serve as the registered office for Repower Seven Pty Ltd.

www.giffardsim.com.au

11.3 Clearpoint Counsel

Repower Shoalhaven have contracted Clearpoint Counsel to assist in shaping the legal structure and writing the legal documents used in this project. These documents include the Power Purchase Agreement, the Shareholder Agreement, the Community Solar Loan Note agreement and the Company Constitution. They will be the default legal advisors during the life of the project, should any requirement arise for counsel.

They are based in Melbourne and are Australia’s first ‘B-Corp’ certified legal firm.

www.clearpointcounsel.com

12 Risk

Investing in this project, like any investment, carries certain risks to be understood by a prospective investor before subscribing. As indicated in the Shareholder Agreement, Repower Shoalhaven and the directors of Repower Seven accept no liability whatsoever for any deviation in the project's profit from the forecasts contained in this document.

Repower Shoalhaven has compiled a comprehensive risk management plan for its community solar projects, the latest version of which is called *Repower Shoalhaven Project Risk Management Strategy v2.0* which is included in the Project Information Toolkit. This document outlines each known project risk, categorises the likelihood of occurrence and severity of this risk after response actions are undertaken, and lists the mitigation activities and response actions of the Operator in any risk event. A summary of the Risk Management Strategy is contained in Appendix 1 of this document.

Repower Seven will hold security over the solar power systems and the assets will be listed on the Personal Property Securities Register (PPSR). Repower Seven has the right to remove the solar power system for any reason.

12.1 Assessment of customers' financial position

One of the biggest threats to project revenue occurs when the customer is not able to make payments due to poor cash flow, insolvency or closure. **Bear in mind, should a business default on community solar payments, that Repower Seven (as the asset owner during the contract period) may elect to remove the solar panels and reinstall at another site as a last resort.** For full risk information, refer to Appendix 1 or the *Repower Shoalhaven Project Risk Management Strategy v2.0*.

Repower Shoalhaven have acquired the customers' financial history for review and discussion with an experienced external accountant.

Repower Shoalhaven has determined that these clients are suitable for such a project due to a combination of their financial position, their commitment to the site, and their strong standing within the community. We have summarised some anonymised financial information below, for investors that are interested.

The financial information is confidential and available only to Repower Shoalhaven members. We ask our members to please respect the privacy of our customers by not distributing any information contained below.

Repower Shoalhaven has accessed SHBRC's financial position based on the previous three years' financial reports provided. The club has a long history of paying their Community Energy bills (as part of Repower One), has been investing in their business (renovations and expansion) and have year on year improved their net operating profit. Repower Shoalhaven reviewed these financial reports with a Chartered Accountant as part of our assessment of financial position for host sites.

SHBRC has been operating for over 20 years, employs approximately 30 people and have a strong reputation and standing in their local community.

A copy of their financial reports for the previous 3 years can be found via the link below.

<https://shoalhavenheadsbowlingclub.com.au/about-us/#financialreports>

13 Subscription Instructions

Please carefully read this Offer Information Document carefully before deciding whether to subscribe. To subscribe, follow the instructions below.

Step 1. Print, fill out and sign both:

- a) Schedule 1 (page 1), accompanying the Shareholder Agreement.
- b) Investor Application form.

Step 2. Submit the relevant pages of the documents. Either:

- scan and email the signed documents to: contact@repower.net.au, or
- post to: *Repower Shoalhaven, PO Box 2226, Bomaderry NSW, 2541,*

Step 3. Deposit the requested subscription into the Repower Seven bank account.

Payment details	
Account name	Repower Seven Pty Ltd
Bank	Bendigo Bank Nowra
BSB	633-000
Account number:	162 253 140
Reference:	YOUR NAME
Amount:	\$1,772.05 x [No. of loan notes sought, minimum 2] *

Subscriptions close when the project has reached its fundraising target. You will be notified of your successful or unsuccessful subscription by 31/03/2018. Should you be unsuccessful, your money will be refunded as soon as possible.

14 Contact Us

For questions, please consult the project FAQs in Appendix 2 of this document.

Should you have any further questions please email contact@repower.net.au. We will endeavour to respond within 48 hours.

Repower Shoalhaven cannot provide financial advice. Should you require any financial advice on this investment, please consult with your financial advisor or accountant.

Appendix 1. Summary of project risks

For full risk information, refer to *Repower Shoalhaven Project Risk Management Strategy v2.0*.

Risk	Likelihood/ Shareholder impact	Mitigation Action	Response Actions
1. Customer ends contract early	Medium(M)/ low(L)	<ul style="list-style-type: none"> ●Customer has input in setting contract length ●Customer pays exit fees (acts as a disincentive) 	Customer pays exit fee on top of the purchase cost which compensates investors to their forecast cash return.
2. Customer moves address	L/L	<ul style="list-style-type: none"> ●Customer selected based on commitment to site 	a. Contract is novated to new tenant b. Customer or new tenant buys system as in Risk #1
3. Customer defaults on a payment	L/L	<ul style="list-style-type: none"> ●Customer selected based on stable financial position ●Interest accrues on late payments (disincentive) 	Seek assurances from customer on ability to make repayments. If confidence in customer is lost, proceed to Risk #4 for advice.
4. Customer is insolvent, ceases trading	L/L	<ul style="list-style-type: none"> ●Customer selected based on stable financial position ●Solar power system is listed on PPSR to allow for cost recovery 	a. Contract is novated to voluntary administrator b. Claim made for cost recovery c. Solar panels removed from building, installed elsewhere or sold d. Do nothing if economical e. Seek legal action as last resort
5. External factors damage solar power system, third party property/people	L/L	<ul style="list-style-type: none"> ●Customer must insure the system as part of their building insurance ●Automated fault alerts 	Customer makes insurance claim
6. Faulty installation/product damages solar power system, third party property/people	L/L	<ul style="list-style-type: none"> ●Repower Shoalhaven has strict technology and installer screening standards ●Roof tested for structural integrity on install ●Automated fault alerts ●Comprehensive warranties 	Installer/supplier or otherwise manufacturer contacted to rectify.
7. Lower power output than forecast	L/L	<ul style="list-style-type: none"> ●Comprehensive site assessment conducted. ●Comprehensive warranties 	a. Check against historical solar insolation b. Physical inspection for dust/grime/shade/fault.

			c. Advise course of action, i.e. cleaning, warranty claim
8. Solar developer/manufacturer become insolvent	M/L	<ul style="list-style-type: none"> ● Proven manufacturers used ● Proven solar developers ● Multiple layers of security (manufacturer, distributor, developer) ● Deposit paid to ensure not all capital is at risk before project commissioned 	If developer goes bankrupt before project finalised, deposit will attempt to be recovered. (Australian Consumer Law requires the Developer, supplier or distributor cover the warranties if the manufacturer becomes insolvent)
9. OH&S risk	L/L	<ul style="list-style-type: none"> ● Ensure all sub-contractors are self-insured during installation and maintenance 	
10. Insufficient capital raised	L/L	<ul style="list-style-type: none"> ● Repower Shoalhaven will attempt to make projects attractive for investors 	<p>a. Subscribing shareholders will be offered to buy more shares</p> <p>b. The time period will be extended</p> <p>c. Restructure the project to allow for additional investors – which may affect investor return</p>
11. Malpractice, corruption, mismanagement	L/L	<ul style="list-style-type: none"> ● Repower Shoalhaven has high standards of transparency, accountability and democracy. ● Members vote in the committee ● External audit of accounts 	Appropriate action against members found to be engaging in inappropriate conduct.
12. Limit is placed upon solar export – reduction in solar revenue.	M/M	<ul style="list-style-type: none"> ● RS works closely with Solar Installers to model conservatively the solar expert 	Internal rate of return will be adjusted
13. Site reduces their energy use and due to export limit, this reduces solar system output.	M/M-L	<ul style="list-style-type: none"> ● RS consult with host sites to identify opportunities to use more of their solar power, increasing their savings 	Internal rate of return will be adjusted

Appendix 2. Frequently Asked Questions

A2.1 When will the project be constructed?

Once the funds have been the raised, the installations will begin. This may take multiple weeks as there are many external factors which impact upon timing, the main being grid connection.

A2.2 What determines whether the cash is returned as principal or interest?

The loan note term will likely have 10 repayments over the 10 year period. Therefore, the likely principal repayment amount will be the equal to the initial investment divided by 10. Any additional cash returned will be classified as interest.

A2.3 Why does my annual interest return (as a %) increase as the project goes on in length?

As the principal is returned over the project life, the capital base decreases. As the forecast interest to return is relatively constant (it only decreases slightly each year to do the degradation of solar panel output), this means that the return on capital in % (interest in \$ divided by the capital base in \$) actually goes up as the project goes on.

A2.4 Can this project be compared to a fixed-term deposit?

No. The cash return is not retained, reinvested, and compounded but is returned throughout the project to the investor. If you were to reinvest all cash that is returned at the same rate, then this can be compared to a fixed term deposit.

A2.5 Can I invest using a trust entity structure?

Yes. The member must be listed on the trust deed. You must have received permission from other relevant parties associated with the entity, for example other individuals on the trust deed. All relevant details for submission are included on the application form.

A2.6 As an investor, how will I be informed of the projects' operational performance?

Investors will have exclusive access to the Repower Seven Investor Portal on the Repower Shoalhaven website. This will include live generation data, all shareholder documentation, annual reports, and any member notices or announcements. Please allow a few months to get this up and running. Annual reports and financial return calculations will be conducted once per annum.

A2.7 How will you maintain the share registry?

There will be a physical copy of the register at the registered office, which will be available to review by investors. Shareholder details will also be submitted to ASIC as required under the Corporations Act

A2.8 Why is the investment only open to Repower Shoalhaven members, and why is it capped at 20 investors?

This capital raise is bound by ASIC rules and regulations for a small scale private offering, which stipulates that a maximum of 20 shareholders can invest in any 12 month period (excluding sophisticated or wholesale investors). This offer constitutes a private offer to you as a Repower Shoalhaven member. As such this offer cannot be advertised by Repower Shoalhaven, or offer publicly beyond our membership.

A2.9 Do I need to upkeep my Repower Shoalhaven membership for the duration of the project?

No. Repower Seven is a separate organisation to Repower Shoalhaven and has no legal ground to enforce that investors must remain members. We would love that the member would remain a Repower Shoalhaven member for the duration of the project and continue to participate in our projects.