

APPLICATIONS FOR THIS INVESTMENT ARE CLOSED

Shoalhaven Solar Farm Pty Ltd

ABN: 71 640 570 770

Information Statement for Prospective Investors.

July 2021

Prepared by Repower Shoalhaven Incorporated



About this document

This Information Statement for Prospective Investors outlines the opportunity to invest in Shoalhaven Solar Farm Pty Ltd. Repower Shoalhaven Incorporated, a community energy association, has set up this company for the sole purpose of raising the principal of a Loan Facility to be placed with the Project Owner. The loan will partially fund the development of the Shoalhaven Solar Farm, the Project.

This is a small-scale offer, pursuant to section 708 of the Corporations Act 2001, to issue securities in the form of shares in Shoalhaven Solar Farm Pty Ltd. Section 708 does not require the provision of a detailed offer statement.

To participate investors are required to be members of Repower Shoalhaven.

Disclaimers, Warnings & Investor Notes

This Information Statement has been prepared by Repower Shoalhaven for consideration by its members. It is not authorised, approved or endorsed by any third parties who are, directly or indirectly, participants in the project.

Neither Shoalhaven Solar Farm Pty Ltd (henceforth in this document referred to as the Company) nor Repower Shoalhaven, its members or officers make representation about the underlying value of the securities on offer. Prospective investors must make their own assessment as to whether the securities being offered represent fair value.

(a) Investment in a new business carries risks. Before investing in any project about which information is given, prospective investors are advised to take appropriate professional advice;

(b) The information contained in this Statement has been prepared on behalf of the Company. Neither Repower Shoalhaven nor its associates or agents have undertaken a formal independent review of the information contained in this document.

(c) The information about the investment opportunity and the securities or scheme interests contained in this Statement are 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

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

Except for historical information, there may be matters in this document 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.

Actual performance or events may be materially different from those expressed or implied in those statements. None of the Company, its officers or any person named in this document with their consent, or any person involved in the preparation of this document, makes any representation or warranty (expressed 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 Statement.

This Information Statement for Prospective Investors is not a public offer within the meaning of the Corporations Act. In order not to contravene any applicable law no more than 20 unsophisticated investors will be allowed. An unlimited number of sophisticated investors is permitted.

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Definition of Terms

This glossary provides an explanation of Terms and abbreviations used throughout the document.

<u>Term</u>	<u>Explanation</u>
Project Co	Shoalhaven Energy Project Pty Ltd in its capacity as trustee of the Shoalhaven Energy Project Trust (ABN 69 669 296 018) (SEP).
Company	Shoalhaven Solar Farm Pty Ltd (ABN 71 640 570 770) (SSF)
Company Administrator	Repower Shoalhaven Incorporated (ABN 73 379 383 110) (RS)
Flow Power	Trading name of Progressive Green Pty Ltd (ABN 27 130 175 343), a wholly owned subsidiary of Kin Power Group Pty Ltd
Lender	Shoalhaven Solar Farm Pty Ltd.
Loan Facility	The investment mechanism between Project Co and the Company
Loan Note(s)	The investment mechanism between individual investors and the Company
PPA	15-year fixed price Power Purchase Agreement between Flow Power and Project Co.
The Project	A 3MWac solar farm on Nowra Hill Road, South Nowra. NSW
Project Developer	Shoalhaven Energy Project Pty Ltd in its capacity as trustee of the Shoalhaven Energy Project Trust (Wholly owned subsidiary of Kin Power Group Pty Ltd)
Project Owner	Shoalhaven Energy Project Pty Ltd in its capacity as trustee of the Shoalhaven Energy Project Trust
RS/Repower	Repower Shoalhaven Incorporated (ABN 73 379 383 110)
RECs	Renewable Energy Certificates
SSF	Shoalhaven Solar Farm Pty Ltd
SCC	Shoalhaven City Council
Solar Farm revenue	Revenue from the sale of solar energy generated by the Project and the sale of RECs.
COD	The date that Project Co advises the Company that the generated power commenced sale to Flow Power. This date is also the commencement of the repayment term of the Loan Facility between Project Co and the Company.

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1.0 Project Summary

Non-profit community group, Repower Shoalhaven (RS), invites investment in the Shoalhaven Solar Farm Project and has established the Company, Shoalhaven Solar Farm Pty Ltd, for the purpose of aggregating individual investments into a single Loan Facility to be entered into between the Company and Project Co, Shoalhaven Energy Project Pty Ltd in its capacity as trustee of the Shoalhaven Energy Project Trust.

By investing in this project, you will be a shareholder in the Company. The Loan Facility provided to Project Co by the Company will partially finance the construction of the Shoalhaven solar farm. The balance of the construction funding will be provided by the parent and sole owner of Project Co, Kin Power Group Pty Ltd.

RS initiated investigation of the Shoalhaven solar farm project in 2017, undertook project scoping, site identification and preliminary feasibility. RS sought to engage with an entity with development capability and subsequently entered into a Joint Development Agreement with Project Co to provide the resources necessary to deliver the Project.

The project is to develop a 3MWac solar farm on a 5.038Ha parcel of land, (Lot 12 DP 1266190) in South Nowra, leased from Shoalhaven City Council (SCC). The lease is for 30 years. The entire lease payment for the 30 years has been paid.

Development Approval for the solar farm has been obtained from Shoalhaven City Council (SCC) reference DS21/1139 (which is the amended scheme from the original DA20/1164.) The development approval and conditions are available on SCC web site – DA Tracker tag <http://www3.shoalhaven.nsw.gov.au/masterviewUI/modules/ApplicationMaster/Default.aspx>

Approval to connect to the Endeavour Energy 11kV distribution network has been obtained.

Material supply contracts have been entered into.

Project Co shall be responsible for the management and maintenance of the solar farm. Neither RS nor the Company have any role or obligation to manage or maintain the solar farm.

2.0 Project benefits

2.1 Avoided Carbon emissions

A primary objective of the project is the generation of emission free energy from a renewable source e.g., sunlight. This being critical to realising a sustainable society and economy. The SSF is estimated to avoid approximately 5900 tonnes/year of CO₂ emissions upon commissioning and approximately 74,000 tonnes of CO₂ emissions over the forecast 30 years of operation, based on the current forecast coal and gas fuelled sources of electricity.

2.2 Investor financial benefits

Subject to the terms of the Loan Facility being met by the Project Co, 5% interest on the outstanding principal of each loan note is to be paid annually by the Company. The principal shall be repaid in 5 instalments. An aggregate of 50% of the principal to be paid in equal annual instalments in the initial 4 instalments and the 50% balance paid on the final 5th instalment. This arrangement enables clarity of interest and principal returns together with ease of administration.

2.3 Local economic benefits

The development of the 3MWac Shoalhaven Solar Farm will herald the availability of locally generated sustainable energy for on-sale to local public authorities, business, and commercial customers. Small consumers such as residential and small business are not the target market.

RS will work with Flow Power to establish a local customer base with the objective of reducing energy costs thereby supporting the local economy by way of jobs, investment and local spending.

- There will be approximately 40 local jobs during the 5-month construction period.
- Three part time ongoing operation jobs.
- The value of spending locally during construction is anticipated to be \$2,100,000.
- The forecast generation of 5900MWh/annum is the equivalent consumption of 1140 households.
- The local generation contributes to reducing the risk of external power interruptions.
- Long term power purchase arrangements for local public and private enterprises are aimed to offer savings and price stability.
- The SSF provides the opportunity for community investment in a local, ethical and environmental project.

3.0 Investment offer

The Company has been established for the sole purpose of aggregating investments from individual investors into a single Loan Facility to be entered into between the Company and Project Co. The only source of income of the Company will be this Loan Facility with Project Co. The intent is that the entire principal and interest payments received by the Company will pass through the Company to the investors. Investors should note the Company has no capacity to meet the principal and interest payments other than through Project Co complying with the terms of the Loan Facility. The terms of the Loan Facility are provided in Appendix A.

The Company has adopted a 'Loan Note' as an appropriate investment mechanism for individual investors. The Loan Notes are anticipated to provide defined principal and interest returns within a defined time frame.

The investment arrangements include:

- Individuals invest via a '**loan note**', which is an unsecured loan to the Company. Investors are therefore lending to the Company in anticipation they will receive their principal repayments together with the fixed interest returns on the outstanding Principal.
- The Principal repayments are expected to be returned in the following manner; 50% of the initial principal will be returned annually in equal amounts over the first 4 years. The 50% balance of the initial principal will be returned as a single final payment in the 5th year and the loan discharged. (See example below).
- Interest will accrue from the day the solar farm commences commercial operation (COD) and paid annually on the outstanding principal of the loan during that year.
- The number of 'loan notes' taken up by each investor will be matched with the number of class G shares issued to that investor.

- Investors are granted **Class G shares** in the Company. The Class G shares provide proportional security over the Company’s assets. It also provides, in the event the Company has a residual value after the final discharge of all the loan notes, that investors can receive any distribution arising from the wind up of the Company in proportion to their initial investment. At the time of issuing this Invitation no such distribution is anticipated or planned.
- Each investor is granted a single **Class D share**, to provide each shareholder with an equal voting right.
- The Company will aggregate the value of the Loan Notes into a Loan Facility to be entered into between the Company and Project Co. The terms of the Loan Facility are set out in the term sheet provided in Appendix A. To the extent possible the terms of the Loan Notes are consistent with the terms of the Loan Facility.
- To participate investors are required to be members of Repower Shoalhaven.

TABLE 3.1 – COMPANY SECURITIES.

Security Type	Purpose	Quantity	Terms
Loan Note	Allows investors to readily identify the application of the capital raising for the Project and understand the expected returns.	Total: up to 80 notes Minimum notes per investor: 1 Maximum notes per investor: 5	1 unit offered per Class G Share Principal: \$6250/unit Rate: 5.0% p.a. fixed Term length: 5 years
Class G Shares	Gives investors asset ownership of financial returns after loan note term ends (if required)	Total: Up to 80 shares	Value: \$0.01/share (<i>waived</i>)
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 (<i>waived</i>)

A maximum of 20 unsophisticated shareholders are permitted to invest in the Company. There is no limit to the additional number of sophisticated investors. This invitation is open to both classes of investor.

A sophisticated investor is certified as such by a qualified accountant. The basic requirements are;

- a gross income of \$250,000 or more per annum in each of the previous two years, or
- net assets of at least \$2.5 million

Investors should seek advice from a qualified accountant in this regard.

The invitation will remain open until 20 unsophisticated investors and an unlimited number of sophisticated investors have registered for the capital raising which has a maximum cap of \$0.5million.

The Repower Shoalhaven management committee and solar farm sub-committee members can only invest if the Cap is not reached after the expiry of a 4-week period from the launch date (24th July 2021)

The Company cannot guarantee that an investor will be allocated the number of Loan Notes that they seek. The limit of 20 unsophisticated investors creates a challenge to wide member participation in this invitation. Adjustments to the number of Loan Notes allocated, as opposed to the number applied for, may be required so as to provide a measure of equity of participation by members of Repower. Such adjustments shall be entirely at the discretion of the Company.

The intent is to allocate Loan Notes on a first-in – first-allocated basis. However, the Company may give preference in that allocation to long-standing members of Repower Shoalhaven. The application of any such preference shall be entirely at the discretion of the Company.

TABLE 3.2 – PROJECT INVESTMENT SUMMARY

Solar Farm Nominal Capacity	3MWac
P50 Initial generation forecast	6062MWh/y
Total Funding requirement	\$5.15million
Loan Facility cap	Up to \$0.5million
Loan Facility Type	Unsecured, fixed terms.
Investment Type	Unsecured Loan Notes, fixed terms with annual repayments of principal and interest.
Minimum \$/investor	\$6,250 – 1 loan note.
Maximum \$/investor	\$31,250 – 5 loan notes
Maximum number of unsophisticated investors	20

Why use this loan note structure...

The Company's investment structure has the following features:

Readily understood by investors. Returns are classified as principal and interest (not capital return, dividend, or franking credit);

Easier for investors to process their annual tax returns. Only interest income is assessed as taxable.

Principal is returned in predetermined amounts.

Easier company accounts. Streamlined processing of company tax return and investor returns thereby minimising administration charges.

Investment example – Jim Blogs

Jim wishes to invest \$12,500 in SSF. As each loan note is valued at \$6,250. He therefore seeks 2 loan notes.

$$\text{Loan notes } 2 \times \$6,250 = \$12,500$$

$$\text{Total investment} = \$12,500$$

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

Class G Shares 2 *Same amount as number of loan notes*

Class D Shares 1 *Each shareholder gets 1 share.*

Jim's forecast investment returns

The following schedule provides the forecast annual returns to Jim. As can be seen, the annual repayment is divided into principal and interest. All going well, the project is repaid by the end of the 5th instalment.

Year	Principal	Principal repayment	Interest	Total Payment
2022	\$12,500.00	\$1,562.50	\$625.00	\$2,187.50
2023	\$10,937.50	\$1,562.50	\$546.90	\$2,109.40
2024	\$9,375.00	\$1,562.50	\$468.75	\$2,031.25
2025	\$7,812.50	\$1,562.50	\$390.60	\$1,953.10
2026	\$6,250.00	\$6,250.00	\$312.50	\$6,562.50

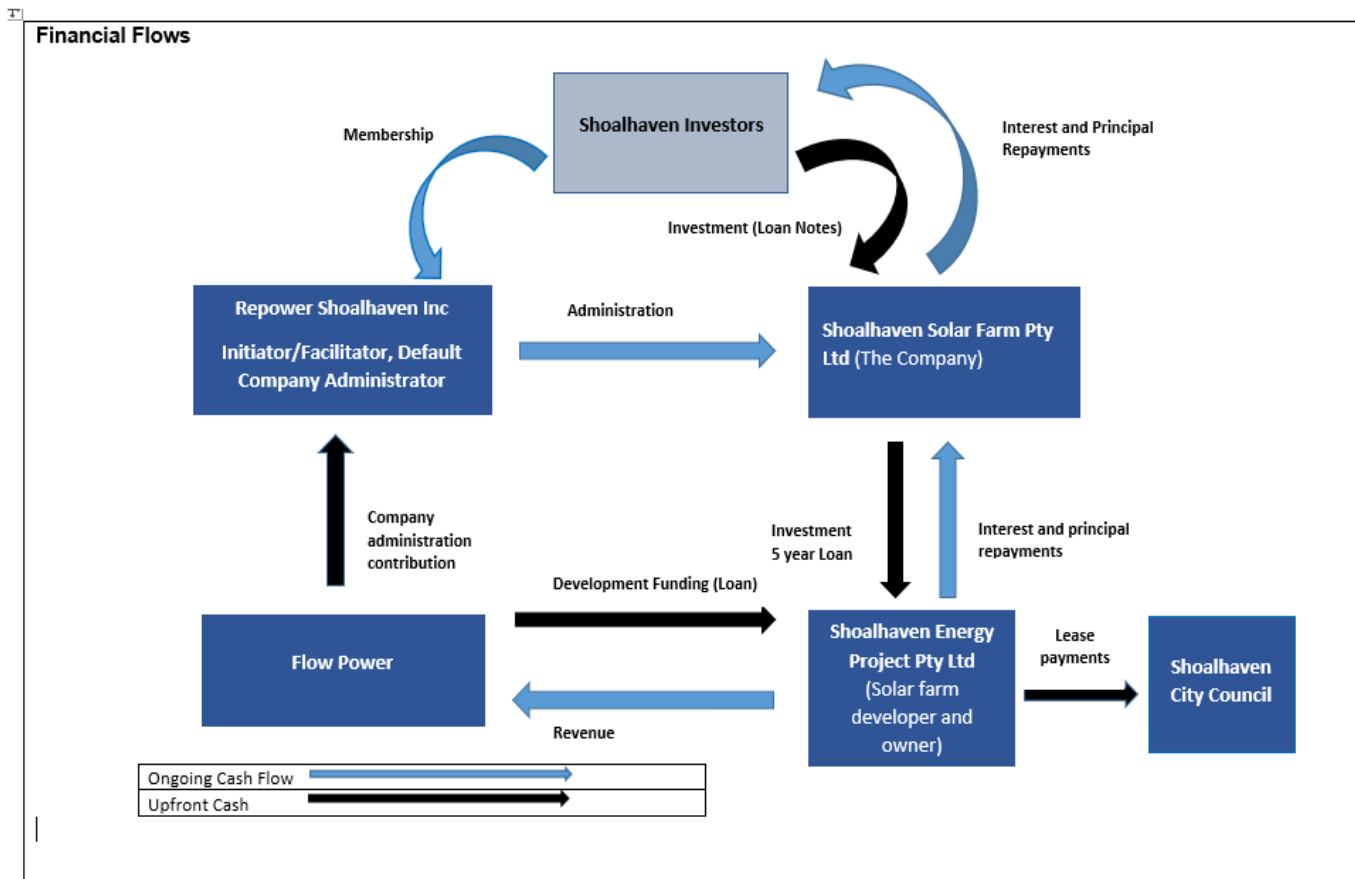
Total interest \$2343.75

4.0 Project Structure

4.1 Participating entities and relationships

The entities participating in this project, their relationship and roles are identified in Figure 4.1.

Figure 4.1 Entities, their role and financial flows:



4.1.1 Repower Shoalhaven Incorporated

Repower Shoalhaven is a not-for-profit community-based voluntary association founded in May 2013. It is open to membership from the entire community and beyond.

The constitution of Repower Shoalhaven has the primary purpose of facilitating the development of renewable energy projects. The voluntary members of the association are motivated by the goal of realising the reduction of carbon emissions for the benefit of the community at large. Also, to enhance the resilience of our local economy through the transition to a carbon emission free economy.

The Project will be a substantial addition to the portfolio of projects facilitated by Repower.

Repower Shoalhaven is made up of volunteer active members, volunteer committees and, currently, a part time accounts keeper. Repower Shoalhaven has a history of developing local community solar projects, with seven investment vehicles, based on Loan Notes, established;

- a) Kangaroo Valley Community Centre – a 9kW system funded by community donations.
- b) Repower One - 99 kW Shoalhaven Heads Bowling and Recreation Club
- c) Repower Two - 15kW Figtree Anglican Church, 15kW Nowra City Church)
- d) Repower Three - 30kW Anderson’s Dairy, 12.3kW Milkwood Café, 20kW John Hill Signs, 30kW South Pacific Roof & Trusses.
- e) Repower Four - 45kW Nowra Bowling Club, 30kW Eagle Park Dairy, 20kW Ogden Timber & Hardware)
- f) Repower Five – Tathra Beach Bowling Club (2 sites 60kW), 12kW Sourdough Bakery, Challenge Southern Highlands (3 sites 12kW), 20kW Shoalhaven Heads Golf Club, 20kW Chittick Dairy, 15kW Campbelltown Preschool.
- g) Repower Six – 30kW Treats Factory, 13kW Wonson Timber, Coolamon Shire Council (3 sites – 66kW)
- h) Repower Seven – 120kW Shoalhaven Heads Bowling and Recreation Club.

Repower Shoalhaven acknowledge that this Project is a larger enterprise than previously undertaken. Hence the participation of Flow Power, who have provided the technical and financial resources required to complete the pre-development tasks, are funding the construction in advance of the community capital raising and have contracted to purchase the entire generated production of the Project for 15 years.

RS is the Project initiator and facilitator, working collaboratively with Flow Power to develop the SSF.

RS has participated in the structuring of the Loan Facility,

RS incorporated of the Company, prepared this information statement and the companion documents.

RS determined the terms for the Loan Notes and structuring of the Company securities.

RS has received a lump sum payment of \$80,000 (plus GST) from Flow Power for their contribution in bringing the project to financial close.

RS will receive \$8,000/annum (plus GST) from the Project Co for the term of the Loan Facility to assist in meeting the cost of administration of the Company.

RS has appointed two interim directors of the Company (Bob Hayward and Walter Moore). The Company will invite two additional volunteer directors from shareholders once the capital raising has been completed.

RS will act as the Company administrator (See 4.2.4).

RS will participate with Flow Power in the sale and marketing of renewable energy to public authorities, commercial and industrial enterprises within the South Coast region. RS will receive a one-

off success fee for any sale realised. This participation is consistent with the purpose and constitution of RS and is unrelated to the Company.

4.1.2 The Company - Shoalhaven Solar Farm Pty Ltd.

Shoalhaven Solar Farm Pty Ltd is the Company established by RS as a 'special purpose vehicle' for the sole purpose of enabling community investment into the Project.

The Company will aggregate the Loan Note investments from the individual investors into a single Loan Facility to be entered into between the Company and Project Co. The aggregated pool of investments will be applied to the Loan Facility. The Company will not retain any portion nor distribute any portion of the Loan Note investments by any other means.

The Company will receive principal and interest payments on the Loan Facility from Project Co.

The Company will distribute the principal and interest payments received from the Project Co annually to shareholders proportionally to the Loan Notes held. These payments will pass through the company without retention of any amounts (other determined by law).

4.1.3 Kin Power Group Pty Ltd

Kin Power Group Pty Ltd (Kin Power Group) is the overarching entity which owns the Flow Power retail business and all related assets. Kin Power Group is jointly owned by institutional investor OPTrust and the original founders of the Flow Power business, including the company CEO Matthew van der Linden.

OPTrust is the majority owner of Kin Power Group and is a Canadian pension fund with a background in renewables and over \$23 billion in net assets.

Established in 2008, Flow Power is an electricity retailer to the commercial, public authority and industrial sectors, with a strong focus on advising customers on energy demand management linked to market spot prices. This is a point of difference to their competitors.

Today, Flow Power supplies renewable energy to some of Australia's most iconic organizations including, but not limited to, the Sydney Opera House, Flinders Port, Snack Brands and the Cities of Sydney, Adelaide & Newcastle.

Statement from Flow Power:

'While Flow Power is a private company, the organisation is participating in the SSF project to support Repower Shoalhaven's ambitions to realise the community-based project and deliver on the benefits to the community, local businesses and community investors.'

Flow Power has contributed significant resources in supporting the project to date and will continue to do so through construction and operation. This is driven by a corporate social responsibility undertaking to support the community outcomes driven by Repower Shoalhaven.'

4.1.4 Shoalhaven Energy Project Pty Ltd.

Shoalhaven Energy Project Pty Ltd is a wholly owned subsidiary of Kin Power Group Pty Ltd and is a special purpose vehicle which owns, as its only asset, the Shoalhaven solar farm. It is the contracted party to sell the electricity generated via the PPA to Flow Power, the retail arm of Kin Power Group Pty Ltd.

Shoalhaven Energy Project Pty Ltd in its capacity as trustee of the Shoalhaven Energy Project Trust is the borrower of the loan provided by Shoalhaven Solar Farm Pty Ltd, the entity to be financed by this capital raising.

4.2 Agreements regulating the scheme.

4.2.1 Shareholder Agreement

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

4.2.2 Loan Note agreement

This agreement establishes the terms of the loan between the Shareholder/Investor and the Company.

4.2.3 Loan Facility

This agreement establishes the terms of the loan between the Company (lender) and Shoalhaven Energy Project Pty Ltd in its capacity as trustee of the Shoalhaven Energy Project Trust, the borrower. The term sheet for this facility is provided in Appendix A.

4.2.4 Administration Agreement

This agreement covers the terms of the relationship between the Company and Repower Shoalhaven, for the administration of the Company.

The Company administrator is responsible for maintaining communications with Flow Power regarding the project operations to the extent they are of interest to the investors, including receiving reports, receiving scheduled payments, undertaking annual accounts, distributing returns to shareholders, liaising with shareholders on decision-making and project developments, maintaining contact and payment details of the shareholders.

The Administration Agreement established with RS is consistent with the arrangements for the prior RS investment vehicles. The shareholders of the Company can elect at any time to remove RS fully or partially from the role of administrator.

4.2.5 Company Constitution

The Company constitution specifies the rules by 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.

4.2.6 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 based on the template constitution provided by the NSW Department of Fair Trading for incorporated associations. To become a shareholder/investor in the Company it is a requirement to be a member of Repower Shoalhaven and abide by the constitution in all dealings as a member.

4.2.7 Power Purchase Agreement

The Power Purchase Agreement (PPA) is a contract between Flow Power and the Project Co that sets the terms under which Flow Power is obligated to purchase energy from the Project. The purpose of the PPA is to provide revenue certainty to the Project.

The Project will sell energy at market prices into the National Energy Market and receive revenues from this market directly. The PPA sits on top of this in the form of a contract for difference by which the output from the Project gets a fixed price guaranteed by Flow Power.

Flow Power may on-sell energy to customers via contracts called Virtual Generation Agreements (VGAs). Wherever possible, certain terms in the VGAs are aligned to the PPA. A portion of the energy from this Project has been effectively pre-sold to City of Sydney.

5.0 Operational Details (As provided by Flow Power)

5.1 Project Components

A summary of technology proposed to be used in the Project and associated warranties are contained the Table 5.1 below. Refer to Appendix B for additional details.

Table 5.1 Project Components

Part	Supplier	Product	QTY	Warranty
Mounting Structure	Schletter	FS-Uno – SRF 7 20 degree tilt angle 2V x 26 modules per row	151 tables	10 Year Installation Warranty
Solar Panels	Risen	Risen Titan 500W RSM150-8-500M	7,852 modules	25 Year Performance Warranty 12 Year Installation Warranty
Inverter	SMA	Sunny Central 3000EV mounted on MVPS containerised skid	1	5 Year Factory Warranty
RMU	PM Controls	Xiria 11kV RMU, Woodward protection relays with metering panel and integrated Azzo SCADA panel	1	12 months installation warranty
SCADA	Azzo / Flow Power	Custom remote control and monitoring system for safety in operations and maintenance	1	12 months installation warranty

5.2 System size and technical details

The installation is 3926kWp, consisting of 7852 x 500W modules, arranged in strings of 26 panels. The strings are paralleled into combiner boxes in the field, and then all reticulate back to a single central inverter. The inverter is rated 3000kWac and converts the DC output from the panels to AC. Co-located with the inverter is the transformer, which then takes the low voltage output of the inverter and transforms this up to 11kV, to allow this to connect and export power to the 11kV Endeavour Energy network.

The panels are mounted to a fixed tilt mounting structure in rows, in a 2P arrangement i.e. the width of the row is two panels in portrait. The rows run east to west with panels that face north, with a slight azimuth of 8 degrees to align with the long axis of the block. The tilt angle for the panels is 20 degrees. The mounting system is pile-driven, supported by steel piles driven at least 1.5m into the ground along the length of the array. The steel for all mounting system components is alloy-coated to prevent oxidation and corrosion over the life of the product.

Each component has been selected for quality and performance, for more details on each product selection and associated warranties see Appendix B.

5.3 Installation and Commissioning

The construction process is expected to take approximately 4-5 months.

The site will first be prepared, with a small amount of bulk earthworks to level the site, internal roads prepared and perimeter fence constructed.

The piles for the mounting system will be driven into the ground and the trenches for underground cabling dug. Then concurrently separate specialist contractors will; assemble the mounting frame and affix the panels, install AC and DC cabling, prepare foundations for the major equipment including the inverter and the 11kV ring main unit and make all cable terminations and connections.

Once all equipment is in place and the works are practically complete, the commissioning phase begins, first testing each component before connected to ensure compliance (cold commissioning) then energising the plant and testing the operation of the plant while connected to the grid (hot commissioning). This phase of commissioning will be coordinated with Endeavour Energy and the inverter manufacturer SMA to ensure all their requirements are met. Commissioning is expected to take 3 weeks depending on available Endeavour Energy and SMA resources.

5.4 Monitoring and maintenance

Grass cover underneath and between the panels will be managed regularly with a local landscaping contract to ensure fuel loads are low and there is no build-up of organic matter across the site. In other fire prevention measures, the site has a standing 20,000L water tank filled at all times for RFS use in an emergency and 10m clear zones around the edge of the site for RFS access and separation between the solar plant and other land.

The equipment on site will undergo regular preventative maintenance checks and the panels will be regularly cleaned as required.

The status of all plant equipment will be monitored remotely 24 hours a day via a SCADA control and monitoring system. This allows a user via a remote terminal to see the status of all equipment on site, including the output of the plant from the revenue grade meters, and the statuses of the equipment including inverter, transformer and circuit breakers. Should a fault occur on site, this system will alarm, and our locally based O&M Contractor can be alerted to go and investigate.

The ongoing performance of the plant is also monitored to ensure peak performance. Data from weather stations on the site are compared with the output of the plant to confirm all is functioning as expected. If generation output is lower than modelled this is investigated to confirm the source and rectify the issue (i.e. faulty string, dirty panels, etc).

5.5 Financial management -

Kin Power Group have a strong financial balance sheet and a history of delivering and managing solar farm projects at this scale. Flow Power through a retail agreement will purchase the full output of the solar farm and then sell this on to customers, including the City of Sydney. Flow Power have been operating as a retailer since 2009 and selling renewable power purchase agreements (PPAs) since 2017.

Currently, Flow Power has 445 MW in renewable offtake agreements with ten wind and solar projects (2 TWh/y of output) across all mainland National Energy Market states. In addition to holding a large-market electricity retail license, Flow Power is licensed by the Australian Energy

Market Operator (AEMO) as a Small Generation Aggregator. This permits the connection of generators up to 5 MW (at the grid connection point) to the market.

6.0 Governance of the Company

6.1 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. At this time RS has established two directors.

Repower Shoalhaven requests shareholders to consider nominating as a non-administrative director. Two additional directors are suggested. The primary role of shareholder nominated directors would be to act as the contacts for shareholders who have general issues or suggestions during the project term or wish to call a general meeting to pass a motion. If shareholders come forward and are deemed fit for the role, the initial Director (representative of the administrator) will appoint the second or third Director in accordance with 13.2 of the Company Constitution.

6.2 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.

6.3 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.

6.4 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.

7.0 Ownership Rights

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

7.1 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. **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 purchases 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.

7.2 Voting rights

Full information is available in the Shareholder Agreement.

8.0 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:

8.1 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.

8.2 Interest on loan notes

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

8.3 Dividends

It is not anticipated that dividends will be paid. However, in the unlikely event that the Company, for reasons not currently foreseen, operates beyond the term of the loan note and the Company acquires disposable assets, the Company will be required to distribute any additional returns as a dividend on the Class G Shares.

Any 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.

8.4 Annual returns documentation

Annual statements of returns will be processed in line with the annual payment, on or about the anniversary of the Commercial Operations Date.

Investors will receive:

- Statement of principal repayments and interest, corresponding with the annual receipts by the Company from Project Co.
- Notice of the Company financial accounts.
- Annual report summarising performance of the project.

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

8.5 Giffard Sim Accountants

Repower Shoalhaven have contracted Giffard Sim Accountants to assist and advise the Company. They will be the Company's default financial service provider during the life of the project, assisting with annual reporting and returns.

They are based in Nowra and will serve as the registered office for the Company.

www.giffardsim.com.au

9.0 Risk Factors

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 the directors of the Company accept no liability whatsoever for any deviation in the project's performance from the forecasts contained in this document.

Risks to repayment of the principal and interest include;

Operational Risk - the Solar PV System underperforms, is damaged or fails.

The identifiable risks leading to underperformance during the 5year term of the Loan Facility arise from;

- extraordinary events, such as catastrophic weather or bushfire.

Project Co have insurance in place to enable the damage to be repaired and generation re-established. Such a catastrophic event would lead to a period of no income to Project Co. In such a situation we would rely on the goodwill of Kin Power Group to negotiate either a suspension of the loan until income was re-established or for a payout of the outstanding principal. Reliance on goodwill negotiations is obviously uncertain in regard to outcomes.

The project layout is designed to provide access for firefighting and also a setback around the entire boundary to protect the installation from fire, presuming firefighting resources are available.

To manage responses to less than catastrophic events, Project Co will contract a 24/7 monitoring and response service to deal with faults or other maintenance needs. Accessibility to the site for maintenance and cleaning is readily achieved.

- failure to engineer and build the solar installation to perform as forecast.

The engineering has at least two aspects in respect to this risk. The components and the integration of the components into a functional system.

The components have been sourced from reliable manufacturers and with warranties that are equal to or exceed the 5year term of the Loan Facility. Failures can still occur however they can be anticipated to be relatively short duration and hence not of sufficient consequence on the annual aggregate income to impact the capacity to meet loan repayments.

In addition, the Debt Service Cover Ratio Financial Covenant within the Terms of the Loan Facility result in the repayments of this loan facility being ahead of any other distributions. Flow Power have advised that as a consequence the income could fall to 10% of forecast and the principal and interest repayments sustained.

The integration of the components presents a different risk in that a flawed design or installation could result in systemic underperformance, which is challenging to identify and rectify, resulting in underperformance over a longer duration.

The Kin Power Group have technical resources and processes, both internal and external, to validate the design, procurement and commissioning to minimise the potential for a systemic flaw. They have used third party verification of the design when required. Similarly, we anticipate the commission verification will include independent resources. The Kin Power Group have recently commissioned two projects of a similar nature successfully.

We have arranged to stage the drawdown when reasonable confidence of completion and performance can be established. We anticipate the warranties to accompany the Drawdown Notice will result in verification of the anticipated performance.

- Shutdowns of the Endeavour Energy network.

Scheduled and unscheduled shutdowns of the Endeavour Energy automatically shut off supply and hence income to the project. Historically such shutdowns are of short duration and unlikely to materially impact the annual generation income.

- Regulation Risk

Regrettably, the future regulation of the energy supply is less certain than desirable. The absence of clarity, commitment and timeframe to transition to renewable generation results in uncertainty. Being an installation of less than 5MWac is of benefit in this regard in that the project is not directly regulated by the National Energy agencies. This risk is beyond the capacity of Kin Energy Group to manage but is considered minor in probability and consequence within the 5year term of the Loan Facility. That is a judgement, however.

Structural Risks – the nature of the financial arrangements in place.

The fundamental risk is that the Loan Facility, consequently the Loan Note, are unsecured. The risk here is not directed at the discreet project performance, rather that Kin Power Group encounters financial constraints that prevent them being able to sustain the payments under the PPA with the Project Co.

The causes of such a constraint are not readily identifiable, given the resources of OPTrust, the majority owner of Kin Power Group, the market position of Flow Power and their business model based on PPAs, all of which implies a reliable sustainable enterprise. Nevertheless, investors need to be aware that should, for whatever reason, Project Co be unable to meet the principal and interest repayments forecast, then the Company has no alternate means to recover the investor's funds.

There exists the potential that Kin Power Group will refinance the project within a senior debt facility as a corporate wide finance structuring.

In the event the project is refinanced during the Term of the Loan Facility then the Facility includes the provision for Project Co to Pre-Pay/Buy Out the outstanding principal together with the accrued interest and an Early Payment Fee. (See Appendix A).

Similarly, in the event of a change of ownership of Project Co, then the Company may elect to have the outstanding principal repaid, together with accrued interest and an Early Payment Fee. (See Appendix A).

Further mitigation of the fundamental risk arises from;

- A portion of the electricity from the Shoalhaven Solar Farm is integral to the long-term supply contract between Flow Power and the City of Sydney. This purchase underwrites, to a degree but not entirely, the viability of Project Co.
- Flow Power have formalised the purchase of the entire output of the Solar Farm by way of the 15-year PPA (see 4.2.7). This arrangement is consistent with the Flow Power business model which is based on long term offtake agreements with creditworthy customers.

10.0 Subscription Instructions

Please read this Offer Information Document 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 Shoalhaven Solar Farm bank account.

Payment details	
Account name	Shoalhaven Solar Farm Pty Ltd
Bank	Bendigo Bank Nowra
BSB	633-000
Account number:	185 181 971
Reference:	YOUR NAME
Amount:	\$6250.00 x [No. of loan notes sought, minimum 1, maximum 5]

11.0 Contact details

For questions, please consult the project FAQs in Appendix C 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.

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APPENDIX A

Shoalhaven Solar Farm Project

Loan Facility Terms Sheet

This terms sheet sets out the terms on which Shoalhaven Solar Farm Pty Ltd (ABN 71 640 570 770) (**Lender**) proposes to provide a loan facility to Shoalhaven Energy Project Pty Ltd in its capacity as trustee of the Shoalhaven Energy Project Trust (**Borrower**).

PART 1: PARTIES

Lender	Shoalhaven Solar Farm Pty Ltd
Borrower	Shoalhaven Energy Project Pty Ltd in its capacity as trustee of the Shoalhaven Energy Project Trust

PART 2: THE FACILITY

Facility type	Construction finance facility
Facility limit	Up to \$500,000
Purpose	To fund the construction and commissioning of the proposed Shoalhaven Solar Farm
Maturity Date	5 years from the Commercial Operations Date (COD) of the solar farm
Availability Period	The earlier of COD or 9 months from the Facility being made available
Drawdown	The Facility shall be drawn down under a drawdown notice, subject to ongoing satisfaction of all applicable Facility Terms and Conditions during the Availability Period
Interest	Interest will accrue from the COD.
Repayment	<p>The amortisation schedule for repayment of principal will be set using a notional tenor of 8 years. 12.5% of the loan principal will be repaid annually in equal amounts over 4 years with the first repayment occurring 12 months after COD. The remaining balance will be repaid in the 5th year.</p> <p>Indicative Amortisation Schedule based on hypothetical \$250,000 loan facility and the COD prior to December 2021.</p>

Year	Principal (upon which interest is paid)	Principal Repayment
2022	\$250,000	\$31,250
2023	\$218,750	\$31,250
2024	\$187,500	\$31,250
2025	\$156,250	\$31,250
2026	\$125,000	\$125,000

PART 3: PRICING

Establishment fee	Nil
Interest Rate	Interest rate will be at a fixed rate of 5% per annum.
Commitment Fee	Nil
Interest Period	12 months
Interest Payment Date	Interest is payable on the last day of each Interest Period
Default Interest	2.00% over the Interest Rate

PART 4: DEBT SIZING / FINANCIAL COVENANT

Debt sizing	<p>“Debt Service Coverage Ratio” or “DSCR” means the ratio of Cashflow Available for Debt Service (CFADS) to the sum of interest and scheduled principal repayments (Debt Service). Debt Service is the sum of all interest and scheduled principal payments to senior debt and to the Lender under this facility. Debt will be sculpted to a min/average DSCR of 1.20x over the term of this facility.</p>
Debt Service Cover Ratio / Cash Sweep	<p>Floor DSCR: 1.05x.</p> <p>If in any period, the actual DSCR falls (backward looking) below the Floor DSCR, then dividend payments are not permitted. If the actual DSCR (backward looking) falls below the Floor DSCR for 2 consecutive periods, then a full cash sweep ensues with amounts swept applied towards prepayment of the facility and outstanding interest. Cash</p>

sweep ceases upon actual DSCR (backward looking) being above the Floor DSCR.

PART 5: SECURITY / RANKING

Security Unsecured

Ranking Pari Passu with other subordinated creditors, and ahead of equity dividend claims.

PART 6: OTHER TERMS

Negative pledge No

Representations and Warranties The Borrower will give representations and warranties as are standard for facilities of this nature.

Events of Default Events of Default as are standard for a facility of this nature, including financial default, insolvency or an event or series of events occurs which have or be likely to have a material adverse effect on the ability of the Borrower to repay the loan.

Pre-payment / Buy out The Borrower may pre-pay the entirety of the principal outstanding under the Facility.

In the event of a pre-payment the Borrower will pay the Lender all interest incurred to that date plus the Early Payment Fee that applies in the year the pre-payment is made.

Year	Early Repayment Fee
1	10,000
2	8,500
3	7,000
4	5,500
5	1,000

Change of Control A change of control cannot occur without the consent of the Lender.

Information

The Facility shall issue regular operational updates to the Lender including the amount of Sent Out Generation and any outages of the Facility. Frequency TBD.

This terms sheet is not intended to be create legal and binding obligations upon the parties and is subject to transaction documents and corporate approvals of each of the parties.

APPENDIX B

Technology Selection Summary

Flow Power in partnership with Repower Shoalhaven is constructing a 3 megawatt (MWac) solar farm in Nowra Hill, NSW, approximately 7 km southwest of the Nowra town centre (the project). The project consists of 3MWac of solar generation equipment and associated infrastructure.

Repower Shoalhaven is a community group which develops solar projects for business and individuals to participate in around the South Coast and Illawarra region.

This document has been prepared by Flow Power for Repower Shoalhaven to summarise the technical design and equipment selection of the farm and assist in their community investment raising process.

Equipment Selection

Each of the major equipment selections for the solar farm is listed below, along with any associated product warranties. The equipment selections have been driven by technical performance and established installation history.

Risen was founded more than 40 years ago and started producing solar panels in 2002. The company has been supplying solar panels in Australia since 2008 and is a Bloomberg Tier 1 ranked solar panel supplier, bankable for many large utility-scale solar farms across Australia and the world.

Schletter is the global leader in ground-mount solar racking systems, both in terms of market share and quality. German engineered and with experience supplying in ground-mount, carport and rooftop systems, Schletter has a reputation for quality and precision.

Similarly, SMA is the leading inverter for utility-scale installations in Australia and across the world. They have a well proven track record - more than 90% of utility scale solar farms in Australia use SMA inverters, and they have been approved for connection on every major distribution network in Australia. Their quality German engineering combined with a large Australian company presence including technical support staff leads to reliable inverter operation with minimal downtimes.

Part	Supplier	Product	QTY	Warranty
Mounting Structure	Schletter	FS-Uno – SRF 7 20 degree tilt angle 2V x 26 modules per row	151 tables	10 Year Installation Warranty
Solar Panels	Risen	Risen Titan 500W RSM150-8-500M	7,852 modules	25 Year Performance Warranty 12 Year Installation Warranty
Inverter	SMA	Sunny Central 3000EV mounted on MVPS containerised skid	1	5 Year Factory Warranty
RMU	PM Controls	Xiria 11kV RMU, Woodward protection relays with metering panel and integrated Azzo SCADA panel	1	12 months installation warranty
SCADA	Azzo / Flow Power	Custom remote control and monitoring system for safety in operations and maintenance	1	12 months installation warranty

Other contracts and suppliers (such as for electrical cables, combiner boxes, fencing etc) will be sourced from Australian suppliers and be in accordance with industry best practice (Australian Standards compliant).

Solar Panels and Mounting System

The PV modules would be standard ~1.1m x ~2.2m monocrystalline silicon modules, mounted on north-facing fixed racking systems. The panels selected are from Risen, a Bloomberg Tier 1 solar panel supplier. The racking system is a Schletter fixed-tilt pile driven system, tilted to 20 degrees.

The selected Schletter mounting system is a fixed racking system and reaches approximately 2.2m above ground. The solar arrays are arranged in east-west rows, with all panels facing the same aspect (north, with an azimuth of 9 degrees). The mounting system piles do not have concrete foundations and are instead secured into the ground using a pile-driving machine.

Photos of the Schletter system installed on other sites are provided below.



Schletter racking system.

Inverter and MVPS

The project uses an integrated medium voltage transformer (MVPS) with switchgear, and a centralised inverter, provided as a single containerised solution.

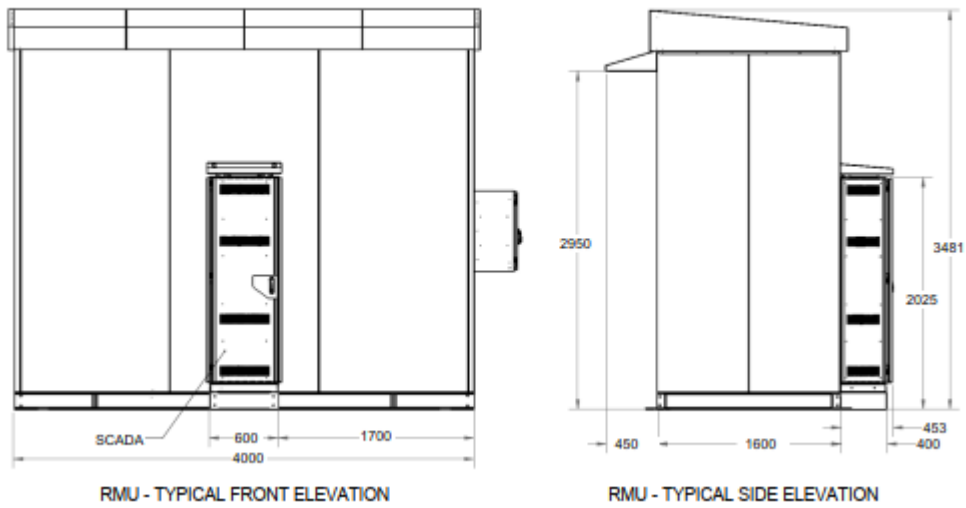
This combined MVPS arrangement with a central inverter has superior reliability to multiple smaller inverters. It has been demonstrated through analysis of their product in the field by SMA (the inverter manufacturer) that the failure rate per kW is lower for central inverters than the smaller inverters. There are less failures and less service actions overall required for sites with central inverters. The proposed unit has also been deployed on more project sites and is a more proven technology solution.



Combined MVPS containing the central inverter, transformer and switchgear in an open container

RMU

The detailed design process for the high voltage electrical design has identified that a 11kV ring main unit block (RMU) is required to house the network protection equipment, metering equipment and SCADA system for monitoring and control of the system. The RMU is a above ground prefabricated unit which is located in the southwest corner of the solar farm lot (indicative illustration below). This is the required location as it is closest to the Endeavour Energy connection to the 11kV network.



This equipment will be fabricated by PM Controls, a specialist electrical switchboard manufacturer based out of Sydney, using SEL relays with protection settings approved by Endeavour Energy.

APPENDIX C

Frequently Asked Questions

C1 When will the project be constructed?

The Project is committed and proceeding funded by the Kin Power Group. Construction completion for commencement of commercial operation is anticipated to occur by December 2021.

C2 What determines whether the cash is returned as principal or interest?

The loan note term is scheduled to have 5 repayments over the 5-year term of the Loan Note. The first payment being on the anniversary of the Commercial Operation Date. Payment from the Company is dependent upon Project Co, Shoalhaven Energy Project Pty Ltd in its capacity as trustee of the Shoalhaven Energy Project Trust meeting their obligations in accordance with the terms of the Loan Facility.

C3 Can this project be compared to a fixed-term deposit?

No. This loan is unsecured. Also, the principal is not retained, reinvested, and compounded but is returned throughout the project to the investor.

C4 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.

C5 As an investor, how will I be informed of the projects' operational performance?

Investors will have exclusive access to the SSF Investor portal on the Repower Shoalhaven website. This will include 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.

C6 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??

C7 Do I need to upkeep my Repower Shoalhaven membership for the duration of the project?

No. the Company is a separate organisation to Repower Shoalhaven and RS has no legal ground to enforce those investors must remain members. We would however encourage continuous membership and participation in our projects.