

HoTTWind@Longley - MAIN SHARE OFFER

Working Towards Sustainable Living in the Holme Valley

NEWSLETTER NO 8 – 21st August 2015



The Directors are circulating this Newsletter to update Members and subscribers on the Main Share offer and to give a progress update on the Longley wind turbine project.

8.1 Turbine procurement

Members and potential investors were informed by letter in July 2015 that the Board were advised in late June that the Turbowinds turbine would not be delivered in time to meet the FiT tariff deadline of 23rd September 2015. As noted, the procurement of the turbine is being undertaken by Longley Farm, and it is they who are carrying the associated construction financial risk, not HoTTWind@Longley Ltd. Turbowinds S.A., the Belgian turbine supplier, has entered a process in Belgium known as 'Judicial Reorganisation', lasting up to six months, and which provides protection against creditors. Longley Farm and Enviko (the turbine installer with whom Longley Farm had contracted to provide the turbine) have therefore lost confidence in Turbowinds to supply the 400kW turbine as planned.

With the September FiT deadline looming and Turbowinds in default, Enviko with Longley Farm support, decided to end their turbine supply contract with Turbowinds and procure an alternative turbine. Various options were considered, with the only viable alternative being a smaller 225kW RRB Energy turbine. Whilst not ultimately HoTTWind@Longley's decision, the Board supported this decision, in the interests of securing a community energy scheme.

RRB Energy is a proven Indian turbine supplier established in 1987. They manufacture a range of ex-Vestas (Danish) designed turbines as well as some of their own design. Our turbine will be an RRB V27, which is identical in design to the original Vestas V27, with interchangeable parts. Over 800 RRB V27/29 turbines have been sold to date and there are at least 13 operational in the UK. The turbine has 27m diameter blades and a tip height of 45.45m, within the planning consent height of 46m.

Longley Farm and Enviko have now signed an agreement for the installation of the V27-225kW RRB Energy turbine. Longley Farm has purchased the last of a batch of 10 new RRB V27's bought to the UK by a private developer in 2013, and has also purchased a new tower for this turbine. All parts of the turbine have now been delivered to site, with the exception of

the turbine blades which will arrive in approximately 2 weeks' time.



Turbine nacelle arriving at Longley Farm



Turbine foundation under construction

The turbine concrete foundation will be poured on 20th August 2015 and this is expected to have a 2-3 week cure time (depending on test results). By this time all other turbine components will be at site and all bar final electrical connections made. Erection of the turbine is planned for w/c 7th September and commissioning the following week.

The decision for the Board and Members of HoTTWind@Longley in due course will be whether the revised project is a viable as a community energy scheme, and whether the Members wish to buy into this scheme on terms and risks which will be different from those in the share offer documents. A draft set of financial figures has been prepared and it is believed that a viable project can be delivered. However, the nature and timing of the construction contract has changed meaning that final cost outcomes are less certain. The optimum balance between debt and equity cannot be decided until the final costs are known.

When the final figures are known and the turbine performance and FiT income assured, the Board will call an OGM meeting in October 2015 and put proposals to Members in the advance of this meeting. The Membership will then be able to have their say

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and vote on the proposals. Until such a time and unless the Membership agree to buy out the smaller turbine, this will remain in Longley Farm ownership.

The Directors wish to assure Members that both the HoTTWind Board and Longley Farm are committed to seeking ways to ensure the project succeeds as a community energy scheme where Members invest and own the turbine. Given the situation with Turbowinds, we believe that the selection of the smaller 225kW turbine based on its performance, cost and importantly, availability for immediate delivery, offered the best chance for a successful community energy scheme. In this we are mindful of the expectation of Members regarding the investment returns set out in the share offer documents.

We hope that Members and potential investors will continue to bear with us until the Directors are in a position to provide more information on the revised turbine proposals, which will hopefully answer the questions raised by the Membership.

8.2 Main Share Offer

Following the close of the Main Share Offer on the 31st March 2015, the Directors advise that over £700,000 of share subscriptions were received from 153 applicants, some 70% of these being resident in the Holme Valley area. With the overwhelming success of the Main Share Offer, the Directors will be able to better structure the funding arrangements for the community energy scheme.

The 'first come first served' subscribers have been allocated their shares. These 89 new investors join the 54 Pioneer Offer stage investors as Members in HoTTWind@Longley.

Allocation of shares to the remaining subscribers is on hold pending the finalisation of the smaller turbine project proposals, as outlined earlier. As this may involve return of some or all of their funds depending on the capital needs for the smaller turbine project, these potential subscribers have been advised of their situation and allowed until the end of August 2015 to withdraw their share application if they so wish. The Directors plan to make their final decision on the remaining share allocations in the first week of October 2015, before calling the OGM for Members on the revised turbine project proposals.

The Directors wish to thank all those potential investors who subscribed to the Main Share offer for

their interest and continued forbearance, given the unexpected hiatus in the planned turbine procurement and its impact on the allocation of shares in HoTTWind@Longley.

8.3 HoTTWind@Longley Ltd

Following successful Main Share Offer, the Community Benefit Society is now fully funded and in a position to be able to buy out the wind turbine scheme from Longley Farm once commissioned.

The Society now has 143 Members in total including the Pioneer investors, with £575,400 of issued shares. This Membership and investment may be increased further by the Directors depending on the financial structuring of the revised turbine project, by allocation of additional shares to those potential investors in the Main Share Offer who have not yet been allocated shares.

Share certificates have been issued to the new Members, and the EIS return will be prepared for submission to HMRC for certification after the final share allocation.

8.4 Planning and permitting

The new 225kW turbine is within the existing planning envelope and consultations have taken place with Kirklees Council Planning Officers to confirm this.

Revised submissions to clear the remaining planning conditions have now been made and Kirklees Council is now dealing with closing these out.

8.5 Next steps

The 225kW RRB Energy turbine is planned to be installed and commissioned by mid September 2015, when supply into the national electricity grid will be demonstrated to NPG, the local DNO (District Network Operator). This has to be done before 23rd September 2015 in order to provide the evidence to Ofgem necessary to secure the FiT income stream needed for a viable community energy project.

When the turbine has been successfully commissioned and in operation, the Directors will issue proposals and call an OGM meeting for Members, to agree the way forward for this community energy scheme.

The Directors
HoTTWind@Longley