



Solar Bond Offer 2020

Become a Bondholder in Solar for Schools Community Benefit Society Ltd and fund the installation of solar panels on UK schools

Maximum: £2,000,000

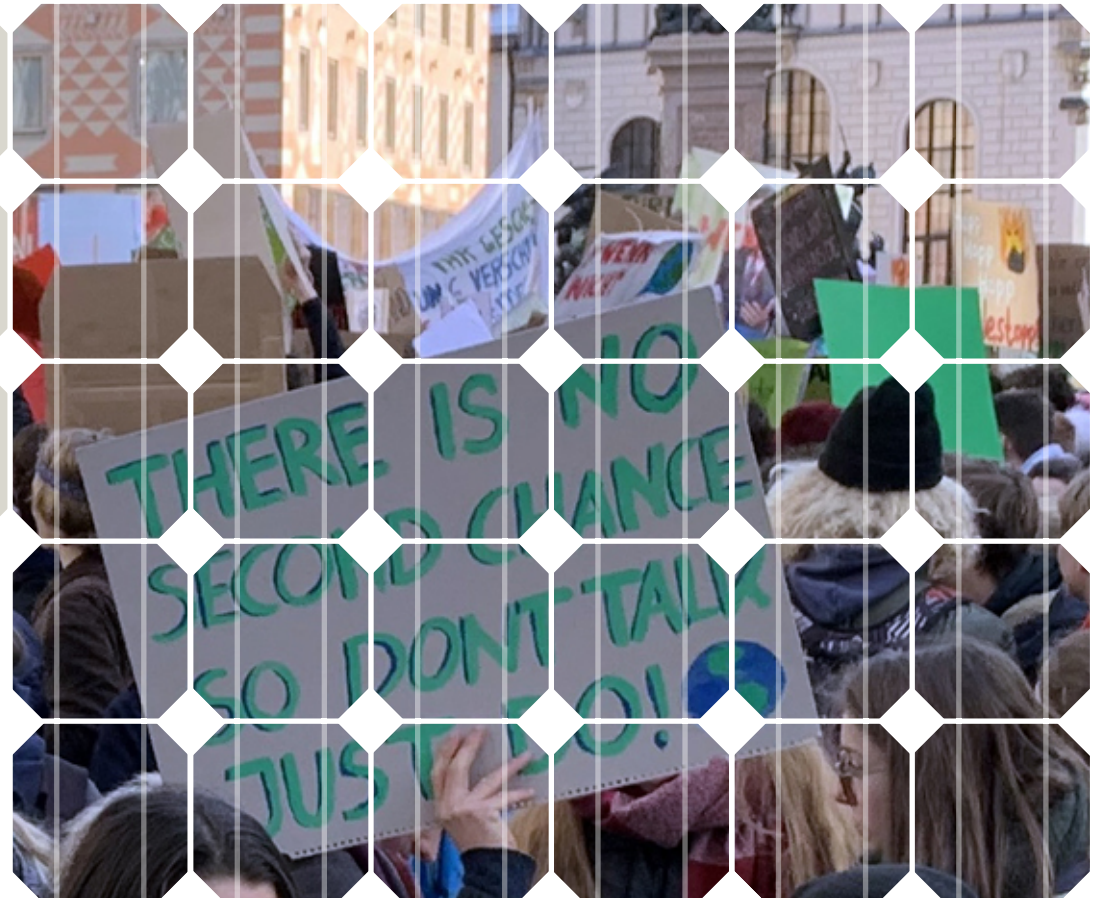
First closing: Once £100,000 raised

Target interest: 5%

Final closing: 11 December 2020



In association with Solar Options for Schools Ltd
www.solarforschools.co.uk





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Important notice

This offer has been prepared by Solar Options for Schools Ltd (SfS) and Solar for Schools CBS Limited (CBS) and its Directors, who are responsible for its content. The distribution of this document in other jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities law of such jurisdictions. This Offer Document is not a prospectus for the purposes of Part VI of FSMA. The Financial Conduct Authority (FCA) or any other regulator has not approved it. The Bonds have not been admitted to listing on any regulated market and will not be dealt on any stock exchange or other such market.

An application to invest in the Bonds may only be made through Ethex, a not-for-profit organisation operating an online platform for positive investments. This Offer Document has been provided only to those members of Ethex who have requested to view it and should not be distributed to any other person.

Ethex is not required to be authorised by the FCA in so far as it provides information on, or arranges deals, in investments. This is because it is an Enterprise Scheme, which is exempt from regulation in arranging financial deals provided it is not acting for financial gain. Further information can be found at www.ethex.org.uk/SfS2020.

If you have a query about how to apply for this Offer or any general query, please visit www.ethex.org.uk/SfS2020 or contact Ethex on 01865 403 304 or by email at help@ethex.org.uk.

For general queries about this Offer, please contact Solar for Schools by email at bonds@solarforschools.co.uk.

Before applying, you are advised to read the whole of this Offer Document, including the risks listed on pages 34-35, and all the information regarding this Offer at www.ethex.org.uk/SfS2020. You should consider taking appropriate financial and other independent advice from an FCA-authorised person who has experience in advising on investments such as these before making any investment decisions. Nothing in this Offer Document should be read or understood to be financial, investment, tax or accounting advice.



Introduction from the Chair

I'm delighted to invite you to invest in Solar for Schools Community Benefit Society through our 6th and largest public Solar Bond Offer. This Bond Offer, which matures in October 2025, will enable us to fund the installation of more solar panel systems on schools across the UK.

Our long-term goal is to see every school in the UK with solar panels, as this is central for their teaching and learning if we are to live more sustainably in the future. Whilst schools value the financial benefits in a world of tighter budgets, the installation of solar panels on a school goes beyond the cuts in carbon emissions and financials through to boosting education. By linking solar panels on the campus to the curriculum we can demonstrate to young people how they can approach a low carbon lifestyle and work towards a more sustainable future.

Such learning opportunities in schools can be highly motivational, improving student outcomes and their academic results across key subjects whilst helping to create responsible citizens who feel they can influence their future.

I sincerely hope that you will seriously consider this Offer to invest in the Solar for Schools Community Benefit Society, as by so doing you will not just be contributing to cutting carbon emissions and saving schools money, but you will also be investing in a generation of young people with the abilities to better understand their world.

/// The big thing about educational sustainable development is, it's motivational. Young people feel part of their future and they feel more self-esteem, more engaged and powerful. ///

Ann Finlayson

Sustainable & Environmental Education Chair and
Director of Solar for Schools CBS Ltd

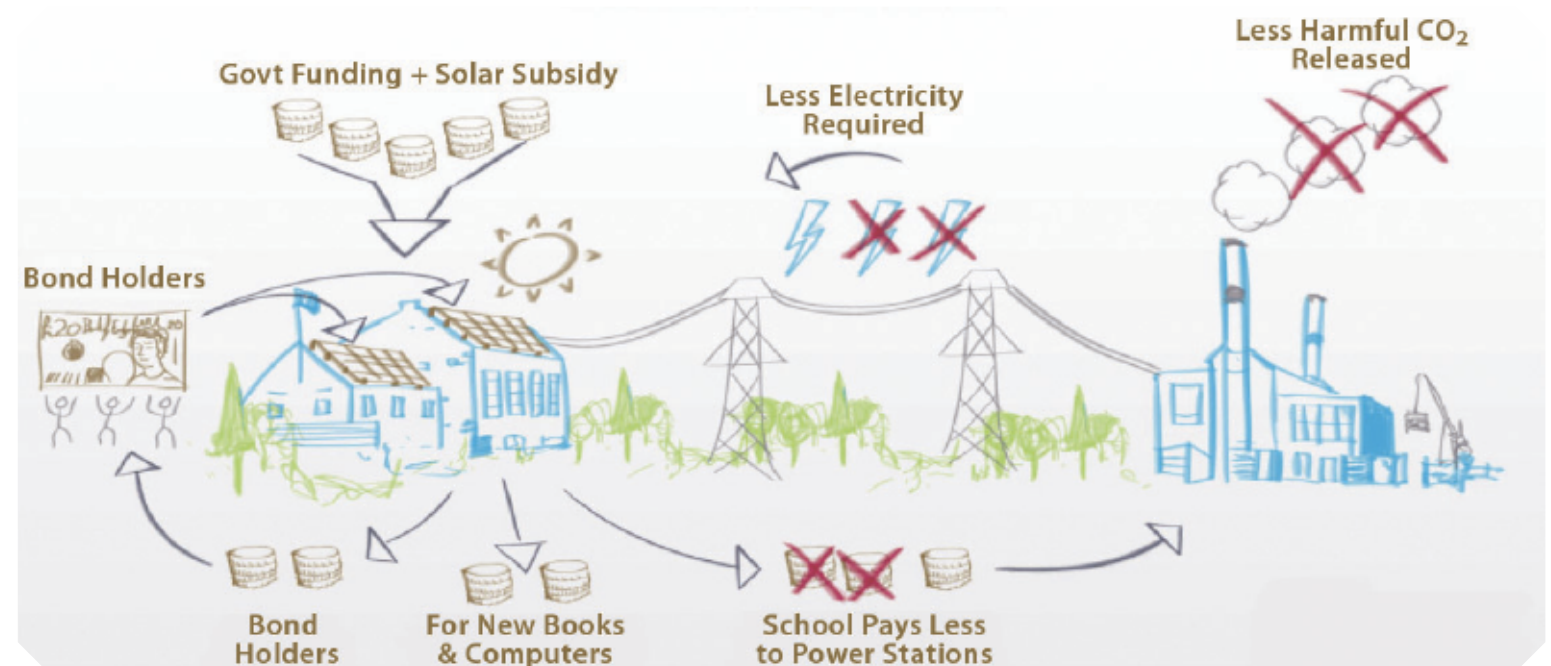




How Solar for Schools works

An overview

The solar panel systems are owned by Solar for Schools CBS Ltd (CBS), a community benefit society, set up specifically for this purpose and whose members are the schools themselves. So, in addition to the **long-term electricity savings that the school gains** from having solar panels, any **surplus profits after bond holders have been paid interest from the operation of the solar assets are shared with the schools**. The profits to the schools may be used to reduce their solar electricity bills or to provide sustainable education teaching and learning programmes; the schools decide on how surpluses are used and distributed.





How Solar for Schools works

The effect of your investment

Note: most of the projects that will be funded by this raise will NOT be collecting any government subsidies. As such it is now much harder to deliver any savings to schools and these projects have a higher risk to investors, hence why we have adjusted the model to still aim to offer 5% interest to bond holders, to compensate for the higher risk.

For every £250,000 raised from Bond investors to fund solar panels on schools, those schools will:

- Prevent about 3,000 tonnes of CO₂ from ever entering the atmosphere.
- Save and earn between £150,000 & £350,000 over the next 25-30 years.
- Provide more local renewable energy that is generated and used on site, reducing the impact of climate change and the need to import energy from other countries.
- Enable us to fund energy and carbon literacy workshops in each school every year to help students fight climate change.
- Improve the academic performance and outcomes for many students. There is growing evidence that sustainable education is motivational and improves academic performance.
- Offer an attractive ethical investment opportunity – we aim to pay 5 per cent interest per annum.



How Solar for Schools works

How your investment will be managed



This Bond Offer is for the remaining pre-registered schools that will receive subsidies and new projects that will not. So far over 40 systems on schools have been funded by bond offers from the CBS, all generating electricity and income. They are performing to plan, despite the usual teething issues in the first year. All systems are managed alongside the solar panel systems on nearly 60 other schools that Solar Options for Schools Ltd already looks after.

This five-year Bond has a minimum term of one year and will pay interest of 5 per cent a year. Interest will accrue from the interest start date and interest payments are made annually on 31 October. Funds will be drawn down regularly up until the close date of the offer as projects become ready for construction and a minimum draw down of £100,000 is reached. Projects are built as funds are collected.

The CBS intends to re-finance the Bonds with long-term loans from institutional funds. Social and Sustainable Capital, Charity Bank and Triodos Bank are aware of the CBS's activities and are interested in re-financing once we are ready. Re-financing groups of projects can be completed once they collectively add up to around £1m. Released funds will be used either to re-pay Bondholders who wish to re-deem their Bonds after the one-year minimum period or used to fund the construction of more projects under the current terms of the Bond. After the repayment date, Bondholders will have the option to continue investing alongside the long-term investment funds at similar terms to those offered to the institutional funds.

We intend to start preparing the ground in 2020 to re-finance the portfolio with Triodos in 2021 when our first bonds reach maturity.

Annual accounts will be prepared by the Company's accountants, presented to members and Bondholders at the Annual General Meeting and published on the Company's website. Bond issue administration, share registrar and ongoing bondholder relations will be managed under contract by Solar Options for Schools Ltd, who has managed them so far.



Key information

The key terms of the Offer are as follows:

Bond:	Debt instrument issued by Solar for Schools CBS Ltd under this offer
Status:	Unlisted, transferable
Security:	Unsecured
Issuer:	Solar for Schools CBS Ltd
Minimum investment:	£1,000 or higher multiples of £1 (1 bond = £1)
Issue date:	The date the bonds are allocated and issued to investors as funds are drawn down from Ethex
Start date:	Interest will start 3 months after draw down from Ethex
Repayment date:	31 October 2025

This Offer will remain open to applications up to the value of the maximum sum (£2,000,000) or until 20 December 2020, whichever is the earlier. Applications under this Offer will be dealt with on a first come, first served basis. In the event of oversubscription to this Offer, the application, which brings the total value of all applications above the total maximum sum, will have to be reduced accordingly and all subsequent applications declined.

Interest & Tax: 5 per cent, calculated annually on the 31 October and paid in November.

For the first interest payment to 31 October, interest will be calculated pro-rata from the interest start date. Interest will be paid gross, i.e. with no tax deducted. This bond offer is Innovative Finance ISA (IFISA) eligible, which means that eligible investors can use their £20,000 a year ISA allowance to invest in an IFISA wrapper provided by Ethex and receive their interest payments free of tax via Ethex.

Maturity and early repayments: 31 October 2025.

The Bonds have a minimum initial term of one year, after which Bondholders can request to re-deem their Bonds by giving at least three months notice. The CBS is not obliged to re-pay more than 5 per cent of the total outstanding bonds in any given year, but will attempt to honour all requests in order of application and need at directors discretion.

The Directors have planned to re-finance during the initial term of the bond. Refinance is typically available where an operational solar array demonstrates a clear track record of performance, and so would be able to secure finance on better terms. If refinance is offered on preferential terms that are materially better than those currently entered into, the CBS may offer to re-pay Bondholders early if it considers that doing so would be beneficial to the schools. Bondholders are not obliged to accept early re-payment. The CBS will simply use the remaining funds to deploy more projects instead.

WARNING: there is no guarantee that an investor will receive either the interest or even their initial investment back, the bond is an unsecured investment in the Solar for Schools CBS and there is no financial recourse to any ombudsman in the event of default.



Key information

Continued...

Transfers & Trading:

Bonds may be sold or transferred to a third party by notifying Solar Options for Schools in writing. Although the bonds are transferable, they will not be listed on a recognised stock exchange.

Pre-conditions:

The minimum funds to be raised through this offer is £100,000. Projects that meet the CBS conditions will be built as funds are raised. The smallest projects the CBS will currently accept are ~30kWp which require ~£28,000 in funding.

Eligibility:

Anyone over the age of 18 may apply for the Bonds (overseas investors must have a sterling bank account). Co-operatives, community benefit societies, companies and other incorporated associations may also apply for Bonds. An Applicant who/which is not UK resident is responsible for ensuring that this Application complies with any laws or regulations applicable outside the UK to which he/she/it is subject. No commission will be payable to introducers of potential investors.

Bond certificates:

Each Bondholder is entitled to receive a certificate as evidence of their investment in the bonds. Bonds will be issued and a certificate produced by the Solar for Schools Community Benefit Society. Certificates will be circulated by email within four weeks of the date of issue.

Investment opportunity:

The Bonds are an investment in the whole of the Solar for Schools Community Benefit Society's business, but the Directors have taken great care to ensure that the forecast revenues generated by the solar panels on the schools alone will be sufficient to pay for all capital and interest on the Bonds over the lifetime of the project's operation; remaining new projects with subsidies must achieve a 12.5-year payback after all operating costs, including inverter and other reserves, insurance, fundraising and fund management costs based on 2.7 per cent annual inflation over the next decade. For new projects without subsidies it has been reduced to 12 years to provide some additional security for investors. Other than the loans and operating expenses and performance payments set out in this document, the CBS has no other liabilities or costs as it does not directly employ any staff.

What is the Solar for Schools Community Benefit Society?

The Solar for Schools Community Benefit Society was established in 2016 to provide schools with a means to have solar panels, funded by others, and receive a share of the profits from the panels. The constitution is in the form of rules registered and approved by the Financial Conduct Authority, which can also be viewed at www.solarforschools.co.uk/funding/cbs. Under the terms of the



Key information

Continued...

As part of commissioning and maintaining each system, Solar Options for Schools provides onsite energy and carbon literacy workshops to help students understand and help stop carbon emissions more effectively. Empowered with this knowledge, students are better able to show parents and the local community how to decarbonise faster

constitution each eligible school, where the CBS funds the solar panels, is entitled to a share in the profits and a vote on its Directors. As a community benefit society the Solar for Schools Community Benefit Society is bound to act for the benefit of the community of schools where we have funded solar panels.

Aims and objectives of the Society:

The Society's purpose is to enable schools in the UK to share in any long-term profits resulting from the solar panels installed on its school, whilst cutting their carbon emissions, saving money and inspiring a generation of students to live more sustainably, giving them an opportunity to achieve more academically by encouraging them to integrate education for sustainable development into the curriculum.

The projects:

There are approximately 24,000 schools in England and Wales. Based on our current analysis and costs, up to 20 per cent of them could still host and benefit from solar panels. Nearly 1,000 schools have registered an interest in having solar panels installed and we are working with a growing number of councils, diocese and academies to enable more projects to come to life. Although schools are ideal hosts for solar, it can take up to three years for a school to be ready to proceed. You can see the full list of schools with solar managed by Solar Options for Schools at <https://www.solarforschools.co.uk>

Community benefits:

Over the first 25-years of the system's lifetime, each school will save and earn between £25,000 and £350,000, depending on the size and location of the school. Given that a system's life span is over 30 years, the school could then benefit from virtually free electricity for the following decade. The additional energy savings can be put to good use enabling more of the school's budget to be spent on improving the education facilities at each school, rather than paying for mains electricity.

Important notice:

This Offer Document has been prepared by the Solar for Schools Community Benefit Society and its Directors with the assistance of Solar Options for Schools Ltd, which is responsible for the content. Any decision to apply for the Bonds should be based solely on consideration of the Offer Document as a whole, including the Important Notice section on page 3, the risks set out on pages 34-35, the Terms and Conditions and all information provided on the Offer at www.ethex.org.uk/Sfs2020.

Robert Schrimppff

Director of Solar Options for Schools Ltd
and Solar for Schools CBS Ltd



Bond Offer

How to apply

To make an application to invest in the bonds:

You will need to make your Investment online through the Ethex website www.ethex.org.uk/SfS2020 where the offer will be listed until the close date or it is fully subscribed if earlier. This is a straightforward and paperless process governed by the Terms and Conditions available at ethex.org.uk

Once you have completed your online order you will receive an acknowledgement email from Ethex with your unique order reference number and the details of how to make payment for your order.

An application may only be made in the name of a single individual with their own email address, who must be 18 or older, or by a co-operative, community benefit society, company or other incorporated association.

Once your application has been approved by the directors of the CBS, Ethex will provide instructions to all applicants regarding when and how their application monies should be available for transfer. Application monies will be kept in a separate client account by Ethex and *drawn down by the Solar for Schools Community Benefit Society, once the bonds have been allocated to investors.* Interest will accrue from the interest start date, 90 days after draw down. First draw down is expected to be mid-December. The CBS will then issue Bond certificates as PDFs by email unless otherwise requested.

Although we are using third parties to assist with the administration of the share offer, the Solar for Schools CBS controls and is responsible for the use of your information. We will use your data to keep you up to date with the work of the Solar for Schools CBS. We will not sell, rent or lend your data to other organisations.

You will supply Solar for Schools CBS's agents or Ethex with proof of your identity and address, if we or Ethex ask for it. We may need to do this to comply with the Money Laundering Regulations 2003. We may have to hold back your bonds until we see the proof.

If you have a query about how to apply, please visit www.ethex.org.uk/SfS2020 or contact Ethex on **01865 403 304** or by email at help@ethex.org.uk.

For questions relating to the Solar for Schools Community Benefit Society and the investment opportunity, contact Solar for Schools at bonds@solarforschools.co.uk or by calling **07915 127331**.





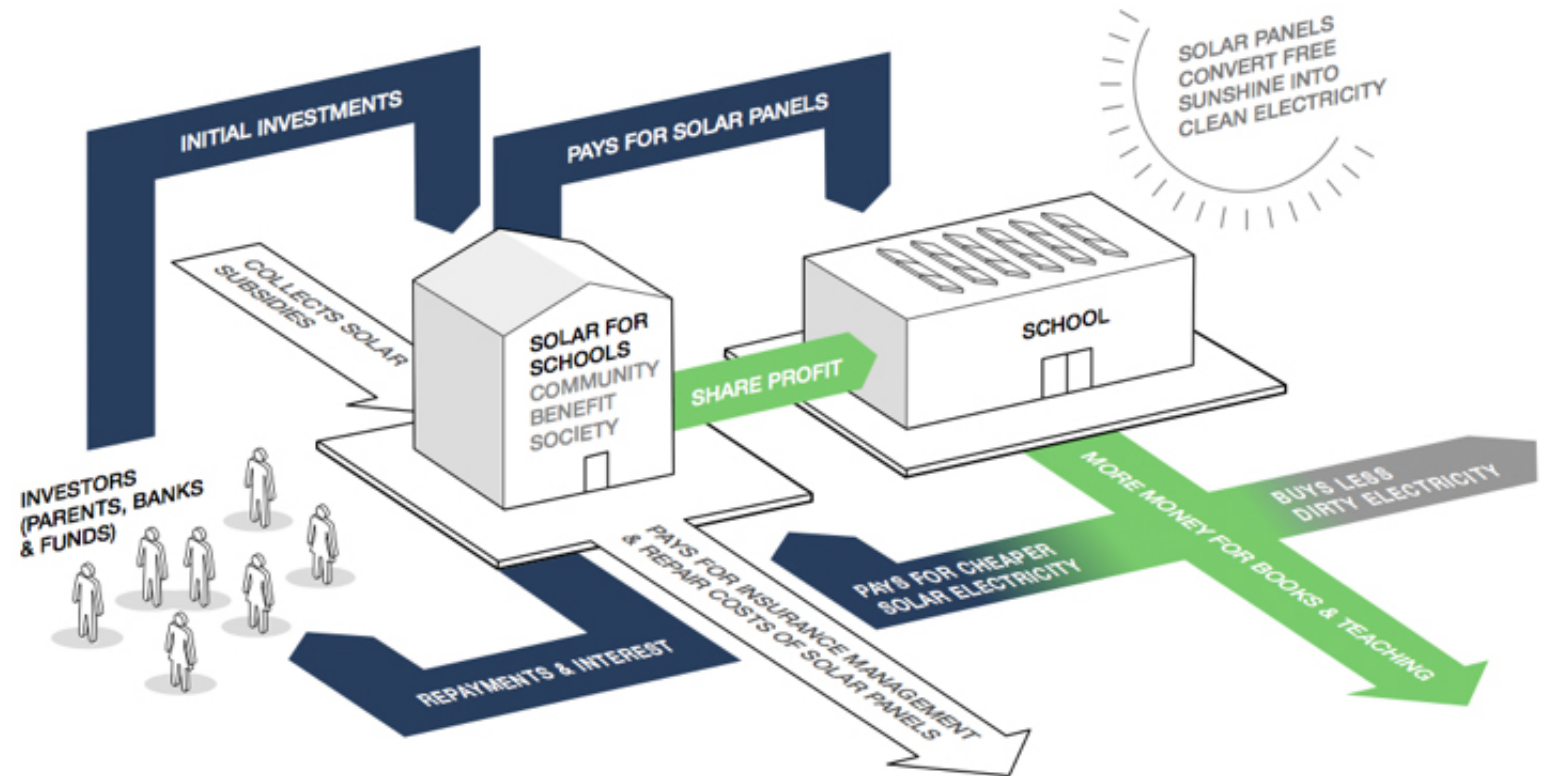
Key parties

An overview

Solar for Schools CBS Ltd (CBS) will own the solar panels, funded by the Bondholders, and is governed by the Directors, who are elected by the schools.

Solar Options for Schools Ltd (SfS) sources the projects, develops them and manages them for the CBS in exchange for management fees and a performance bonus in the form of a profit share.

Schools provide the roofs, buy the lower cost solar electricity, receive a share in the profits and have a say in how the CBS is run.





Key parties

About Solar for Schools CBS Ltd



What makes Solar for Schools CBS different from other companies

The Solar for Schools Community Benefit Society (CBS) was set-up in 2016 to enable schools in England and Wales to benefit from solar panels without having to invest themselves, yet share in the expected long-term profits, or surplus income, generated by each solar project, despite very low/no government subsidies. The CBS is governed by a cross disciplinary board with a depth of experience in renewable energy funding, sustainability education, funding for education, contract management, managing schools and dealing with solar energy on schools.

Our constitution is in the form of rules registered and approved by the Financial Conduct Authority, which can also be viewed at www.solarforschools.co.uk/funding/cbs. As a community benefit society we are bound to act for the benefit of the community of schools where panels have been installed.

In addition, each school with solar panels provided by the CBS has the right to become a member of the CBS, be nominated as a director and vote on the CBS's directors and how profits are used or distributed at the AGM.

By funding the projects via a CBS, rather than selling the solar panel assets to a conventional investment fund or single investor, profits after re-paying Bondholders and banks can be shared with the schools.

Why not simply sell the electricity to the schools at a lower price in the first place?

Offering the school a lower electricity price rather than a share of any profit increases the risk to investors as there is less margin of error, which in turn would require a higher interest rate to be offered, leading to a higher electricity price. Instead the slightly higher electricity price builds in a margin of error to protect investors but it is then shared with the schools if projects perform as expected. This keeps risk to investors low and maximises the benefit to the school.

Solar Options for Schools Ltd (SfS) manages the monitoring, maintenance & operations and provides administration services to the CBS on behalf of the schools and investors. SfS was set-up in early 2015 and now manages over 12,000 solar panels on more than 90 schools in the UK. SfS also markets solar to schools and then helps each school develop the project at no cost to the school. SfS earns a small development fee for each project successfully developed and a share in the long-term profits of each project. SfS and not the CBS covers the costs of projects development for failed projects or cost over-runs during construction. This ensures projects in the CBS meet the minimum calculated 12-year payback threshold based on agreed assumptions, thus reducing the risk to Bondholders while ensuring long-term interests are properly aligned between SfS, schools and Bondholders.



Key parties

Solar for Schools CBS Ltd Directors

The Directors combine long-term experience in renewable energy finance, helping schools 'go solar', managing schools and education for sustainable development. The schools that become members of the CBS may propose and elect additional Directors at the AGM.

Helen Bates, Assistant Director (Schools' Services) at the Roman Catholic diocese of East Anglia has just agreed to join as a Director.

Ann Finlayson

Chair
Executive Chair of SEEd, the Sustainability and Environmental Education Charity and Founding Member and Chair of the Sustainable Schools Alliance



35 years in environmental and sustainability education: teaching and training teachers in Scotland, Papua New Guinea, Australia, Canada and the UK

Previous roles include:
Head of WWF-UK Education Department; UK Commissioner for Education for Sustainability on the Sustainable Development Commission; UK lead for the UNESCO global action plan for education for sustainable development

Ann Flaherty

Business & Project Director for Solar Options for Schools



Has helped over 250 schools 'go solar' over the last five years, working with programmes like Eco-Schools and Engynious before joining Solar for Schools

Previous experience in co-creating and developing the educational platform for HRH Prince Charles' Rainforests SOS campaign, and HISTORY's The People Speak, led by Colin Firth

Over 20 years' experience in journalism, media and brand marketing

MSc Sustainable Development

Robert Schrimppff

Co-Founder & CEO of Solar Options for Schools Ltd



10 years' experience in founding and building online businesses such as netXtra and hotels.com followed by nine years' experience investing in renewable energy technology companies at TVM Capital and Greencoat Capital

M.Eng in Aeronautical Engineering from Imperial College London

MBA in Entrepreneurship and Finance from INSEAD



Key parties

Solar for Schools CBS Ltd Directors Cont...

Julian Leslie

Head of Network Capability
Electricity at the National
Grid



Responsible for identifying future GB transmission network requirements and recommending the best economic option. Also for granting system access (connections) to future generation and managing that access for transmission owners, existing generation, DNOs and demand sites while ensuring GB transmission is operable into the future

A governor at his local school, he is keen to educate the next generation about the challenges of managing intermittent energy sources

B.Eng in Electrical and Electronic Engineering (Liverpool University) and Fellow Member of the IET

Peter Roberts

Senior Project Manager
and Technical Advisor to
the Education Funding
Agency



15 years' experience in the education sector overseeing the design and contract management of new schools and capital programmes and ensuring project delivery to specifications and budget

School Governor
Associate of the Chartered Institute of Building

Marino Charalambous

CEO of CHATS Academy
Trust



Oversees five schools in the Cuckoo Hall Academies Trust, all of which have solar panels managed by SfS

Previous experience in finance and project management at HSBC and Siemens Financial Services as well 15 years at Managing Director level experience in digital marketing consultancies and other businesses

Member of the Chartered Institute of Marketing



Key parties

About Solar Options for Schools Ltd



Solar Options for Schools Ltd is a social-impact company funded by a diverse group of individuals and organisations including the Low Carbon Innovation Fund, a £20m EU fund managed by the University of East Anglia which wishes to see Solar for School's vision fulfilled: enabling every school to save money and contribute to cutting carbon emissions while inspiring the next generation to live more sustainably.

The core team combines experience in internet businesses, renewable energy project development, working with schools on sustainability programmes and funding and managing solar assets. They already manage systems on nearly 100 schools, totalling over 5MW in the UK, Germany and India. Solar Options for Schools Ltd provides its services and online platform to local partners and community energy groups in an increasing number of countries with first school projects expected in Spain, New Zealand, Colombia and the Ukraine in 2020.

Awards



2016 Rushlight Sustainability Initiative Award
Winner



2016 Guardian Sustainability Awards
Finalist



Green Innovation & Finance Awards 2017
Short listed

Solar for Schools will be an enormous help to schools wishing to reduce their carbon footprint and energy bills and help the next generation to learn about sustainable energy. With the planned cuts to solar subsidies, organisations such as Solar for Schools are key in helping the UK achieve its carbon emission targets.

James Griffiths
Programme & Fund Manager,
Low Carbon Innovation Fund

Solar Options for Schools Ltd is funded and supported by:





Key parties

Map of Systems managed
by Solar Options for Schools Ltd



List of schools fitted with solar PV systems funded by Solar for Schools CBS Ltd

- Cuckoo Hall Academy
- Kingfisher Hall Academy
- Woodpecker Hall Primary Academy
- Heron Hall Academy
- Casterton College Rutland
- Dasset CofE Primary School
- Priory Community School
- Seven Hills Primary School
- Wellfield Community School
- Seaham Trinity Primary School
- Whitworth Park School
- Ribbon Academy
- Woodham Academy
- Biggleswade Academy Kitelands
- Biggleswade Academy
- Lawns Nursery School and Children's Centre
- Dene Academy School
- Irby Primary School
- St George's Primary School
- St Felix RC Primary School
- Mountjoy School
- Ashton West End Primary Academy
- Friars Primary Foundation School
- St Pancras Catholic Primary School
- St Mary's Catholic Primary School, Lowestoft
- St Francis of Assisi Catholic Primary School, Norwich
- St Laurence Catholic Primary School
- St Mary's Catholic Primary School Ipswich
- St Albans Catholic High School Arts
- St Albans Catholic High School
- St Mary's & St Peters Catholic Primary School
- St Bede Inter-Church School
- Mowmacre Hill Primary School
- Braunstone Community Primary School
- Foxfield School
- Kibworth CoE Primary School
- Parkland Primary
- Leighfield Academy
- The Hazeley Academy
- Greystock Primary
- Notre Dame Catholic High School
- Shenley Brook End School
- Wooburn Green Primary School

For an up to date list and further details on each system see www.solarforschools.co.uk



Key parties

Conflict of interest statement



Robert Schrimpff and **Ann Flaherty** are also directors of Solar Options for Schools Ltd. They were two of the founding directors and set-up the CBS. They were involved in drafting many of the original agreements governing the CBS but are prepared to step down in the future as schools nominate other suitable directors. They will not participate in any Board approvals on contracts associated with Solar Options for Schools Ltd.

Ann Finlayson and her organisation provide marketing and sustainable education consultancy services to help shape the educational programmes funded and being developed by Solar Options for Schools Ltd.

Marino Charalambous, represents the first four schools funded by the CBS and as such approved many of the agreements between the CBS and Solar Options for Schools Ltd.

Other than valid expenses, the Directors do not receive any payment as directors, although they are entitled to the small finder fees offered by the CBS to any party making a successful school introduction. They would abstain from approving projects they introduced.

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



The projects

Introduction

While over 2,000 schools in the UK managed to 'go solar' during the solar boom before subsidies were cut, over 24,000 remain without solar. Unfortunately, with no subsidies it is very difficult for them to 'go solar' without investing themselves. Yet the environmental impact from direct carbon reduction and behavioural change as a result of sustainability education is more important than ever.

The Solar for Schools CBS enables eligible schools, regardless of their financial situation, to fight climate change while inspiring and helping the next generation to live more sustainably.

Why are schools ideal for solar and solar ideal for schools?

Schools consume electricity mainly during the day, are often large, low buildings with plenty of roof space and very rarely shut or go out of business, making them excellent hosts for solar panels. Furthermore, by placing solar on schools, society as a whole, rather than a private business owner, reaps the long-term financial benefits of additional income and lower electricity costs. Finally, and most importantly, by placing solar on schools and integrating the data from the panels into the curriculum we show the next generation what is possible and what the challenges are to shift our economies to a more sustainable model. **Educating our children, and indirectly their families, will ultimately have a greater impact on carbon reduction than the direct carbon reduction from the panels alone.**

Collectively, UK schools could:



Stop

500,000

tonnes of CO2
emissions a year



Inspire

9 million

young people
to live more sustainably



Save

1-2 billion

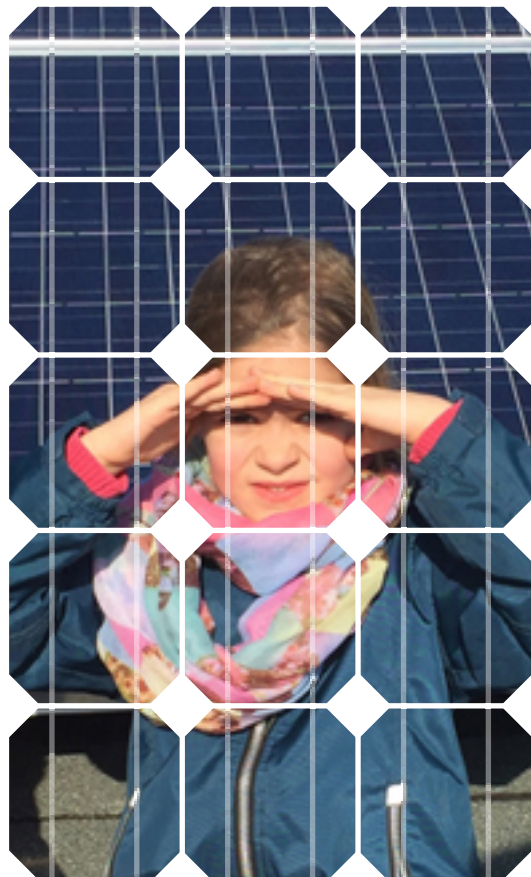
£ in electricity
costs over 25 years





The projects

Frequently asked questions



Who owns the solar panels?

The Solar for Schools Community Benefit Society (CBS) owns the solar panels on each school in the programme for the first 21 or 25 years. After that period the school can choose to either have the panels removed at no cost to the school or keep them and benefit from nearly free electricity for up to another decade. The 21-25 year period is governed by either a license agreement or lease and power purchase agreement (PPA) signed by an authorised signatory of the school's governing body and the landlord responsible for the buildings of the school (usually a council, academy or diocese). The agreements have been specifically tailored for schools, building owners and CBS directors to minimise the risk to schools, yet protect the interest of Bond holders. The agreements commit the school to purchasing electricity at an agreed price specific to each school (adjusted to inflation annually) and providing sufficient roof space for the solar panels during the 21 or 25 year agreement period.

How does it work now that there are no subsidies?

Due to lower equipment costs and economies of scale, larger systems on larger schools in sunnier locations are still economically viable and attractive without subsidies when funded by the CBS. Smaller systems on smaller schools are currently not viable in most cases without donations or local grants. Solar Options for Schools is working hard to make the economics work for more schools.

Where does the income come from to repay investors?

Without government Feed in Tariff (FiT) subsidies or a guaranteed export price for spare electricity, most of the income to re-pay investors is derived from the sale of clean electricity from the solar panels to the schools. Each new school pays between 11 and 12.5 pence per unit (kWh) depending on location, consumption and system size. The rate is determined such that it delivers the required return to the CBS. Any electricity not consumed by a school is exported to the national grid and the CBS receives an export rate currently of ~5 pence per unit (kWh) negotiated annually and subject to change. Selling electricity to the school results in more than double the income vs. selling to the grid so being able to determine how much the school will use is key.

How do you ensure the school consumes enough of the electricity produced?

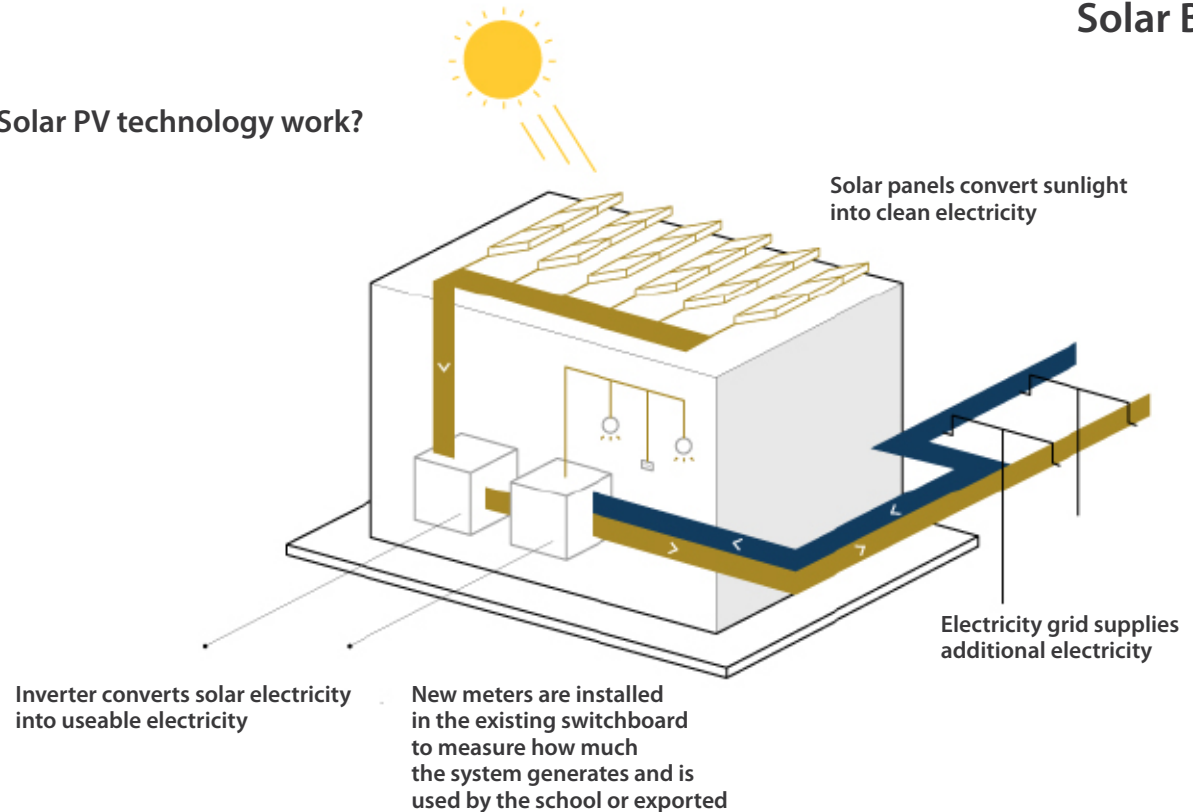
Solar Options for Schools have analysed the ratio of electricity generated vs. that consumed by the school for the existing schools where we have data. From this, SFS has developed a means to forecast the self-consumption rate of a given school based on its total annual electricity consumption and a given solar panel system size and location. We then use these forecasts in the calculations to determine the ideal system size for any given school. The lower the self-consumption rate, the higher the unit price needs to be to ensure sufficient income to re-pay investors. As few schools are prepared to pay much more than they are currently paying, despite the long-term savings, the online calculator enables schools to enter key assumptions to determine the most suitable system size. The calculator automatically calculates the electricity price the school needs to pay to ensure the project generates a 12-year payback after all operating costs, which should be more than enough income to repay investors at 5 per cent over the first 25 years of the system.



The projects

Frequently asked questions continued...

How does Solar PV technology work?



Solar photovoltaic (PV) systems capture the sun's energy using photovoltaic cells. Solar PV cells are made from layers of semi-conducting material, usually silicon. When light shines on the cell it creates an electric field across the layers. The stronger the sunshine, the more electricity is produced, but the PV cells do not need direct sunlight to work – they can still generate some electricity on a cloudy day. Cells are grouped together in panels or modules that can either be mounted on a roof or on the ground. In the case of the solar panels on UK schools, the panels have been mounted to the roof using either roof hooks and struts for pitched roofs or ballasted aluminium frames on flat roofs. Since solar PV cells convert sunlight into DC electricity, inverters are used to convert this into mains voltage AC electricity, which are connected to the school's electricity metering point via remote monitoring and metering equipment.

As there are no moving parts, solar panels are under warranty for 20 years and are expected to last 30 years or more. Inverters typically have a 10-15 year lifetime and two-five year warranty and hence reserves are built into the model to replace them during the 25-year contract period.



The projects

Frequently asked questions continued...

What equipment do you use?

The solar panels, mounting equipment and inverters are supplied by a small number of carefully selected tier one manufacturers to avoid being over reliant on any one supplier. They are installed by screened MCS-accredited installation companies that have previous experience installing rooftop-mounted systems on schools. The solar panels and inverters from different manufacturers are interchangeable if required, in the event that equipment should fail and that a particular manufacturer is no longer in business.

Although the panels and inverters are under manufacturers' warranties, an inverter and equipment reserve is built up within the CBS over time to cover possible equipment failures outside of the warranty. Additionally, the CBS takes out insurance on each system to cover situations where a manufacturer is no longer able to honour the warranties. All installations include a one-year installer's warranty to cover any installation issues. Thereafter, Solar Options for Schools Ltd provides administration, monitoring and maintenance services, in some cases using the same installation companies as subcontractors, as required, to ensure the systems work at maximum efficiency.

How will I receive my interest payments and repayment?

If you invest via the Ethex IFISA, we will pay interest each year for the 12 month period ending October 31st to your Ethex account in November. If you invest via a normal, non-ISA bond, and interest is greater than £5.00 we will send you a cheque in the post, unless you have previously notified us of your bank account details by phone, email or via the website. For cost reasons, interest amounts due that are less than £5.00, will roll over and be paid the following year. To avoid this, simply provide us with a bank account to pay it into via bank transfer.

Some ISA Bond holders prefer their interest to be paid into their bank account rather than into an Ethex account as they want the income and Ethex charges a withdrawal fee. If this is your case, simply let us know before the end of October by email to bonds@solarforschools.co.uk, telephone or the solar for schools website.



The projects

Frequently asked questions continued...

How will the Bonds be repaid

Once £1m worth of projects have been in operation for at least 12 months, they can potentially be re-financed with Social and Sustainable Capital (SASC). The original funds from the Bond Offer can then be either re-paid to Bondholders or re-used to fund the construction of the next set of projects. The decision will be made by the Directors of the CBS and will depend on remaining time to the repayment date on the Bonds and projects at the time. In the event that no further projects are built, SASC and Bondholders who wish to do so will continue to fund the assets at 5 per cent interest until fully repaid over a 17-19 year period. The intent is that once the total number of projects in the CBS reaches a value of about £2.1m or about 20 to 40 school systems, depending on size, Solar Options for Schools Ltd will work with SASC and suitable banks, such as Triodos, to re-finance 70 per cent of the total funds with lower cost, long-term debt (3-4 per cent). SASC would continue to fund the remaining 30 per cent by way of a subordinated loan at 5 per cent interest over 15-18 years. Bondholders will be given the option to invest via new bonds alongside SASC at the same terms. Reducing the total cost of funding the assets in this way would enable the CBS to increase the profit share available to schools.

Social and Sustainable Capital is a social impact fund providing short- and long-term loans to community benefit societies, charities and social impact businesses, with demonstrable social impact.

The CBS banks with Triodos Bank, which is one of the world's leading sustainable banks with a mission to make money work for positive social, environmental and cultural change. Triodos Bank is actively involved in funding renewable energy projects across the UK and has a commitment to community energy.

Given that our first bonds have a repayment date of 31 October 2021, we plan to start making provisions to refinance those bonds towards the end of 2020, either via a bank or further bond issues.

SASC is keen to support renewable energy projects that lead to enhanced social outcomes as well as environmental benefits. We believe that the Solar Options for Schools' approach, with the potential for savings on bills as well as benefiting from surplus income, delivers on this and we're keen to explore how we might be able to support the organisation as it grows.

Jonathan Hick

Investment Manager at Social and Sustainable Capital





Social benefits **Education**

Educational impact

By linking the campus to the curriculum and providing a practical real-life context to learning, schools can set out a plan for teaching and learning about sustainable development that will help their students. The energy generation and consumption data from the solar panels is available to teachers and their students via a website and a project-based learning approach for students to develop skills beyond academic studies will be encouraged so young people are better prepared for the workplace. SFS is working with:

- **Solar Champions:** students use online tools on the Solar for Schools website to develop a solar project on their own school initially and then other schools nearby.
- **Power Detectives:** once a system is installed, students can download and analyse the school's real-time electricity consumption to determine further carbon and financial savings.
- **Global Citizens:** as the savings and profit share accumulates, schools/students may vote to use some of these funds to buy solar kits that they then build and donate to small, rural schools in developing countries.





Social benefits

Environment

Environmental impact

In the UK, to generate 1,000 units (kWh) of electricity, about half a tonne of carbon dioxide is emitted into the atmosphere by conventional power plants. If those 1,000 units are generated from a clean source such as solar power, then that CO₂ is never emitted. A school with about 115 solar panels (30kWp) will generate up to 750,000 units (kWh) of electricity over the lifetime of the system, saving about 350 tonnes of CO₂ from being released into the atmosphere. A similar carbon saving impact could be achieved by planting and looking after about 600 trees for 25 years and then preserving them in such a way that the stored carbon is never released. In addition, the school will also have access to real-time energy consumption data that will enable it to make qualified decisions on other technologies to save costs and further reduce carbon emissions.

The 197kWp system installed at Coopers Edge School in August 2015 has reduced the schools annual carbon footprint by nearly 90 tonnes a year



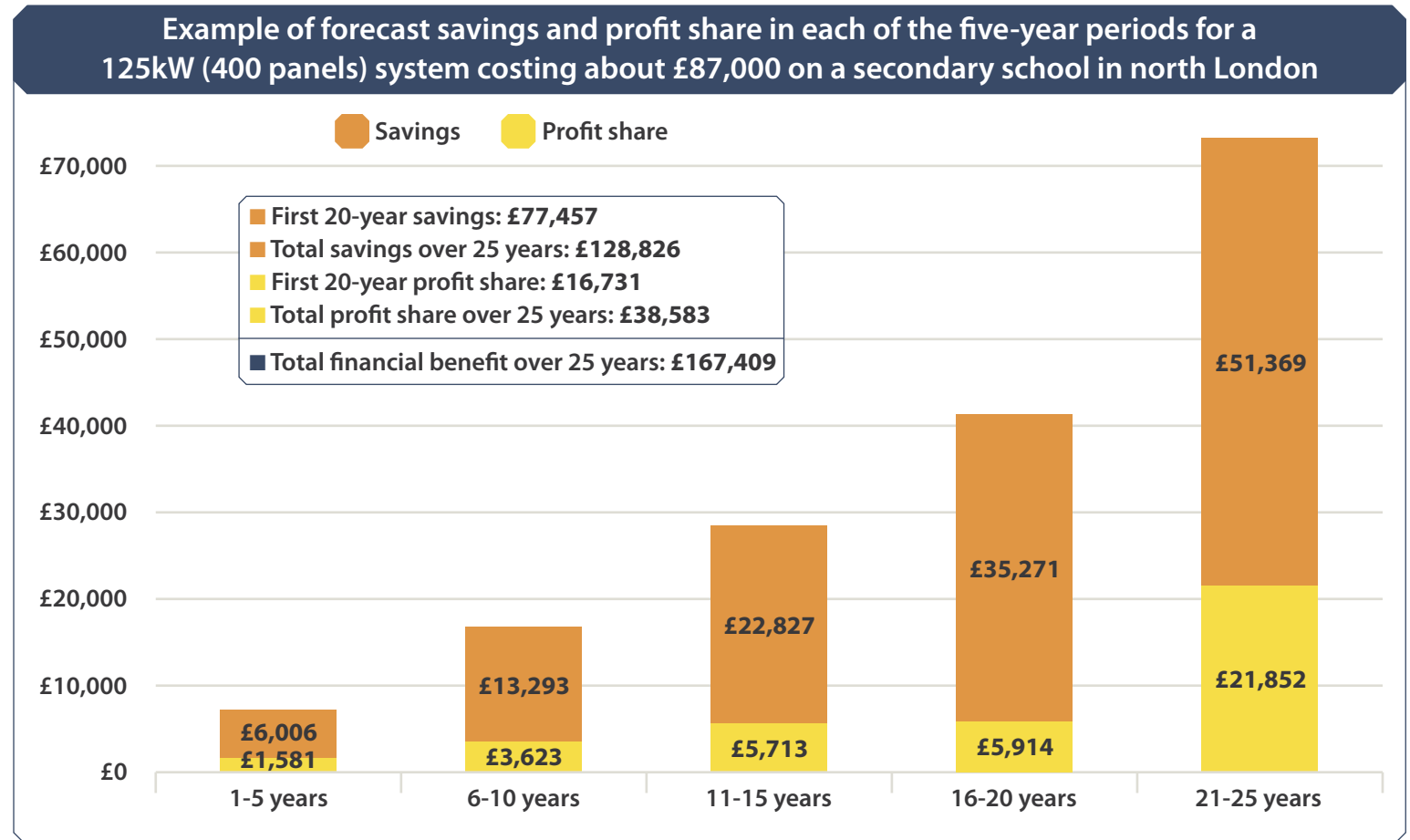


Social benefits

Financial

Financial impact to schools

The savings from solar electricity and the profit share from the CBS combined mean that for every £1,000 invested in Bonds, the larger schools will save and receive a total of between £1,000 and £2,000 over the first 25 years and possibly as much again in electricity savings alone in the following 10 years, once the system has repaid investors completely.





Social benefits Financial continued...

Electricity savings

Most of the schools that join the Solar for Schools CBS will benefit from small savings on their electricity bills immediately. Given no subsidies, these savings are very modest in the first years, but over time and depending on how electricity prices diverge from inflation, savings can be very significant.

Over the past 15 years, annual inflation (RPI) has averaged 2.7 per cent and electricity prices have risen by an average of 4.7 per cent a year over that same period. Assuming the trend continues, the savings from lower cost electricity would amount to 50-200 per cent of the invested amount: i.e. in the above case £32,000 investment would generate more than £50,000 in electricity savings over 25 years.

Profit share

Under the terms of the CBS any profits generated over time are shared equally between Solar Options for Schools Ltd and the schools themselves in proportion to the size and performance of their system. Once financing costs and reserves for repairs are accounted for, the remaining profit share for each school should amount to 25-35 per cent of the value of the initial Bonds over the 25 years of the agreement: i.e. with a 30kW system, assuming all runs according to plan, the school would receive a further £7,000 from the profit share scheme.

Assuming the CBS raises and deploys a total of £2m on school projects over the next 12 months, schools will see a financial benefit, based on savings and income from the CBS, of £2m - £4m over the lifetime of the system depending on how well the systems perform, inflation and mains electricity prices.

To see how much a school near you could save with solar visit www.solarforschools.co.uk. Find the school using the search box and then register to see the initial estimates. Note: it is not currently possible to deliver upfront savings to smaller schools unless they are in a very sunny location.



Investment opportunity

In detail



The Bonds are in the form of an **unsecured investment** in the whole of the Solar for Schools Community Benefit Society's business, i.e. the solar panels it owns on the schools. Although the Directors have ensured that the revenue generated by the solar panels on the schools alone should be sufficient to pay for all capital and interest on the Bonds over the lifetime of the project's operation, **there is no guarantee that an investor will receive their interest payments or even their capital sum back**. The financial projections are based on information provided by Solar Options for Schools Ltd and are deemed to be prudent. The CBS does not operate under an 'asset lock', in other words the CBS can sell the projects back to the school or a third party investor if in the interest of the schools or Bondholders. The Directors believe that no facts have been omitted which would render any such reproduced information inaccurate or misleading.

Financial projections

The financial projections are based on the following key assumptions:

- The solar panels on UK schools have an operational lifetime of 25-30 years. The financial model assumes all investors are re-paid in full within the first 20 years and as such electricity prices to the schools in subsequent years could be lowered significantly to a point determined by maintenance costs only.
- Electricity production for each site is based on PVGIS forecasts (a widely used energy forecasting tool) using industry standard assumptions.
- The proportion of solar electricity consumed by each school is based on Solar Options for Schools' analysis of the school's total annual consumption and data collected from the 80-plus school systems currently under management by Solar Options for Schools Ltd in the UK. Whilst it is impossible to predict exactly what percentage of the energy generated will be consumed by any given school, across a portfolio of schools accuracy is expected to be within 5 per cent and assumptions are designed to err on the side of caution. Should the assumptions be incorrect and consumption be less than forecast, the long-term profits share to the schools will be lower. Conversely if schools consume more of the electricity generated, their profit share will be greater: i.e. schools increase their pupil numbers (population demographics indicate an increasing population in the UK) are incentivised to consume as much of the solar electricity as possible by for instance shifting consumption to peak generation times.
- The price paid by each school is determined by the online calculator and based on the above assumptions and determined so that the underlying project delivers a 12-year payback to the CBS after all operating costs, fundraising and fund management costs as well as inverter and dismantling reserves. This should allow sufficient margin of error to ensure investors' returns and repayments are covered.
- The system costs of each project – including project management, planning, surveys, equipment, installation, testing and commissioning – are based on open book costs and the agreed success fees per project. Should a project come in below the forecast cost, the benefit passes to the CBS. Should a project come in above costs, Solar Options for Schools Ltd is obliged to absorb the costs. In the event of multiple projects being installed at the same time, under-costs in some projects may be used to offset overruns in other projects as long as the minimum IRR target is achieved (12-year payback, excluding interest costs).
- Retail Price Inflation (RPI), to which all costs and electricity price sales are indexed, is set to 2.7 per cent in the model, which is the UK average over the past 15 years. In comparison, mains electricity price inflation is assumed to be 4.7 per cent a year and is also based on the average for the past 15 years. Electricity prices rose by an average of just over 10 per cent in 2018. The average price paid for



Investment opportunity

In detail continued...

The table right shows a typical 125kW system. The savings for a school will depend on where it is located and thus how much electricity the system will generate. The online calculator then sets the price the school must pay for electricity based on achieving a 12-year payback, including all operating costs for the asset and a share of overall insurance, fund raising and fund management costs. The surplus cash generated by the systems will initially be held back as additional reserves, but as these grow and it becomes clear that system is performing as planned or better, they will be paid out to schools and Sfs.

- electricity at a school has risen to 12p. Although a few schools on older contracts are still paying as little as 10p, more recent contracts are typically above 13p for daytime electricity.
- Degradation in solar panel performance is assumed to be 0.5 per cent a year. Solar panel performance warranties apply if the panels decay at more than 1 per cent a year. Experience shows that if monitored and maintained properly annual system degradation is too small to measure under European weather conditions.
 - The projects continue to be insured for risks such as damage to equipment, roofs and third parties.
 - If any one of the assumptions on this page is not being realised, it is likely to result in adjustments to the financial projections with small changes reducing the profit share to schools and larger changes ultimately requiring an extension of the loan re-payment period to ensure Bondholders are re-paid.

SUMMARY TABLE OF A SINGLE PROJECT, INCLUDING SHARE OF OVERALL COSTS							
Period	Year 1	Years 2 to 5	Years 6 to 10	Years 11 to 15	Years 16 to 20	Years 20 to 25	Totals
Generation (kWh)							
125	112,500	444,403	543,119	529,676	516,566	503,780	2,650,045
Income (indexed to RPI)							
Generation subsidy (no subsidy)	-	-	-	-	-	-	-
Exported electricity sales (no longer guaranteed)	1,533	6,473	8,920	9,939	11,074	-	37,940
Electricity sales to school	9,927	41,927	57,776	64,375	71,727	79,919	325,652
Total Income	11,460	48,400	66,697	74,314	82,802	79,919	363,592
Costs (indexed to RPI)							
Admin costs inc. monitoring, insurance, rates, inspections	2,934	12,588	17,743	20,271	23,160	26,460	103,165
Fund/investor man costs (not indexed)	835	3,338	4,173	4,173	4,173	-	16,690
Total costs	3,777	15,926	21,916	24,444	27,332	26,460	119,855
EBITDA							
Net revenue before repayments	7,682	32,475	44,781	49,870	55,469	53,460	243,737
Loan							
Loan (Bond) repayments	2,625	11,879	18,510	23,624	30,151	-	86,790
Interest payments	4,339	15,978	16,311	311,197	4,670	-	152,495
Total payments to investors	6,964	27,857	34,821	34,821	34,821	-	139,284
Profit							
Surplus for repairs, spare parts & dismantling	450	1,925	2,713	3,100	3,542	4,046	15,775
Remaining surplus available for distribution	268	2,693	7,247	11,427	11,828	43,703	77,165
Total profit/surplus including reserves	718	4,618	9,960	14,526	15,369	47,749	92,941
Benefit to school							
Electricity Savings (£)	729	5,337	13,293	22,827	35,271	51,369	128,826
Profit share (50% of surplus)	135	1,346	3,623	5,713	5,914	21,852	38,583
Total financial benefit for the school	863	6,684	16,916	28,541	41,185	73,220	167,409



Investment opportunity

In detail continued...

Operational Costs

The principal operational costs of the solar panels on UK schools are:

- Payments to Solar Options for Schools Ltd for ensuring the proper running of the systems on each school in the portfolio under the Operations and Maintenance contract, which may also subcontract services such as monitoring or inspections to third parties as required.
- Insurance, rates and other applicable taxes such as corporate and value added tax.
- Build up of reserves to cover inverter replacements and eventual dismantling of the system in later years.
- Other third party costs related to administering and managing payment to investors.
- Payment of interest and repayment of principal to Bondholders and any social investors that may subsequently invest in the projects to re-finance and re-pay Bondholders.

Offer Costs

The costs of fundraising up to £2m for the CBS, including this Bond Offer, are not expected to exceed £80,000. This includes initial preparation of materials, legal advice and third party marketing costs related to the Offer, such as Ethex's fundraising and administration fees. All set-up costs associated with making this offer are being met by Solar Options for Schools Ltd. The Solar for Schools Community Benefit Society will only pay Solar Options for Schools Ltd 4 per cent of the funds actually raised at any point towards these costs. The CBS is not liable for any other costs and hence protected from failed fundraising costs.

Tax

The tax treatment of a Bondholder will depend on the Bondholder's circumstances and the law and practice in force at the relevant time and may therefore be subject to change. If applicants are in doubt about their tax position they should seek advice from a suitably qualified professional. The comments below do not constitute advice and are of a general nature, based on current UK law and practice. They relate only to UK tax treatment of interest payable on the bonds. The comments do not deal with any other UK tax implications of acquiring, holding or disposing of bonds, and relate only to the position of bondholders who are the absolute beneficial owners of the bonds.

Solar for Schools Community Benefit Society Ltd (CBS) will pay interest to Bondholders without deducting any amount by way of tax. Applicants should be aware that they may need to pay tax on that interest, and therefore may need to declare it to HMRC. For many applicants, this should be done by declaring the interest they earned from Solar for Schools CBS on a self-assessment tax return. From the 6 April 2016, UK basic rate taxpayers are able to earn up to £1,000 in savings income tax-free.

This bond offer is Innovative Finance ISA (IF ISA) eligible, which means that eligible investors can use their £20,000 per year ISA allowance to invest into an IFISA wrapper provided by Ethex and receive their interest payments free of tax.



Main contracts

Solar agreements with each school

Each school signs a 25-year roof license and power purchase agreement with Solar Options for Schools Ltd.

This entitles Solar Options for Schools Ltd to:

- 1) An exclusivity period in which to develop the project at no cost to the school.
- 2) Use of sufficient school roofs to host the solar panels for 25 years.
- 3) Sell electricity to the school at the agreed price, adjusted annually by RPI for 25 years.
- 4) The right to assign the agreement to a third party, i.e. the CBS.

The Agreement in turn entitles the schools to:

- 1) A 25-year green electricity supply contract at a guaranteed price indexed to RPI.
- 2) A fully insured system covering any damages to the solar panels or from the solar panels.
- 3) The right to have the system removed at no cost after 25 years or take over ownership of the panels at no cost.

In addition, under the rules of the CBS, each school is entitled to:

- 1- Receive a 50 per cent share in any profits or surplus in the project after all operating and financing costs.
- 2- Become a member of the CBS and vote at the AGM on distribution of profits and election of directors.

Project development framework agreement

The Solar for Schools Community Benefit Society has agreed to purchase all projects that meet the investment threshold requirements of the financial model in exchange for paying Solar Options for Schools Ltd a contribution to the acquisition, development, design and project management costs of £1,000 + £70 per kW +VAT per school system. It is worth pointing out that overall costs per kWp, including development costs, is usually below the cost quoted for such a system from a solar PV installer. This is achieved through automation of the development processes, central buying of equipment with no margin added and negotiated installation framework agreements with installers. As this payment for successful projects is insufficient to cover actual costs and risk, Solar Options for Schools is also entitled to 50 per cent share of the profits within the CBS over the first 25 years of the systems. Solar Options for Schools Ltd is not refunded for development work or third party costs on projects that fail to meet the criteria of the CBS. All third party costs to develop each successfully approved project, as well as all installation and equipment costs, are paid for by the Solar for Schools Community Benefit Society directly, but any cost overruns above the costs assumed in the financial model for each system approved by the CBS are borne by Solar Options for Schools Ltd (SfS); i.e. the CBS does not carry any construction cost overrun risks, these are born entirely by SfS.





Main contracts

Installer agreements

Each project is built by a MCS-accredited installer with a specialisation on commercial size rooftop installations on schools. Each supplier is fully insured against any damages to the roof, equipment or school and provides a 12-month warranty from day of commissioning, rectifying any faults caused from the installation work. In some cases installation companies will procure the equipment, but where Solar Options for Schools (SfS) can do this more cost effectively, they will arrange this at no additional cost in order to increase the profitability of the project to the CBS. All installations are overseen by SfS or independent third parties managed by SfS.

Asset management agreement

Solar for Schools Community Benefit Society (CBS) has entered into an asset management contract with Solar Options for Schools Ltd (SfS) to provide monitoring, management and administration of each school system, including invoicing schools quarterly, checking and collecting subsidies based on meter readings, liaison with Ofgem and the licensee, oversight of O&M contractors, payments, accounts and secretarial services to the CBS related to each project.

Included in the asset management contract is one physical visual site inspection every year by a trained education partner who will deliver education workshops and visually inspect the system. There is no additional charge for the core educational programmes and educational resources provided via the Solar for Schools website. Annual fees are £600 per school + £10/kWp + VAT are invoiced quarterly, indexed to RPI and adjusted from the 1 April of each year.

The terms of the contract will be reviewed every five years, at which point either party can terminate the contract on 90 days' notice.

Operations and Maintenance (O&M) contracts

Following the 12-month initial warranty period provided by each installer, Solar Options for Schools Ltd will subcontract these services as required by either entering into medium-term O&M agreements with contractors via an open market exercise or paying subcontractors to deliver the services as and when required.



Main contracts

Fundraising and fund management agreement

Solar Options for Schools Ltd's (SfS) work in assisting the Solar for Schools Community Benefit Society (CBS) in preparing and paying for all documentation, negotiating and paying third party sources of finance including advisors, funds and banks as well as costs of any administration during the fundraising process is born by SfS at their own risk and is re-funded on a success basis only at a rate of 4 per cent of the funds actually raised.

Annual costs to administer the investor registry, deal with investors enquiries and arrange interest and repayments to investors are born by Solar Options for Schools Ltd (SfS). The CBS pays 0.5-1 per cent of initial funds raised to SfS to perform these services. The fee is set at 1 per cent a year for funds from Bondholders or 0.5 per cent for funds from institutional sources, such as banks or funds, and are based on total sums raised. The agreement will run until three months after all investors have been repaid in full. SfS is working on reducing future fundraising and fund management costs and once achieved and proven, intends to pass the savings on to the CBS.

Introducer agreements and partners

A number of third party introducers and marketing companies to schools are used and to keep costs to a minimum, they are rewarded on a success basis only. Approved introducers are entitled to receive £5/kWp for any system successfully installed. Fees are paid by the CBS once the system is operating; i.e. once a 30kWp system is operating, the introducer to that school receives a £150 payment. In addition, Solar Options for Schools works with local energy consultants and community energy groups to develop projects on schools, some of which may be funded by the CBS.



Risk factors

Industry and project

All investment and commercial activities carry risk, and investors should take appropriate advice and make their own risk assessment whilst bearing in mind the social and environmental aspects of this investment opportunity.

The bonds are unsecured and there is no guarantee that an investor will receive their interest payments or even their capital sum back. Bonds of this type are not covered by the Financial Services Compensation Scheme (FSCS).

If you are in any doubt about the contents of this document or the action you should take, you are strongly recommended to consult a professional adviser authorised under the FSMA who specialises in advising on investment in unlisted debt, shares and other securities.

The Directors believe the following risks to be the most significant for potential Bondholders. However, they do not necessarily comprise all those associated with an investment in the Bond and are not intended to be presented in any order of priority.

1. Industry risks

a. Government legislation: Once each system is installed and registered, where applicable the subsidy tariff is fixed for 20 years. However, changes in government legislation may affect the profitability of the Solar for Schools Community Benefit Society's renewable energy projects. While government subsidies were in place, the price paid for any spare electricity not used by the school and exported to the grid was guaranteed by the government. The model assumes that we will continue to sell electricity to green electricity providers such as Good Energy at similar prices. (~5p a unit) adjusted to inflation over the next 20 years. This is very likely for at least the next 5 years, but no longer guaranteed for the full 20 years as before. Income from export is generally less than 20% of total income for projects in the future, but if electricity export prices halved within 10 years, the CBS could struggle to pay back interest and even capital.

b. Electricity prices: If mains electricity prices fell rather than rose over time as expected, schools might default on their contract with the CBS and refuse to pay the contracted price for solar electricity if higher than mains electricity. This risk is partly reduced by the schools' entitlement to a profit share that should counteract the higher contracted solar electricity price vs. lower mains prices.

2. Project-specific risks

a. Mechanical failure: Installations will be insured for damage, breakdown and loss of income in line with standard industry practice. However, there may be interruptions to the generation of electricity from the installations once built, caused by damage to or mechanic/electrical failure of equipment or roof maintenance work at the school.

b. Solar PV performance: The assumptions around energy generation levels each year are based on project capacity and yield calculations based on methodologies commonly used by the industry. However, long-term changes to weather patterns and/or equipment under performance may result in lower levels of electricity generation and therefore income.

c. Schools default: Over 80% of income to the CBS is from the sale of electricity to each school. Therefore, should a school default on the agreement or shut down, revenues for those schools could be up to 60 per cent lower as the electricity would be exported at about 5p instead. The impact of such a reduction on the entire portfolio of a single project failing in this way in the later years is very small, but if multiple schools defaulted in the early years, the CBS may not be able to meet its repayment schedules.

d. Schools consume less solar electricity than forecast: Solar electricity "self-consumption" rates are calculated based on comparing new schools to historic data of more than 50 systems installed on schools so far. The systems are then under sized to ensure sufficiently high self-consumption rates across the portfolio of schools and the forecasts are therefore expected to be within about 5 per cent of actuals. If many schools actually consume significantly less than forecast, the reduction in income to the CBS could result in the CBS not being able to meet its forecast repayment schedules if the shortfall is greater than the profit share.



Risk factors

General investment



3. General investment risks

- a. Capital Risk:** Investment in smaller, new and unquoted businesses is likely to involve a higher degree of risk than investment in larger, established companies and those traded on a stock exchange. Investing in Bonds is not the same as investing money in a bank account as your capital is at risk and you could lose up to, but no more than, your entire investment.
- b. Repayment:** An investment in a Bond of this type is speculative and involves a degree of risk. The Solar for Schools Community Benefit Society's ability to repay the Bond on the repayment date, or at all, is dependent on the continued success of its business model.
- c. Security:** The Bonds are an unsecured investment and will rank behind secured or preferential creditors. In the event of the Solar for Schools Community Benefit Society's financial failure, the Bonds would have the status of an unsecured creditor and may not be capable of being repaid in full or at all should the proceeds from a sale of the Solar for Schools Community Benefit Society's assets fail to cover all unsecured liabilities.
- d. Liquidity:** *Although the Bonds are transferable, they will not be traded on a recognised exchange and are therefore non-readily realisable.*
- e. Long-term commitment:** Applicants should consider investment in the Bonds as a long-term commitment until the repayment date as the original amount invested may not be available to them before the repayment date as there is no guarantee of repayment if a request is made to do so by the Bondholder.
- f. Bond redemption:** Bondholders will have the contractual right to full redemption of their Bonds at the end of the initial term. The Solar for Schools Community Benefit Society's ability to repay the Bonds at this point is dependent on it being able to secure finance from third parties and/or future bond investors. The Directors are committed to managing Solar for Schools Community Benefit Society's business with a view to ensuring a range of options are available to enable it to repay the Bonds and the interest due on them. However, there is no guarantee that there will be sufficient finance available to repay all the bonds at this point.
- g. The Bonds are not covered by the Financial Services Compensation Scheme (FSCS) or the Financial Ombudsman Service (FOS):** This means if the Solar for Schools Community Benefit Society Ltd does not fulfil the terms of the Bond Instrument there is no right to complain to FOS or to get compensation from FSCS.
- h. Past performance is not necessarily a guide to future performance:** Events in the past, or experience derived from these, or indeed present facts, beliefs or circumstances, or assumptions derived from any of these, do not predetermine the future.
- i. Financial projections:** Hopes, aims, targets, projections (including the financial projections in this Offer), plans or intentions contained in this document are no more than that and should not be construed as forecasts.



Glossary



Applicant: A person or organisation requesting Bonds through submission of an Application Form

Application: A request for Bonds made in accordance with this Offer Document and the Terms and Conditions

Application Monies: Funds received from applicants in response to this Offer

Assumptions: The assumptions set out on page 28 in relation to the Financial Projections

Bonds: The Bonds to be issued by Solar for Schools Community Benefit Society as constituted by a Bond instrument dated 15 March 2019, a copy of which is found in the Appendix

Bondholder: A person who has been issued Bonds by the Solar for Schools Community Benefit Society

CBS: Solar for Schools Community Benefit Society Ltd, a society, set up to fund and hold solar panels for schools and registered under the Co-operative and Community Benefit Societies Act 2014 as a community benefit society with registration number 7364.

Community Benefit Society: A legal entity managed for the benefit of the community that is owned by its members, who are protected by limited liability status. Its constitution is in the form of rules approved by and registered with the FCA.

Directors: The directors of Solar for Schools CBS Ltd

FCA: The Financial Conduct Authority. More information on the FCA and societies they oversee can be found at www.fca.org.uk/firms/mutual-societies

Financial Projections: The financial projections for Solar for Schools CBS is set out on page 27

Financial Ombudsman Scheme: The FOS was set up by parliament; the Financial Ombudsman Service is the UK's official expert in sorting out problems with financial services

Financial Services Compensation Scheme: The FSCS is the compensation fund of last resort for customers of authorised financial services firms

Main Contracts: The contracts described on pages 32-34 in this Offer Document

Maturity or Repayment Date: The date on which applicants will be repaid the money used to purchase their Bonds, being 31 October 2025

Maximum Sum: The maximum value of Bonds to be issued under this Offer, being £2,000,000

Member: A member of Solar for Schools Community Benefit Society, usually a school or Director

Offer: The offer of Bonds issued by Solar for Schools Community Benefit Society contained in this Offer Document

Offer Document: This financial promotion document describing the Offer

Portfolio: The collection of solar panel systems on UK schools owned or to be owned by Solar for Schools CBS Ltd

Rules: The rules of the Solar for Schools Community Benefit Society, which can be viewed www.solarforschools.co.uk/funding/CBS

SfS: Solar Options for Schools Ltd, a social impact company working to help more schools go solar, registered in England under Company Registration no: 9812345

Terms and Conditions: The terms and conditions of the Offer as set out in the Solar for Schools Community Benefit Society solar bond offer

FBOND INSTRUMENT 2020

THIS INSTRUMENT is made by way of Deed Poll on 15th March 2019.

BY SOLAR FOR SCHOOLS CBS LIMITED a community benefit society registered with the Financial Conduct Authority with registration number 7364 and whose registered office is at 146 Kings Road, Bury St. Edmunds, IP33 3DJ (CBS).

Recital

CBS has, by resolution of its board of directors passed on 11 December 2019, resolved to create a further £1,000,000 of unsecured bonds, for a total nominal amount of £5,085,000 to be constituted in the manner set out below.

Agreed terms

1. Definitions and interpretation

1.1 The definitions and rules of interpretation in this clause apply in this instrument.

“**Bondholder**” means each person for the time being entered in the Register as a holder of any Bonds.

“**Bonds**” means up to £5,085,000 unsecured bonds constituted by this and previous instruments or, as the case may be, the amount of such bonds for the time being issued and outstanding.

“**Business Day**” means a day other than a Saturday, Sunday or public holiday in England when banks in London are open for business.

“**Certificate**” means a Certificate issued by CBS under clause 4.

“**Conditions**” means the conditions set out in Schedule 1: as from time to time amended and Condition shall be construed accordingly.

“**Directors**” means the board of directors of CBS for the time being.

“**Ethex**” means Ethex Investment Club Ltd, a company registered in England and Wales with number 07432030 and registered office at The Old Music Hall, 106-108 Cowley Road, Oxford, Oxfordshire, OX4 1JE, which operates the website ethex.org.uk on which the Offer will be available to view and invest in.

“**Event of Default**” means any of those events specified in clause 6.

“**Group**” means CBS and any subsidiary or holding company from time to time of CBS (and the expression member of the Group shall be construed accordingly).

“**Interest Rate**” means (a) 5% per annum interest, paid pro rata from the Start Date and paid on the 31st October of each year; and (b) 5% per year for any subsequent period until the Repayment Date;

“**Offer**” means the offer of Bonds issued by CBS contained in the Offer Document and made subject to the terms and conditions below.

“**Offer Document**” means the financial promotion describing CBS’s offer of Bonds.

“**Register**” means the register of Bondholders kept and maintained by CBS in accordance with clause 5.

“**Repayment Notice**” means the notice of repayment found on the reverse of each Certificate.

“**Repayment Date**” means (i) the 31 October 2025 or (ii) any previous anniversary of that date if requested by the Bondholder with 3 months’ notice and accepted by the CBS or (iii) a date proposed by the CBS and agreed to by the Bondholder in writing or (iv) any such other date as stipulated in each Offer and Bond Certificate..

“**Special Resolution**” means a resolution passed at a meeting of the Bondholders duly convened and held in accordance with the provisions of this instrument and carried by a majority consisting of not less than 75% of the persons voting at such meeting on a show of hands or, if a poll is demanded by a majority consisting of not less than 75% of the votes given on such poll.

“**Start Date**” means the date from which interest will start to accrue. If no date is specified for the Start Date on the Offer or Bond Certificate, then the Start Date shall be the same as the Issue Date.

1.2 Any reference in this instrument to:

1.2.1 an encumbrance shall be construed as a reference to a mortgage, charge, assignment, pledge, lien (save as arising in the ordinary course of business), hypothecation, right of set-off (save as arising under the general law for the protection of certain classes of creditors) or trust arrangement for the purpose of and having a similar effect to the granting of security, or other security interest of any kind;

1.2.2 a person includes a natural person, corporate or unincorporated body (whether or not having separate legal personality);

1.2.3 repayment includes redemption and vice versa and the words repay, redeem, repayable, redeemed and repaid shall be construed accordingly.

1.3 References to any statute or statutory provision shall be construed as a reference to it as amended, extended or re-enacted from time to time and shall include all subordinate legislation made from time to time under that statute or statutory provision.

1.4 In construing this instrument general words introduced by the word “other” shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things and general words followed by the word “including” shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words.

1.5 All the provisions of this instrument are severable and distinct from one another and the illegality, invalidity or unenforceability of any provision of this instrument under the law of any jurisdiction shall not affect its validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision.

1.6 The Schedules (including, for avoidance of doubt, the Conditions) form part of this instrument and shall have effect and shall be binding on the Bondholders as if set out in full in the body of this instrument. Any reference to this instrument includes the Schedules.

2. Amount, Description and Status of Bonds

2.1 The total principal amount of all the Bonds is currently limited to £5,085,000 and the Bonds shall be issued in integral multiples of £1 by CBS.

2.2 The minimum investment shall be £1,000 per person or organization or as otherwise stipulated in the Offer.

2.3 The Bonds when issued shall rank pari passu equally and rateably without

discrimination or preference among all Bonds issued by the CBS and as an unsecured obligation of CBS.

3. Repayment and Interest

When the Bonds become payable in accordance with the provisions of this instrument, CBS shall pay to the Bondholders the full principal amount owing to each Bondholder together with any accrued interest on such Bonds then outstanding (less any tax which CBS is required by law to deduct or withhold from such payment).

4. Certificates

4.1 Each Certificate shall be issued to a Bondholder substantially in the form set out in Schedule 4 and shall be executed by CBS and have the Conditions endorsed on or attached to it. Each Bondholder shall be entitled to receive without charge one Certificate registered in his name.

4.2 When a Bondholder transfers or redeems part only of his Bonds, the old Certificate shall be cancelled and a new Certificate for the balance of such Bonds shall be issued without charge.

5. Register

5.1 CBS shall, at all times, keep a Register at its registered office (or at such other place as CBS may from time to time have appointed for the purpose and have notified to the Bondholders).

5.2 The Register shall contain the following details:

5.2.1 the names, email and addresses of the Bondholders and the date on which the name of the Bondholder is entered on the register;

5.2.2 the principal amount of the Bonds held by each Bondholder; and

5.2.3 the date of issue, Start Date if different and type of each Bond, together with all subsequent transfers and changes of ownership of each Bond.

5.3 Any change of name, email or address by any Bondholder that is notified to CBS at its registered office address above shall be entered in the Register.

5.4 Any Bondholder may, by written notice to CBS, request to be informed of the information regarding that Bondholder held in the Register and require CBS promptly to rectify an error in the Register in relation to that Bondholder.

6. Default

6.1 The following are Events of Default:

6.1.1 Non-payment: CBS fails to pay any principal or interest on any of the Bonds within 10 Business Days after the due date for payment thereof;

6.1.2 Breach of undertaking: CBS fails duly to perform or comply with any obligation (other than an obligation to pay principal or interest in respect of the Bonds) expressed to be assumed by it in this instrument and such failure continues for 10 days after written notice has been given by any Bondholder requiring remedy thereof;

6.1.3 Insolvency: CBS or any member of the Group is (or is, or could be, deemed by law or a court to be) insolvent or unable to pay its debts (as defined in section 123 of the Insolvency Act 1986), stops, suspends or threatens to stop or suspend payment of

all or any material part of its indebtedness or commences negotiations with any one or more of its creditors with a view to the general readjustment or re-scheduling of all or any material part of its indebtedness or makes a general assignment for the benefit of, or composition with, any of its creditors (or any class of its creditors) or a moratorium is agreed or declared in respect of, or affecting, all or a material part of its indebtedness;

6.1.4 Enforcement proceedings: A distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any part of the assets of CBS or any member of the Group and is not discharged or stayed within 10 days;

6.1.5 Winding-up: CBS or any member of the Group takes any corporate action or other steps are taken or legal or other proceedings are started for its winding-up, dissolution or re-organisation (other than for the purposes of a bonafide, solvent scheme of reconstruction or amalgamation previously approved by Special Resolution) or for the appointment of a receiver, administrator, administrative receiver, liquidator, trustee or similar officer of it or of any or all of its assets;

6.1.6 Analogous proceedings: Anything analogous to or having a substantially similar effect to any of the events specified in clause 6.1.3 to clause 6.1.5 inclusive shall occur under the laws of any applicable jurisdiction;

6.1.7 Encumbrance enforceable: Any encumbrance on or over the assets of CBS or any member of the Group becomes enforceable and any step (including the taking of possession or the appointment of a receiver, manager or similar person) is taken to enforce that encumbrance;

6.1.8 Cessation of business: CBS or any member of the Group ceases to carry on the business it carries on at the date of this instrument or a substantial part thereof; and

6.1.9 Illegality: It is or becomes or will become unlawful for CBS to perform or comply with any of its obligations under this instrument, or any such obligation is not or ceases to be legal, valid and binding.

7. Acceleration

If, at any time and for any reason, any Event of Default has occurred, the Bondholders may by Special Resolution or by written notice to CBS from Bondholders holding more than 50% in nominal value of the Bonds then issued and outstanding, at any time while such Event of Default remains un-remedied and has not been waived by a Special Resolution, direct that the principal amount of all Bonds, all unpaid accrued interest and any other sum then payable on such Bonds shall become due and payable immediately and such amounts shall be immediately payable by CBS to the Bondholders (in each case less any applicable taxes).

8. No set-off

Payments of principal and interest under this instrument shall be paid by CBS to the Bondholders, and the Bonds shall be transferable in accordance with the provisions of Schedule 2, without any deduction or withholding (whether in respect of any set-off, counterclaim or otherwise whatsoever) unless the deduction or withholding is required by law.

9. Meetings of Bondholders

The provisions for meetings of the Bondholders are set out in Schedule 3.

10. Enforcement

10.1 From and after the date of this instrument and so long as any amount is payable by CBS in respect of the Bonds, CBS undertakes that it shall duly perform and observe the obligations on its part contained in this instrument.

10.2 The Bonds shall be held subject to and with the benefit of the provisions of this instrument, the Conditions and the schedules. All such provisions shall be binding on CBS and the Bondholders and all persons claiming through or under them respectively, and shall enure for the benefit of all Bondholders, their personal representatives, successors and permitted assigns.

10.3 Except as expressly provided in this clause 10.3, a person who is not a party to this instrument shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this instrument. This instrument and the Bonds are enforceable under the Contracts (Rights of Third Parties) Act 1999 by each Bondholder.

11. Modification

The provisions of this instrument and the Conditions and the rights of the Bondholders may from time to time be modified, abrogated or compromised in any respect by Special Resolution and with the consent of SFS-CBS.

12 Governing law and jurisdiction

12.1 This instrument and the Bonds and any dispute or claim arising out of or in connection with any of them or their subject matter or formation (including non-contractual disputes or claims) shall be governed by, and construed in accordance with, the law of England and Wales.

12.2 The courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this instrument or any Bond or their subject matter or formation (including non-contractual disputes or claims).

Executed by SOLAR FOR SCHOOLS CBS LTD, acting by two directors:



Robert Schrimppff, Director



Ann Flaherty, Director

Dated: 11 December 2019

Schedule 1: Conditions

1. Priority

Any payments due to Bondholders under the terms of this instrument shall be satisfied in priority to any payments to members (Schools) of CBS as interest payments on members' share capital.

2. Repayment and option to redeem

2.1 Subject to Condition 3, all Bonds not previously redeemed (in whole or in part) before the Repayment Date may be repaid, subject to available funds and Directors' discretion by CBS within 30 days of the Repayment Date, at par, together with interest accrued up to and including the date of redemption, on the occasion that:

In the case of a Bondholder wishing to redeem their Bonds as at 31 October in any year, the Bondholder completes the Repayment Notice and returns the same to CBS in accordance with the instructions printed thereon so as to be received by CBS at least 3 months prior to the relevant Repayment Date.

3. Voluntary early repayment by CBS

3.1 Subject to Condition 3.2 below, CBS may, by giving Bondholders the same period of notice as Bondholders are required to give under Condition 2, offer to repay the principal amount of all or a portion of the Bonds on the date specified in such notice.

3.2 The Bondholder must decline the offer to have the Bonds redeemed and re-paid early within 28 days of receiving such notice. If the CBS has not received a notice to decline early repayment within the notice period, the CBS may deem the Bondholder to have accepted the offer and repay the Bondholder in part or in full on the proposed Repayment Date.

3.3 In either scenario under Condition 3.1 and Condition 3.2 CBS shall also pay to the Bondholders all outstanding interest accrued on the Bonds to be redeemed up to and including the date of such redemption (in each case less any taxes required by law to be deducted or withheld from such payments).

3.4 Any payment made under this Condition 3 shall be treated as reducing the amount of the repayments under Condition 2 proportionately and shall be made pro rata to the holdings of all Bondholders who have not declined the offer to be re-paid early.

4. Payment of interest

4.1 Until the Bonds are repaid in accordance with these Conditions, interest on the principal amount of the Bonds outstanding from time to time shall accrue at the Interest Rate, calculated annually on 31 October in each year.

4.2 Interest shall be calculated on the basis of the actual number of days elapsed in the relevant period and a 365 day year. For those who apply thereafter in the event that CBS allows application for Bonds after 30th September in any year, interest shall accrue from the date of issue of their Bond(s) or the Start Date if specified in the Offer.

4.3 Those Bondholders who do not exercise their option to redeem their Bond(s) under Condition 2 shall, within 30 days of the 31 October, be paid the interest accrued on their Bonds up to and including that date and interest shall continue to accrue on the principal

amount of their Bonds at the Interest Rate, calculated annually on 31 October in each year. This Condition 5.3 shall apply to each subsequent anniversary of 31 October until the earlier of the Bondholder exercising his option under Condition 2, CBS exercising its option under Condition 3 or 31 October 2025.

4.4 If CBS fails to pay any amount of interest or principal on any Bond when such amount is due, interest at the rate applicable under these Conditions plus 1% per annum shall accrue on the unpaid amount from the due date until the date of payment.

4.5 Interest on any Bonds repaid by CBS in accordance with these Conditions shall cease to accrue as from the date of such repayment.

4.6 The payments of principal, interest or other sums payable by CBS in respect of the Bonds may be paid by:

(a) electronic transfer in immediately available cleared funds on the due date for payment, to the account specified for the purpose by the Bondholder in writing to CBS or its agent; or

(b) in the absence of such notification, by cheque, warrant or bankers' draft made payable to and sent to the registered address of the Bondholder or made payable to such person and sent to such address as the registered holder may in writing direct.

NOTE: Amounts less than £5.00 will be added to next year's interest payment. No interest will accrue on these amounts.

4.7 Every such cheque, warrant or bankers' draft shall be sent on or before the due date for payment and may be sent through the post at the risk of the registered Bondholder. Payment of the cheque, warrant or bankers' draft shall be a good discharge to CBS.

4.8 All payments of principal, interest or other moneys to be made by CBS shall be made after any deductions or withholdings for or on account of any present or future taxes required to be deducted or withheld from such payments.

5. Cancellation

All Bonds repaid, prepaid or purchased by CBS shall be cancelled and CBS shall not reissue the same.

6. Dealings

The Bonds shall not be capable of being dealt in or on any listed stock exchange in the United Kingdom or elsewhere and no application has been or shall be made to any listed stock exchange for permission to deal in or for an official or other quotation for the Bonds.

7. Notices

7.1 Any notice or other document (including Certificates) may be given or sent to any Bondholder by sending the same by email or post in a prepaid, first-class letter addressed to such Bondholder at his registered address in the United Kingdom or (if he has no registered address within the United Kingdom) to the address (if any) within the United Kingdom supplied by him to CBS for the giving of notice to him or to an electronic address notified by the Bondholder to CBS for the purpose of receiving notices or other documents (including Certificates). Notice may be given to the persons entitled to any Bonds as a result of the death or bankruptcy of any Bondholder by sending the same by post in a prepaid, first-class envelope addressed to them by name or by the title of the representative or

trustees of such Bondholder at the address (if any) in the United Kingdom supplied for the purpose by such persons or (until such address is supplied) by giving notice in the manner in which it would have been given if the death or bankruptcy had not occurred.

7.2 Any notice or other document (including Repayment Notices, Certificates and transfers of Bonds) may be given or sent to CBS by sending the same by email to bonds@solarforschools.co.uk or post in a prepaid, first-class letter addressed to CBS at its registered office for the time being.

7.3 Any notice, communication or document sent by post shall be deemed to have been delivered or received on the second Business Day following the day on which it was posted. In proving such delivery or receipt it shall be sufficient to prove that the relevant notice, communication or document was properly addressed, stamped and posted (by airmail, if to another country) in the United Kingdom. Any notice, communication or document sent to an electronic address shall be deemed to have been delivered on the day on which it was sent.

Schedule 2: Provisions as to registration, transfer and other matters

1. Recognition of Bondholder as absolute owner

CBS shall recognise as absolute owner the registered holder of any Bonds. CBS shall not (except as ordered by a court of competent jurisdiction) be bound to take notice or see to the execution of any trust (whether express, implied or constructive) to which any Bond may be subject. The receipt of the registered holder for the time being of any Bonds or, for the principal payable in respect of such Bonds and for the interest from time to time accruing due in respect of such Bonds or for any other moneys payable in respect of such Bonds shall be a good discharge to CBS notwithstanding any notice it may have (whether express or otherwise) of the right, title, interest or claim of any other person to or in such Bonds, interest or moneys. CBS shall not be bound to enter any notice of any express, implied or constructive trust on the Register in respect of any Bonds.

2. Transferability of Bonds

2.1 The Bonds are transferable, but won't be listed on any exchange because a request can be made for early re-payment. Bondholders may request early re-payment by notifying the CBS with at least 3 months' notice to the 31 October of a given year. The CBS will deal with all requests in order of receipt and pay as many as it can subject to available funds. The CBS is under no obligation to re-pay early.

3. Recognition of personal representatives

3.1 The executors or administrators of a deceased Bondholder shall be the only person(s) recognised by CBS as having any title to such Bonds.

3.2 Any person who becomes entitled to any of the Bonds as a result of the death or bankruptcy of any Bondholder, or of any other event giving rise to the transmission of such Bonds by operation of law may, upon producing such evidence that he sustains the character in respect of which he proposes to act under this Condition or of his title as the Directors shall think sufficient, be registered himself as the holder of such Bonds. CBS may retain any payments paid upon any such Bonds, which any person under this provision is entitled to, until such person is registered as the holder of such Bonds or has duly transferred the Bonds.

4. Replacement of Certificates

If the Certificate for any Bonds is lost, defaced or destroyed it may be renewed on such terms (if any) as to evidence and indemnity as the Directors may require. In the case of defacement, the defaced Certificate shall be surrendered before the new Certificate is issued.

Schedule 3: Provisions for meetings of Bondholders

1. Calling of meetings

CBS may at any time and shall on the request in writing signed by Bondholders representing 5% or more of the Bonds in nominal value then in issue convene a meeting of the Bondholders to be held at such place as CBS shall determine.

2. Notice of meetings

At least 14 clear days' notice specifying the place, day and hour of the meeting shall be given to the Bondholders of any meeting of Bondholders. Any such notice shall specify the general nature of the business to be transacted at the meeting thereby convened but, except in the case of a resolution to be proposed as a Special Resolution, it shall not be necessary to specify the terms of any resolutions to be proposed. The omission to give notice to any Bondholder shall invalidate any resolution passed at any such meeting.

3. Chairman of meetings

A person nominated by CBS shall be entitled to take the chair at any such meeting and if no such nomination is made, or if at any meeting the person nominated shall not be present within 15 minutes after the time appointed for holding the meeting, the Bondholders present shall choose one of their number to be Chairman. The Directors and the Secretary and legal advisers of CBS and any other person authorised in that behalf by the Directors may attend at any such meeting.

4. Quorum

4.1 At any such meeting convened for any purpose, other than the passing of a Special Resolution, a person or persons holding or representing by proxy 10% in nominal value of the Bonds for the time being outstanding shall form a quorum for the transaction of business. At any meeting convened for the purpose of passing a Special Resolution persons (at least two in number) holding or representing by proxy at least 50% in nominal value of the Bonds for the time being outstanding shall form a quorum. No business (other than the choosing of a Chairman) shall be transacted at any meeting unless the requisite quorum is present at the commencement of the meeting.

4.2 If within 30 minutes from the time appointed for any meeting of the Bondholders a quorum is not present the meeting shall, if convened upon the requisition of the Bondholders, be dissolved. In any other case it shall stand adjourned to such day and time (being not less than 14 days and not more than 42 days thereafter) and to such place as may be appointed by the Chairman and at such adjourned meeting two Bondholders present in person or by proxy and entitled to vote, whatever the principal amount of the Bonds held by them, shall form a quorum.

5. Adjournment of meetings

5.1 The Chairman may with the consent of (and shall if directed by) any such meeting adjourn the same from time to time and from place to place. No business shall be transacted at any adjourned meeting other than business that might lawfully have been transacted at the meeting from which the adjournment took place.

5.2 Notice of any adjourned meeting at which a Special Resolution is to be submitted shall be given in the manner provided for in this instrument. Such notice shall state that two Bondholders present in person or by proxy and entitled to vote at the adjourned meeting whatever the principal amount of the Bonds held by them shall form a quorum.

6. Voting

6.1 Every question submitted to a meeting of Bondholders shall be decided in the first instance by a show of hands. In case of an equality of votes the Chairman shall have a casting vote.

6.2 At any meeting of Bondholders, unless (before or on the declaration of the result of the show of hands) a poll is demanded by the Chairman or by one or more Bondholders present in person or by proxy, a declaration by the Chairman that a resolution has been carried or carried by a particular majority or lost or not carried by any particular majority shall be conclusive evidence of the fact.

6.3 If at any such meeting a poll is so demanded it shall be taken in such manner as the Chairman may direct. The result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.

6.4 Any poll demanded at any such meeting shall be taken at the meeting without adjournment. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

6.5 On a show of hands every Bondholder who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative (not being himself a Bondholder) or by proxy shall have one vote (provided that a proxy appointed by more than one member should only have one vote or, where the proxy has been instructed by one or more of those members to vote for the resolution and by one or more other of those members to vote against it, such proxy shall have one vote for and one vote against the resolution). On a poll every Bondholder shall have one vote for every £1 in nominal amount of the Bonds of which he/she is the holder. A Bondholder (or a proxy or representative of a Bondholder) entitled to more than one vote on a poll need not use all his/her votes or cast all the votes he/she uses in the same way.

7. Proxies

7.1 Every instrument appointing a proxy shall be in writing, signed by the appointor or his attorney or, in the case of a corporation, under its common seal, or signed by its attorney or a duly authorised officer and shall be in such form as the Directors may approve. Such instrument of proxy shall, unless the contrary is stated thereon, be valid both for an adjournment of the meeting and for the meeting to which it relates and need not be witnessed. A person appointed to act as a proxy need not be a Bondholder.

7.2 The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority

shall be deposited with CBS at the address where the Register is maintained for the time being (as referred to in clause 5.1 of this instrument) or at such other place as may be specified in the notice convening the meeting before the time appointed for holding the meeting or adjourned meeting or the taking of a poll at which the person named in such instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument of proxy or of the authority under which the instrument of proxy is given or transfer of the Bonds in respect of which it is given unless previous intimation in writing of such death, insanity, revocation or transfer shall have been received by CBS at the address where the Register is maintained for the time being (as referred to in clause 5.1 of this instrument). No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution.

8. Power of meetings of Bondholders

In addition to the powers to pass the Special Resolutions referred to at Clause 6 (Events of Default), Clause 7 (Acceleration) and Clause 11 (Modification) of this instrument, a meeting of the Bondholders may, by Special Resolution, consent to any proposal put to Bondholders by CBS where such proposal may affect Bondholders' rights to repayment of principal, payment of interest or to demand accelerated repayment under Clause 7.

9. Resolutions

9.1 A Special Resolution, passed at a meeting of Bondholders duly convened and held in accordance with the provisions of this schedule, shall be binding on all the Bondholders whether or not present at such meeting and each of the Bondholders shall be bound to give effect to such Special Resolution accordingly. The passing of any such resolution shall be conclusive evidence that the circumstances justify the passing of such Special Resolution.

9.2 Subject to Clause 7 of this instrument, a resolution in writing signed by the holders of at least 75% in nominal value of the Bonds for the time being outstanding who are for the time being entitled to receive notice of meetings in accordance with the provisions contained in this instrument shall for all purposes be as valid and effectual as a Special Resolution. Such resolution in writing may be contained in one document or in several documents in like form each signed by one or more of the Bondholders.

10. Minutes of meetings

Minutes of all resolutions and proceedings at every such meeting of the Bondholders shall be made and duly entered in books to be from time to time provided for that purpose by CBS and shall be available for inspection by Bondholders during normal business hours on reasonable notice to CBS.

Schedule 4: Example Bond Certificate

SOLAR FOR SCHOOLS CBS LTD (CBS) BONDS 2020

Certificate No: [NUMBER]

Date of Issue: [DATE]

Start Date: [DATE]

Amount: £[AMOUNT]

Annual Interest: [AMOUNT]%

Repayment Date: [DATE]

Bonds created and issued pursuant to a resolution of the board of directors of CBS passed on 15th January 2020.

THIS IS TO CERTIFY THAT [INSERT NAME OF BONDHOLDER] is the registered holder of £[AMOUNT] of the £2,000,000 unsecured bonds constituted by an instrument entered into by CBS on [Date] (Instrument). Such bonds are issued with the benefit of and subject to the provisions contained in the Instrument and the Conditions endorsed hereon.

1. The Bonds are governed by the term of the Bond Instrument 2020, a copy of the Instrument is available for inspection at <https://www.solarforschools.co.uk/funding/cbs> or by requesting a copy by email to bonds@solarforschool.co.uk
2. This Certificate must be surrendered before any transfer, whether of the whole or any part of the Bond comprised in it, can be registered or any new Certificate issued in exchange.
3. Any change of address, email or repayment preferences of the Bondholder(s) must be notified by the Bondholder(s) to CBS either by email at bonds@solarforschools.co.uk or via the options displayed on <https://www.solarforschools.co.uk/funding/cbs>
4. The Bonds are transferable in amounts and in integral multiples of £1 in accordance with the terms of the Conditions and the Instrument.
5. Words and expressions defined in the Instrument shall bear the same meaning in this Certificate and in the Conditions endorsed hereon.
6. The Bonds and any dispute or claim arising out of or in connection with any of them or their subject matter or formation (including non-contractual disputes or claims) shall be governed by, and construed in accordance with, the law of England and Wales.
7. The courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with the Bonds or their subject matter or formation (including non-contractual disputes or claims).
8. Executed by SOLAR FOR SCHOOLS CBS LTD, acting by two directors:

[Director Name], Director

[Director Name], Director