
Ludlow Hydro Co-operative

19th February 2019

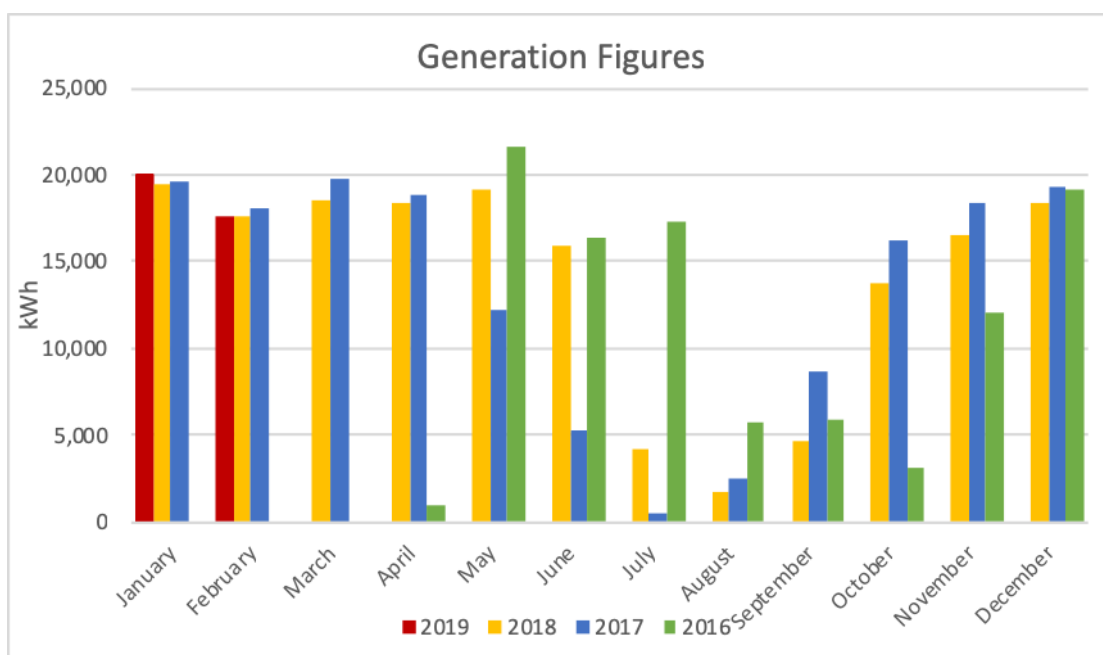
Dear Members,

You have hopefully received the notification for this year's Annual General Meeting. Please find attached to this letter the papers for that meeting. If you are unable to attend, please use the voting form and return by email to agms@shareenergy.coop or Ludlow Hydro Co-op, c/o Shareenergy, The Pump House, Shrewsbury, SY1 2DP by **9am on Monday 25th March** to ensure your vote can be included

Chairman's Letter

2018 was one of, if not the hottest summers on record but despite this we produced just under 169, 000 kWh. This was 6% better than 2017 and only 0.6% below our optimum target. 2019 has started strongly so we are very hopeful that we will have another good year. We produced a net surplus after depreciation and all other costs of £8,000, (excluding share interest), so subject to your approval at the AGM, we intend to pay 2% in share interest to members. On April 28th we will complete 3 full years of production and therefore in accordance with EIS rules we can start making capital repayments. We therefore propose to make a further payment in July of between 10% and 15% of your initial investment. Please see the notes below on the Return of Capital to Members which will hopefully answer any questions you might have about this process.

The majority of our income is generated from our Feed in Tariff. Annual increases in this tariff are restricted to RPI, (2.7% for 2019/2020). However, this year we have negotiated an increase of more than 10% for our export tariff. With these increases and with our overheads on track, we anticipate being able to continue making share interest payments at levels close to our projections.



Ludlow Hydro Co-operative

I would like to make a special mention of Clive Walker, the new owner of the Mill who joined the board last year and whose dedication to the scheme ensures its success. This includes his regular maintenance schedule and the constant clearing of the debris that builds up in front of the screw. Without his work and that of his predecessor Angus Marshall the scheme would not work.

As with last year, I would like to thank all the members of the board and our advisors for their continued work and dedication to your Archimedes Screw which together ensures the project's success as a totally green energy source. The board also wishes to thank Tony Cant, who has been on the board since it was founded 2013 and will be stepping down this year. Tony has taken an active interest in the running of the society and served as finance director. Whilst board numbers are currently sufficient, it is essential that we maintain a full working board to keep the scheme managed and operational. It is not an onerous task, as we only meet once a quarter, but it does rely on volunteers and we would welcome some new blood to allow other directors to step down in future.

We look forward to seeing as many of you as possible at the meeting.

Yours sincerely,

Anthony Shuster, Chair

On Behalf of the Ludlow Hydro Co-operative Board

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AGM Notice

AGM Voting Form

AGM Minutes 2018

Financial Statements 2018

LUDLOW HYDRO CO-OPERATIVE LTD

NOTICE OF ANNUAL GENERAL MEETING

TO BE HELD ON 26 MARCH 2019

NOTICE is given that the Annual General Meeting of members will be held on Tuesday 26 March at 7pm in The Sitting Room at the Blue Boar Inn, 52 Mill Street, Ludlow SY8 1BB for the following purposes:

AGENDA

Welcome, introductions and declarations of interest

1. To agree the minutes from the last meeting
2. In accordance with Section 84 of the Co-operative and Community Benefit Societies Act 2014, a resolution not to undertake a full professional audit of the Society for the year
3. To receive and adopt the Report of the Directors and the Annual Accounts for the year ended 31st December 2018
4. To make a share interest payment to members of 2% for 2018
5. An equal proportion of each members' shares to be bought back by the Society at a rate of £1 per share, reducing each shareholding by 10-15% (rounded down to the nearest whole share) to be paid later in the year, subject to financial performance
6. To re-elect Richard Bickerton as a Director of the Society
7. To elect Mark O'Hanlon as a Director of the Society
8. Any Other Business

By order of the Board

Angus Marshall

Company Secretary

19th February 2019

Registered Office:

Ludford Mill

Ludford

Ludlow

SY8 1PP

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NOMINATIONS TO THE BOARD

The Rules allow for a maximum number of seven board members of which one third must retire each year in rotation. Anthony Cant is standing down and will not stand for election. Richard Bickerton will retire by rotation and will seek re-election. Mark O'Hanlon is standing for election.

Biographical Notes

Retiring Director Seeking Re-election

Richard (Dic) Bickerton

Richard is a chartered civil engineer and certified project manager (via the Project Management Institute). In a varied career he has worked on contracts in site project management and CAD/CAM designer roles, with some specialization in timber frame restoration and reinforced earth engineering. During this time he has worked for various local, national and international companies at senior management and directorial levels. Since 1998 he has worked for a major IT services outsourcing business, project managing due diligence on global outsourcing deals. Since retiring from this role he has concentrated on his photography, golf and his position as a trustee of the Shropshire Music Trust.

New Candidate Standing for Election

Mark O'Hanlon

Mark O'Hanlon is a highly versatile senior project manager and accredited PRINCE2 practitioner. His core experience is in delivering IT infrastructure project work (as part of corporate property programmes), within the finance sector. In this capacity, he has worked (most recently as a management contractor), across multiple banking brands including NatWest, RBS, Coutts and Adam & Co. His leadership skills have been consistently proven whilst managing the lifecycle of complex project work; typically involving the delivery of multi-million pound programmes of work.

In his spare time, Mark is a published author and currently manages a website in memory of artist Cecil Round. He is passionate about the countryside, enjoys horse riding and has been a volunteer marshal at various show-jumping events; most recently, the Blue Lights Charity Horse Show in 2018. Mark's other charity work includes raising over £6,000 for The Children's Society (2013-17). He is also co-founder of the Malcolm Saville Society which celebrates its 25th anniversary this year.

Mark has lived in Ludlow since 2004 and has always been an ardent supporter of the Ludlow Hydro Co-operative. As a member, he is passionate about the operation of the hydro scheme and would welcome the opportunity to bring his core management skills to the board, for the benefit of the wider co-operative group.

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MINUTES OF ANNUAL GENERAL MEETING

HELD ON 28th MARCH 2018

The Annual General Meeting of Members was held at 7pm on 28th March at the Charlton Arms, Ludlow, SY8 1PJ

Members Attending: Angus Marshall, Jenny Marshall, Mark O’Hanlon, Robert Pardy, Michael Penn, Gail Richards, Helen Rooker, Jeff Rooker, Seabury Salmon, Margaret Shaw, Anthony Shuster, Elizabeth Taylor, Merlin Unwin, Karen Unwin (non-Member), Clive Walker, Denise Walker, Gareth Williams, Andrew Wright, Richard Bickerton, Anthony Cant, Rosemary Corke, Denise Crampton-Thompson, Richard Cundall, Clare Currant, David Currant (non-Member), John Daniels, David Delaney, David Finney, Robert Flitney, Christine Gardner, Ronald Gardner, Clare Greener, Sian Griffiths, Andrew Henderson, Letitia Hodson and Simon Hodson.

A total of 34 Members attended the meeting, and 24 postal and electronic votes were sent. The quorum is 12 and the meeting was therefore quorate.

Apologies were received from: Gareth Williams, BCRS Business Loans Ltd, Jackie Dowdeswell, George Mills, Linda Senior, Rachel Cockett, Fred Dowdeswell, Philip Adams, Philip Dunne, Michael Isaacs, Alan Pittam, Anusra Bell, Nick Wright, Richard Wildash, Bryan Hunt, Margaret Davies, Alice Joy Crouch, Callum Johnston, Maureen Smith, Sheila Thackwray, Paul Caldicott, Victoria Caldicott, Anne Adams, Angela Broome, Linda Scrannage, Rodney Archard, Kelly Godwin.

Proxy nominations: No proxy nominations were received

Motion	Proposer	Seconder	Motion Carried?
1. To agree the minutes from the last meeting	Mark O’Hanlon	David Finney	Yes
2. In accordance with Section 84 of the Co-operative and Community Benefit Societies Act 2014, a resolution not to undertake a full professional audit of the Society for the year	Merlin Unwin	Helen Rooker	Yes
3. To receive and adopt the Report of the Directors and the Annual Accounts for the year ended 31st December 2017	Christine Gardener	Jenny Marshall	yes
4. To make a share interest payment to members of 2.5% for 2017	Mark O’Hanlon	Clare Greener	yes
5. To elect Clive Walker as a Director of the Society	Angus Marshall	Dic Bickerton	yes
6. To re-elect Anthony Cant as a Director of the Society	Robert Pardy	Merlin Unwin	Yes
7. To re-elect Jeffery Rooker as a Director of the Society	Clare Greener	Dic Bickerton	Yes

Any other business: A vote of thanks to the board was proposed by Helen Rooker and seconded by Merlin Unwin unanimously supported by the members attending.

By order of the Board, Anthony Shuster, Director, 28th March 2018

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Return of Capital to Members

1. Why is there a proposal to return share capital?

The Society puts aside a large amount of money each year to build up a fund to repay member capital. Some of this sum is held in reserve in case of a need for major maintenance but the bulk of these funds are in bank accounts attracting very low rates of interest. It makes more sense for this capital to be returned to members. The Board therefore proposes that the Society buys back an equal proportion of its share capital from all of its members, (which is the official terminology for what we are doing when paying members back some of their capital).

2. How much capital will I get back and how?

You will receive between 10-15% of your total shareholding, to be determined by the board, rounded down to the nearest whole £1 share. The number of shares you hold will reduce accordingly. Each share will still be worth exactly £1. As we are a one member, one vote democracy, you will still have the same voting power irrespective of how many shares you retain.

The exact amount is to be determined by the board, but all members will receive the same proportion of their capital back.

You will receive a statement of the share capital returned and your remaining number of shares. Capital will be returned by bank transfer or cheque, according to member preference in exactly the same way as share interest is paid.

3. Was this planned from the outset?

Yes. The share offer document says:

Capital will be returned to members each year as cash flow allows, subject to maintaining a contingency reserve within Ludlow Hydro Co-operative and subject to maintaining EIS eligibility (i.e. capital cannot be returned within 3 years of commencement of electricity production).

and the financial projections reflected this. As project cash flow is expected to sufficient later in the year, the Board proposes to start capital repayments as planned this year.

4. How will this affect my share interest?

As capital repayment was always planned in the model, this will not adversely affect the interest received by members in this and future years. The Board will continue to make share interest payments with the overall aim of meeting the returns stated in the Share Offer Document over the project lifetime.

5. What is the plan for future years?

The Board plans to return approximately 5% to member each year over a 17-year period. This may vary depending on project performance and any other share withdrawals made during the year. The overall

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objective is that all capital is returned to members by the end of the project (at the final, planned AGM in 2037, where the 2036 accounts are presented).

6. Does the board need member permission to return member capital?

Formally no, as Rule 17.3 allows for the Board to return member capital equally across the membership without further ratification. However, the Board wishes to put a motion annually at the AGM to seek member agreement to proceed as planned.

7. What happens if this motion is not carried?

If the motion is not carried, then no capital will be repaid to members this year. This would result in lower overall returns to members: due to inflation, the capital is worth less with each year that passes so will be worth less when eventually returned.

8. Have the board put aside sufficient funds to deal with unexpected eventualities?

Yes, this payment still leaves the Society with sufficient funds in bank accounts to deal with unforeseen circumstances.

9. Can members still apply to withdraw some or all of their remaining capital, if needs be?

Yes, the Board will still consider applications to withdraw. Any such withdrawals are made at the Board's sole discretion. Exceptionally, if large amounts are withdrawn this may reduce the amount of capital available to return to other members in a particular year. As a result, the Board will bear this in mind in authorising withdrawals, although priority will continue to be given to withdrawals requested in the case of the death of a member.

10. Will this impact on any tax relief claimed?

No. As more than 3 years have elapsed since the start of trading or any issuance of shares this withdrawal will not have an impact on any applicable Seed Enterprise Investment Scheme tax relief (SEIS) or Enterprise Investment Scheme tax relief (EIS).