

Frequently Asked Questions

Answers for potential investors in Newton Downs (guidance only)

Q How much capital does YCE have to raise in the 3 years?

A The YCE share/bond offer will not launch until completion of asset optimisation work and the long-term debt finance is in place. This will take at least another year. The amount of long-term debt that can be raised will determine the total amount of capital YCE needs to raise from a community share/bond offer. It is likely to be between £2million and £3million. The target return for investors is 5% with interest inflated annually with RPI. The 'equity' can be bought back from CORE in tranches, so the capital does not all need to be raised at once.

Q What sources of funding are available?

A *CORE are managing the raising of long-term debt finance. There is a mature market for long-term debt finance for operational solar projects. Loans typically provide 60-70% of the project capital.*

Q Is it realistic to be able to raise the sum needed?

A *Yes. The objective will be raise as much of the capital as possible from the local community. This helps keep the financial returns in the locality and increase participation. If the offer is over subscribed, priority will go to local investors (individuals and organisations). However, the share/bond offer will also be marketing nationally through a crowd-funding platform. The offer may be done as an ISA-eligible bond, meaning interest on eligible investment will be tax exempt.*

The amount of capital raised from the local community makes no difference to the amount of community fund income, and how it is used. The community fund income will only be used to support projects in the Yealm parishes, and of course investors will get a 5% annual interest payment.

YCE is supported by CfR CIC, an experienced community energy company which has helped raise around £35million of investment for community solar projects over the last 2 years.

Q What happens if the required funding is not raised within 3 years?

A *CORE would likely extend the current finance arrangements, as their sole purpose is to transfer ownership to the community. Even if the community purchase never goes ahead, the project is still bound to pay a minimum of £10,000 per year community fund contributions (which is what the planning condition would have required had the community purchase not gone ahead).*

For further information on the investment opportunity at Newton Downs [see our earlier handout](#)

Q Is there any tax relief on the investment?

A Following a recent government announcement capital invested will no longer be eligible for [Social Investment Tax Relief](#) (SITR). However investments in a CBS have complete relief from inheritance tax after only 2 years instead of the usual 7 years.

Future investment opportunity for solar farm at CREACOMBE.

We intend to reach agreement in principle with the developers of the **Creacombe 7.3 MW** project (awaiting planning approval as of January 2018) on the basis for purchasing that site from them. The financial viability will depend on obtaining a sufficient purchase price for the electricity and keeping construction costs below recent levels, as it will be subsidy free.

The capital is normally repayable during or at the end of the project, but may be withdrawn but not transferred at any time for normal shares. For those wanting to make a longer term commitment there is an option to have non-withdrawable but transferable shares which can be passed on to family without being subject to inheritance tax after two years.

For more information and an example see [here](#)