

EMPOWER COMMUNITY ISSUES A £10 MILLION LOAN NOTE TO PROVIDE SOLAR ENERGY TO SOCIAL HOUSING IN SUNDERLAND

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Empower Community announced this morning that a large UK institutional pension investor has loaned £10.1m to a project providing free daytime solar energy to over 2300 of Gentoo Group's customers' homes in Sunderland. The amortising 20 year loan will provide investors with an inflation-linked annual return. Profits from the deal will be reinvested in the local Sunderland community.

Empower Community will use the funds to acquire and manage existing solar photovoltaic installations on 2327 Gentoo social homes and 6 corporate buildings in the Sunderland area. It will continue to provide thousands of tenants with access to free daytime energy, which can reduce bills by up to 40% and will reduce carbon emissions with clean solar energy. With the refinancing of Gentoo's solar panels, Gentoo plans to roll out PV panels to an additional 3000 homes in Sunderland.

Empower Community Management's Alex Grayson says "The beauty of this deal is that everybody's interests are aligned: the investor makes solid financial returns, with measurable social and environmental impact; tenants enjoy access to free daytime power, which helps them escape fuel poverty; Gentoo enjoys an ongoing return and financing to continue their exciting developments and the community receives funding for local initiatives from the profits."

Peter Walls, Chief Executive, Gentoo Group said: "We're always looking for new ways to make a positive difference and influence change - this innovative deal with Empower Community does just that. Fuel poverty is a genuine concern with rising energy costs - 'heat or eat' is a reality that many vulnerable individuals in our society are now facing. This is a unique way to deliver more solar solutions to our customers, at no cost, with the additional benefits that the local community fund will bring."

Since the introduction of the Feed-in Tariff in 2010, despite some reviews along the way, the stable, long-term and index-linked nature of revenues from these projects have been attracting increasing interest from the UK institutional investment markets, but this is the first at-scale 'balanced stakeholder' model to arrive.

Minister for Civil Society Nick Hurd said: "The benefits of this project are threefold; tenants get access to free daytime power, the housing association gets the finance to install solar panels in more social housing and the profits of the deal are reinvested back into the community.

"The £100,000 worth of support from our Investment and Contract Readiness Fund has enabled this impressive organisation to go on and raise over 10m through a bond. I look forward to seeing this model replicated across the country with housing associations, schools, hospitals all benefiting from access to free day time energy."

"It's all about efficiency." says Empower Community's Bob Knowles, "If you can create a scalable structure which directly matches project revenues with investor requirements, everybody wins."

Social Finance, the leading social investment intermediary, advised Empower Community and placed the deal. Martin Rich, Sales Director, said that "this is the first large-scale, socially-focused investment into solar energy for social housing. We are delighted that institutional

investors can see the value of investing for social good whilst still achieving market rate returns. “

For more details, please contact Alisa Helbitz, Social Finance on 07500 433 044/ alisa.helbitz@socialfinance.org.uk or Alex Grayson, Empower Community on 0789 4909049/ alex.grayson@empowercommunity.co.uk or Victoria Scarisbrick, Gentoo on 07985 688262/ Victoria.Scarisbrick@gentoogroup.com

Notes to editors:

- 1) Solar PV panels do not require direct sunlight to operate and work on cloudy days. The performance of solar photovoltaic systems are seasonal, meaning an array may deliver up to four times more energy in July than in December, mainly due to longer daylight hours. UK PV installations are consistently out-performing accepted minimum generation expectations.

Despite the legislative changes, the UK solar industry has been growing steadily, with 77MWp installed in 2010, 1GWp by 2011 and 2.2 GWp by the end of 2013. The Department for Energy and Climate Change (DECC) has considerably increased the ambition for UK solar, with a target 22GWp install target by 2020 and the inclusion, for the first time, of PV as a core renewable energy technology.

- 2) The Feed-in-Tariff for UK Solar PV was introduced in April 2010. , The scheme is designed to make small scale renewable energy generation economically attractive and stimulate market demand. The FiT is a UK statutory legal instrument that places an obligation on electricity supply companies to pay a guaranteed, long term subsidy to the owners of small renewable energy generating assets. It provides two income streams through a generation tariff and an export tariff. Both Tariffs pay a guaranteed, RPI-linked price over a 20 or 25 year period at the rate prevailing at the time of installation and registration. The FiT Regime has been subject to a series of reviews since its introduction in 2010.

- 3) **Empower Community Management LLP** is a social enterprise that balances the interests of all stakeholders by providing a high quality investment opportunity with attractive returns, reinvesting profits in further community projects and facilitating a community share in revenues and ultimate community ownership of assets.

Empower Community Management’s ongoing role is the overall management of solar PV and the origination and due diligence of additional projects. Initially these are focused on solar PV projects, but with scope for further distributed energy projects, building towards area-wide programmes that accelerate the transition to sustainable, low carbon local economies.

The **Empower Community Foundation** is designed to oversee, as trustee, local community funds that receive a share of profits from renewable energy projects and other programmes invested, research and share best practice and provide a governance framework for the overall initiative.

<http://empowercommunity.co.uk/>



Empower Community was established with the support of **UnLtd** (www.unltd.org.uk), **Panahpur** (www.panahpur.org), **Sainsbury Family Charitable Trusts** (www.sfct.org.uk) and **National Energy Foundation** (www.nef.org.uk).

- 4) **Gentoo** is a registered provider of social housing with some 28,000+ homes and over 70,000 customers in and around the Sunderland area. Set up in 2001, it has invested over £500 million into homes and communities with a further £50 million per annum being reinvested in the community through wages and the supply chain. In 2011, almost 66 per cent of new homes in Sunderland were built by Gentoo.
<http://www.gentoogroup.com>
- 5) **Social Finance** is a not for profit organisation that partners with government, the social sector and the financial community to find better ways of tackling social problems in the UK. Founded in 2007, Social Finance has raised over £20m in social investment and is the originator of the Social Impact Bond. www.socialfinance.org.uk
- 6) This deal has benefitted from support from the **Cabinet Office's £20m Investment and Contract Readiness Fund** managed by **Social Investment Business**. For more details, please contact Nandini Das on 0207 842 7724/ nandini.das@sibgroup.org.uk
<http://www.beinvestmentready.org.uk>
- 7) Empower Community were advised by **Norton Rose Fulbright** (www.nortonrosefulbright.com/uk), **Bates Wells Braithwaite** (www.bwbllp.com) and **NCM Fund Services** (www.ncmfundservices.com).