



DISCLOSURE STATEMENT

A DISTRIBUTING CO-OPERATIVE UNDER THE
CO-OPERATIVES NATIONAL LAW (NSW)

NAME OF CO-OPERATIVE:

Pingala Co-operative Limited

1. INTRODUCTION

Explanation of this statement

Pingala Co-operative Limited (**Pingala**) is a distributing co-operative. Section 68 of the Co-operatives National Law (NSW) (the **National Law**) requires that a distributing co-operative take all reasonable steps to ensure a current disclosure statement is registered with the Registrar and is made available to prospective members. For Pingala, the Registrar is the NSW Department of Fair Trading. The disclosure statement must contain information necessary to ensure potential members understand the nature and extent of their financial involvement or liability as a member of the Co-operative.

This document is the 'Disclosure Statement' of Pingala Co-operative, a social enterprise whose members contribute volunteer time to support the endeavour as well as being the owners of the organisation and investors in the projects.

Overview

The aim of the Pingala Co-operative Limited (**Pingala Co-operative or Co-operative**) is to build community-owned solar farms in Australia, with the support of member-shareholders who will become part owners in the projects.

To achieve this, Pingala Co-operative raises money from its member-shareholders to fund the solar farm installations on the rooftops of businesses and organisations known as 'host sites'. Pingala Co-operative receives payment from each host site as consideration for:

- (a) the use of the solar farm, and/or;
- (b) the use of the electricity generated by the solar farm, and/or;
- (c) the marketing services provided by Pingala.

Pingala uses this income to cover its operating costs and whatever is left over is a surplus. Member-shareholders receive a return on their investment to the extent the Pingala Co-operative has a surplus after it has paid its expenses.

As detailed in [Section 2](#) below, the Pingala Co-operative works in partnership with *Pingala - Community Renewables for Sydney Incorporated*, an association registered in NSW (Incorporation Number INC1300784) (**Pingala Association**), which supports the Pingala Co-operative projects, including through the provision of management services for the Pingala Co-operative.

The first project completed by Pingala Co-operative was financing the solar farm on the rooftop of the Young Henrys brewery in Newtown in Sydney's Inner West. Since then the Pingala Co-operative has raised funds to complete a number of other community energy projects, including at 4Pines Brewery in Brookvale, Sydney Buddhist Centre in Newtown and Allambi Care in Charlestown. This disclosure statement is structured so that the individual projects that make up the portfolio are described in supporting attachments, allowing the body of this statement to be focussed on the Pingala Co-operative's overall prospects.

Pingala Cooperative will be governed by a Board of Directors, as set out in [section 5](#).

1.1. Name

Pingala Co-operative Limited

1.2. Registered office

17 Harnett Ave, Marrickville

NSW 2204, Australia

2. HISTORY AND BACKGROUND

2.1. Background

Pingala Association facilitated the formation of the Pingala Co-operative. Pingala Association is a community group of energy citizens who are passionate about renewable energy and believe there should be a lot more solar power in Australia. Pingala Association is a not-for-profit, incorporated association, committed to making “fairer energy” that puts consumers and communities first.

The non-profit constitution of Pingala Association prohibits profit-making activities, including the operation of community energy projects which provide a return to investors. However, as the completion of community energy projects which are funded by community investors has been identified as an effective strategy for achieving the Pingala Association vision, a co-operative structure has been selected as the most appropriate structure to use in relation to the proposed projects.

On this basis, Pingala Association members facilitated the formation of a separate legal entity, the Pingala Co-operative, so that the non-profit operations and objectives of Pingala Association can continue without being affected by a change in non-profit status.

2.2. Why a co-operative?

Pingala Association members underwent a detailed process where they evaluated the different legal forms available for creating a distributing investment vehicle, including:

- Private company (Pty Ltd);
- Trust structures;
- Public company limited by guarantee;
- Public company limited by shares, and;
- Distributing co-operative.

A co-operative was chosen because of the strong alignment between the existing strategy of the organisation and the ability for the co-operative model to support that strategy. In particular, the co-operative values were deemed to be perfectly aligned with Pingala Association’s own values.

Co-operatives are based on the values of *self-help, self-responsibility, democracy, equality, equity and solidarity*.



In addition to these seven values, there are foundation ethical values of honesty, openness, social responsibility and caring for others.¹

The distributing co-operative structure also offers the flexibility to enable Pingala Co-operative to offer returns (surplus distributed to members in the form of dividends or bonus shares, for example).

2.3. Objectives

Pingala Co-operative has a vision of a fairer energy system, where communities are empowered to own and operate their own energy systems.

Pingala Co-operative's objective is to develop, deliver and operate local renewable energy or energy efficiency projects, implemented in a way which shares the benefits as widely as possible within the community, while minimising any negative impacts.

2.4. Demand for services

Pingala provides financing products to commercial customers (businesses) and invests in projects to enable businesses to purchase and install clean energy upgrades, such as solar farms or

¹ Source: Co-operatives in Australia, A Manual: Co-oper, Green, Tregilgas; 2013; Co-operatives Federation of NSW - pp20-22. Diagrams in this section are also taken from this reference.

energy efficiency measures. Clean energy financing and solar power purchase agreement (PPA) and leasing products are an emerging and growth segment of the finance and clean energy industries.

Additionally, Pingala Co-operative offers more than just financially competitive clean energy financing products. The unique selling point for our host site customers is Pingala Co-operative's ability to offer community based engagement and support in addition to our finance offering. This will be attractive to any organisation who is keen to establish stronger relationships with their key stakeholders and using the Pingala Co-operative membership as a way of strengthening and growing these relationships. This is a marketable product that is often overlooked by finance providers and solar industry suppliers. Pingala offers a package that incorporates both the financing as well as the marketing/engagement products.

This combination of *solar leasing* plus *community activation* is becoming a new market segment which we will refer to as 'community energy'. Businesses that use Pingala finance for their clean energy upgrades can use the act of financing as a marketing and public relations opportunity.

2.5. Primary activities

(see Rule 4(1))

The primary activities of the Pingala Co-operative are:

- (a) owning, operating and maintaining renewable energy generators and associated infrastructure;
- (b) investing, managing and/or participating in programs to benefit the local community;
- (c) generating and selling renewable energy;
- (d) advocating for programs that facilitate local uptake of renewable energy;
- (e) researching, producing and disseminating information and engaging the local community on a regular basis to promote renewable energy generation and energy efficiency;
- (f) being a model for cooperative, inclusive and successful community driven projects; and
- (g) creating new energy business models.

3. MEMBERSHIP AND SHARES

3.1. Benefits of Membership

A member of the Pingala Co-operative is entitled to:

- attend and vote at all general meetings of the Pingala Co-operative;
- be a candidate for election to the Board of Directors of the Co-operative;
- vote for Board members;
- obtain a copy of Co-operative documents upon payment of the nominated fee as set out in the Rules of the Pingala Co-operative (**Rules**);
- buy Co-operative shares;
- trade shares with other Co-operative members;
- discuss opportunities for collaboration and project ideas between the Pingala Co-operative and third parties (councils, government, other businesses, schools, community groups, universities, communities in need); and
- assist in running projects on behalf of the Pingala Co-operative.

3.2. Membership Eligibility Requirements

Any individual, company, co-operative, superannuation fund or other entity may apply for membership in Pingala Co-operative by accessing and completing an online application form. The application form will be published on the Pingala website (Rule 7) along with a copy of the Rules of the Pingala Co-operative and a copy of the most up-to-date version of this disclosure document.

There is no entry or subscription fee which is payable for membership in Pingala Co-operative (Rule 6), however each member is required to hold at least 20 shares in Pingala (Rule 16(2)).

A member must:

- be 18 years of age; and
- hold at least 20 shares (the minimum number of shares as defined by the Rules); and
- agree to be bound by the Rules; and
- maintain active membership of the co-operative as defined by the Rules.

Every application for membership must be considered by the Board and, if approved, the member's details will be entered into the register of Pingala Co-operative members and the applicant will be notified in writing. The Board may, in its discretion, refuse an application for membership on any grounds (Rule 7(2) and 7(6)).

3.3. Share classes and categories

Pingala Co-operative offers participation in the form of Class F shares to support both its objectives in relation to the ongoing membership and in relation to achieving a financial return for projects funded by the Pingala Co-operative.

A share in the Pingala Co-operative does not carry a vote. The right to vote in the Pingala Co-operative is attached to the membership and governed by the National Law (section 288).

Class F shares are issued from time to time by Pingala Co-operative in relation to the funding of new host site projects of a similar nature to the existing projects in the portfolio. Such an issue would need to be approved by the Board of the Pingala Co-operative and, subject to any required approvals, will require an update to this disclosure statement.

The Board reserves its discretion to determine the maximum number of Class F shares which will be issued.

Each Class F share has a fixed and nominal value of \$1.00.

All members who hold Class F shares are entitled to share in the surplus generated by the business of the Pingala Co-operative. The Board will, at its discretion, determine from time to time if, and the amount of, any surplus which is to be distributed in any year and the manner in which it should be provided to eligible shareholders (e.g. payment of a dividend, issue of bonus shares or in the form of a rebate). The target return for investors in Class F shares is between 5% and 8% per annum (between \$0.05 and \$0.08 per share per annum).

3.4. Share offers and availability

Pingala as a co-operative has open and voluntary membership. However, the total amount of shares in circulation is limited for financial and portfolio management reasons.

New share offers are typically made to support fundraising of individual projects with the number of new shares being offered determined by factors including project size, project requirements and the amount of capital that the Co-operative has available for reinvestment.

Demand for Pingala shares is strong, and so the Co-operative may be required to actively manage this demand and to balance the Co-operative's intention to let as many people as possible invest in each project, against the cost of administering the share register.

To do this Pingala uses a process of accepting Expressions of Interest (EOIs) in the lead up to any given share offering and may need to operate a draw to determine which EOI applications have the right to apply for shares and membership.

For avoidance of doubt, individuals submitting an EOI do not automatically become shareholders or members of the Co-operative. For that to take place, they must be invited to submit an application form (see below).

3.5. Applications for Shares

To apply for shares, members (or potential members) must complete the Share Application Form made available on the Pingala Co-operative website specifying the number and class of shares being applied. The member must also make full payment for the shares in the manner specified in the Share Application Form.

The per share subscription price for Class F shares being offered by Pingala Co-operative is \$1.00.

The minimum number of shares a member may hold is one share and may hold shares in any number of classes.

No member may hold more than 20% of the total shareholding of the Pingala Co-operative.

3.6. Summary of Rights and Liabilities Attaching to Shares

The rights and liabilities attaching to ownership of the shares are:

- detailed in the [Pingala Co-operative Rules](#); and
- in certain circumstances, regulated by the [National Law](#) and the general law.

A summary of the significant rights, liabilities and obligations attaching to the shares and a description of other material provisions of the Rules are set out below. This summary is not intended to be exhaustive and is qualified by the fuller terms of the Rules. This summary does not constitute a definitive statement of the rights and liabilities of Pingala Co-operative shareholders.

3.6.1. Voting

A share in the Pingala Co-operative does not carry a vote. The right to vote in the Pingala Co-operative is attached to membership and governed by the National Law (section 288).

3.6.2. Shares

The Board of Pingala Co-operative control the allotment and issue of Shares. Subject to the National Law and the Rules, they may issue shares with any preferential, deferred or special rights, privileges or conditions or with any restrictions (whether in regard to dividends, voting, return of share capital or otherwise) as the Board determines.

3.6.3. Transfer of shares

Subject to the Rules of Pingala Co-operative, the National Law and to the rights or restrictions attached to any shares or class of shares, holders of shares will be entitled to sell their shares to other members by a proper transfer document in writing and duly stamped or in any other form required by the Board. Transfers to non-members are not permitted, however in practice a non-member can apply for membership and then have shares transferred to them once their membership is approved.

The Board may decline to register a transfer of shares for reasons including where the transfer is not in an approved form, where the potential transferee does not fulfil the requirements of members set out in the Rules or where the refusal to register the transfer is otherwise permitted.

3.6.4. Repurchase of Shares

In accordance with the National Law, the Rules authorise Pingala Co-operative to purchase any share of a member at the request of that member and to repay to a member, with the member's consent all or any part of the amount paid up on any share(s) held by that member where the amount repaid is not required for the activities of the co-operatives. The Board may decide, with the appropriate approvals and in line with the National Law, to carry out such a repurchase.

3.6.5. General meetings and notices

Subject to the Rules of the Pingala Co-operative, the National Law and to the rights or restrictions attached to any shares or class of shares, each member is entitled to receive notice of and, except in certain circumstances, to attend and vote at all general meetings of the Pingala Co-operative.

3.6.6. Winding up and reductions of capital

Subject to the National Law, the Pingala Co-operative Rules, any special or preferential rights attaching to any class or classes of shares, and the terms of the reduction, if any, in the event of a winding up or a reduction of capital, members will have the right to participate equally in the distribution of assets of the Pingala Co-operative.

On winding up of the co-operative a member of the co-operative is liable to the co-operative for the amount (if any) not paid on the shares held by the member together with any charges payable by the member to the Pingala Co-operative as required by the rules of the Pingala Co-operative.

3.6.7. Board

The minimum number of Directors is three (two of which must ordinarily reside in Australia) and the maximum is nine unless the Board determines a different maximum. Directors will be elected and will hold office in accordance with the National Law and the Pingala Co-Operative Rules.

3.6.8. Variation of the Rules

The Rules may only be varied by a special resolution passed by at least 75% of members present and entitled to vote (Rule 58)

4. OPERATION OF THE CO-OPERATIVE

4.1 How the co-operative intends to carry out its primary and other activities

Pingala manages a portfolio of projects. A full description of each project can be found in Appendix B.

Pingala does not have any employees. All the work needed to support the organisation's activities is conducted either by management services provided by the Association, contracted suppliers, or by members volunteering their time.

Project finances and the projected finances of the Co-operative are outlined in Section 6 Financial Information.

4.2. Contracts entered into by the co-operative

4.2.1. Host site Solar Loan/Lease

The Pingala Co-operative will enter into a Solar Lease Agreement with each host site where the consideration provided to the Pingala Co-operative by the host site for the use of the solar farm takes the form of a lease payment. The Young Henrys Project was the first example of a project where a Solar Lease Agreement was used by Pingala Co-operative. Other projects using this model include Sydney Buddhist Centre, Allambi Care, Young Henrys 2.0, and Axon Energy's projects.

The key terms of a typical Solar System Loan/Lease Agreement include:

Term	The lease will generally be between a 3 and 10 year term commencing from the date that the solar system is supplied and installed at the site.
Deposit	The host site is not required to pay any deposit.
Rental Payments	The host site will be required to make monthly or quarterly payments to Pingala Co-operative, as negotiated based on the system size and output.
Environmental Credits	Pingala Co-operative will have the right and title to any environmental credits which are generated by the solar panel installation at the site and may sell them and retain the profit.
Maintenance and Access	Pingala Co-operative is responsible for supply and installation of the solar panels at the site. In the case of a lease, Pingala Co-operative is responsible for the maintenance of the solar panels and associated costs and the host site has granted access rights to Pingala to enable it to carry out its obligations, including maintenance. For a loan, these are the responsibility of the host/borrower.

Insurance	The host site is responsible for and required to maintain adequate insurance in relation to the solar panels.
Purchase Option	The host site has the option to purchase the solar panels from Pingala Co-operative for a pre-agreed residual dollar amount at the conclusion of the lease term.
Termination	The host site may terminate the lease at any time on 20 Business Days notice, without cause. Pingala Co-operative may terminate the agreement with the site immediately if there is a failure to pay, breach which cannot be remedied or is not remedied in 10 Business Days, insolvency event or other specified events.

4.2.2. ClearSky Solar Investments Trust Deed

The 4 Pines host site project is the first example of Pingala investing in a Clear Sky Solar Investments Trust. Clear Sky Solar Investments and their partner Smart Commercial Solar engage directly with the host site, selling them a solar system with bundled finance (a PPA provided by Smart Commercial Solar) where the funds for the solar purchase have been provided by the investors in the Clear Sky Trust.

Investing in a ClearSky Trust has benefits for Pingala, including securing access to the Smart Commercial Solar PPA product for our host sites and being covered by the robust risk management approach used by Clear Sky Solar Investments.

The Trust Deed is an agreement between the “Trustee”, “Settlor” and “Unit Holders” (Pingala is a Unit Holder) which sets out the the mechanisms by which the Trust will be established and operated.

The key terms of the Trust Deed include:

Term	The Trust continues for 10 years from the date of installation and the commencement of the PPA.
Stakeholders	ClearSky Solar Holdings No.20 Pty Ltd (Trustee) and Pingala Co-operative (majority Unit holder)
Units	Pingala Co-operative applies for units in the trust equal to the expected level of investment of the portion of the project that the Pingala Co-operative is responsible for. Units equal \$100 each and are valid once the total value of the units has been transferred to the Settlor or Trustee.
Return of capital plus income	The Trustee will distribute the income of the clean energy project, derived from the PPA, proportional to the amount of units held by the Co-operative. This will consist of a static “capital component” and a vairing “profit share component”. The income of the Co-operative is derived from the profit share component.
Sale and transfer of Units	The sale and/or transfer of Units is allowed under the rules of the “Trust Deed - Trust #20”

Rights and Liabilities	As a Unit holder, Pingala Co-operative, has the right to interfere with or question the actions of the Trustee (with the exceptions of certain powers of the Trustee), however Pingala cannot have property transferred or be liable for any indemnity or loss.
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4.2.3. Partnership Agreements

The first partnership agreement that the Pingala Co-operative entered into is the Axon Energy Partnership agreement with Axon Energy. These partnership agreements are structured as a loan that the partnering organisation can draw on to complete renewable energy projects without the need to go through the process of creating a separate loan for each installation.

Axon Energy is a solar installation and service provider who offers a power purchase agreement (PPA) to small and medium enterprises (SMEs) for the use of power from solar systems that Axon Energy installs on their roofs. The benefit to the Pingala Co-operative is that Axon Energy is responsible for the identification of potential sites, negotiation of PPA and installation contracts, design and installation of the solar system and ongoing maintenance of the system.

In return, the Pingala Co-operative will provide capital for installations and aid with marketing and community engagement.

Terms of the agreement are summarised in this table

Term	The loan will be a coterminous loan with the term of 10 years from the 8th of November, 2022.
Deposit	No deposit will be required
Repayments	The partner will be required to make quarterly payments to Pingala Co-operative. Interest on repayments will vary depending on if the partner has brought in enough new projects to grow the drawn down facility. If they continue to draw down on the facility they will be given a discount on the interest.
Environmental Credits	The partner will have the right and title to any environmental credits which are generated by the solar panel installation at the site and may sell them and retain the profit.
Partnership facility	Pingala Co-operative is responsible for providing the facility when requested by the partner. This facility will have a maximum that can be renegotiated as needed.
Maintenance & Insurance	The partner is responsible for the maintenance of the system and required to maintain adequate insurance in relation to the solar panels or provide that the system is insured by the host site.
Security	The Pingala Co-operative will hold security over the asset for the period of the agreement. New systems will be added to a security register which will be used to update the Pingala Co-op's interests on the PPSR.

Termination	The partner may terminate the agreement by paying off the owed facility and any accrued interest as per the terms of the agreement.
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4.2.4. Marketing Services Contract

In some circumstances, the Pingala Co-operative may become a party to an additional Marketing Services Contract with particular host site customers. The first example of this setup is with the 4 Pines project, where the income from the Clear Sky Solar Investments Trust was insufficient to pay for Pingala's additional marketing services. The additional Marketing Services Contract makes explicit the marketing and/or public relations value that Pingala brings to the host site customer along with any additional payments to be made from host site customer to Pingala.

Any Marketing Services Contracts entered into by the Pingala Co-operative will describe the services to be provided to the host site by Pingala as well as the payment to be made by the host site to Pingala as consideration for those services, along with any payment terms and termination clauses.

4.2.5. Management Services Agreement

The Pingala Co-operative is party to a management services agreement with Pingala Association pursuant to which the Pingala Association will provide certain project development and management services in relation to the Projects in return for services fees.

The services to be provided by Pingala Association include:

SCOPE OF SERVICES	RATE (AND CAP)
<p>Project origination services</p> <ul style="list-style-type: none"> - Paid to the Association at completion of the project development phase - Per project fee for host site 'origination services' such as site identification, negotiation and project management services. 	<p>Set at 5% of project infrastructure costs for each project, this project origination fee will be determined on a project-by-project basis for future projects the Pingala Association proposes to the Pingala Co-operative.</p>
<p>Administration services</p> <ul style="list-style-type: none"> - Delivery of administration services required to manage the co-operative (see below) 	<p>Delivery of services at agreed hourly rates. (capped at 10% of total co-operative income)</p>

The business of the Pingala Co-operative will be managed by or under the direction of the Board of Directors. Apart from the Board of Directors the Pingala Co-operative has no other staff members. The Pingala Association will undertake the tasks required to establish and

maintain projects (host sites) under the direction of the Board of Directors and in accordance with the Services Agreement.

Once executed the Services Agreement will be in place between the Pingala Co-operative and the Pingala Association in an ongoing manner until otherwise terminated. Both parties may terminate the agreement with immediate effect in the event of a breach of the agreement.

The performance of the Pingala Association fulfilling the delivery of services outlined in the Service Agreement will be reviewed annually.

4.2.6. Engineering, Procurement and Construction (EPC) Agreement

The Pingala Co-operative will enter into a contract with an appropriately qualified installer to undertake the final design, procurement and construction (installation) of the solar equipment. The installer will also be required to:

- complete the relevant applications for the connection agreement with the local electricity distribution network operator;
- procure development approvals such as a Complying Development Certificate and/or council approvals;
- engage a qualified Structural Engineer to assess the suitability of the host site;
- document the existing condition of the site prior to installation via a dilapidation report, and;
- commission the solar system.

The contract with the installer will be for a fixed fee inclusive of all equipment costs, services and approvals required to complete the installation.

4.2.7. Equipment Maintenance and Warranty Agreements

All solar equipment and related infrastructure come with some form of warranty. Where appropriate these warranties may be extended. Solar panels require maintenance to ensure that they continue to operate reliably and efficiently. The co-operative will enter into agreements with appropriate organisations to ensure that the panels are properly maintained.

5. MANAGEMENT OF THE CO-OPERATIVE

5.1. Board of directors

The business of the Pingala Co-operative will be managed by or under the direction of the Board of directors, and for that purpose the board has and may exercise all the powers of the co-operative that are not required to be exercised by the co-operative in general meeting.

A person is not qualified to be a director of the co-operative unless the person is an individual over the age of 18 years and is either:

- (a) an active member of the co-operative or a representative of a body (e.g. a company or a co-operative) that is an active member of the co-operative (member director); or
- (b) not an active member but who possesses special skills in management or other technical areas of benefit to the co-operative as specified by the board from time to time (non-member director).

The board of directors must have a majority of member directors.

5.2. Election of directors

The first directors were elected by poll at the formation meeting of the co-operative, held on 20 May 2016. The term of office of directors is 3 years and they are eligible for re-election.

If there is a vacancy, then at least 6 weeks before the annual general meeting the Board must notify all members of the number of directors retiring and invite nominations. If the number of nominees equals the number of vacancies, the nominees must be declared elected at the annual general meeting.

The Rules of the Co-operative set out the process of nomination and election of directors of the Co-operative.

5.3. Board of directors

The board of directors are listed below along with their qualifications and backgrounds:

Tim Whiting

Tim is a senior finance partner with a passion for the sustainability sector and achieving solutions to major problems through governance and leadership. He aspires to do this through smart people, a smart approach and smart technology in community-based organisations.

Tim has significant experience in operations management, business development, audit, risk and compliance established working in one of Australia's largest professional services firms and now a leading agribusiness with a presence in the most remote communities. Tim holds a Bachelor of Commerce (Accounting), is a member of Australian and International professional associations and joined the Pingala Co-op Board in 2018.

Parshva Shah

Parshva Shah is based in Melbourne and an avid advocate for the change to cleaner and greener energy. He was an early adopter of rooftop solar and has recently taken a more active approach to promoting and growing the clean energy transition by getting involved in community sustainability programs.

He brings in depth knowledge of project management and contract negotiation experience through years of experience within manufacturing. Parsh is looking forward to working with fellow volunteers to make a positive and significant impact in communities across the country. Parshva joined the Pingala Co-op Board in 2021

Sarah Lukeman

Sarah Lukeman has extensive experience in strategic planning, policy development and governance of not-for-profit organisations in regional Australia and is a Graduate of the Australian Institute of Company Directors. She was an elected independent on Singleton Council from 2016 to 2021 and chaired their Sustainability Committee over the same

period. She is passionate about a just transition for coal mining communities and active member of Hunter Renewal and Hunter Jobs Alliance.

Sarah has a Chemical Engineering degree and worked for 10 years in the mining industry in Australia and South Africa in corporate research, business improvement and environmental management. She has also worked as a Sustainability Consultant, Kindermusik teacher and small business owner. She currently works as Community Engagement Coordinator for Hunter Cancer Research Alliance and lives on Wonnarua / Wanaruah country in the Hunter.

Sarah invested in the Pingala Co-operative with the Allambi Care Project and joined the Pingala Co-op Board in 2021.

Nicholas Tyrat

Nicholas is passionate about the environment and how local initiatives like Pingala can help address global problems. Nicholas is a project and customer experience manager and has worked across both large and small organisations including Qantas and Queensland Rail.

Throughout his career working in program and project delivery Nicholas has always had a keen focus on telling a clear and compelling story. Through engaging with people, having a clear vision and setting up the right structures Nicholas believes that anything can be achieved. He also has a keen interest in social enterprise having volunteered previously for organisations and initiatives in the UK and Australia.

Nicholas became a member of the Pingala co-operative during the fund raising for the 4 Pines project and is a local from the inner west of Sydney. He has a Bachelor of Arts and Commerce from the University of Sydney majoring in Economics, International Business and Government Relations. Nicholas joined the Pingala Co-op board in 2021

Jonathan Gray

Coming from an engineering background, Jonathan has had a long and very successful career in technical consulting, project management, funds management and as project director of some of Australia's biggest and most innovative projects. He has initiated and lead teams that have developed and built resource projects across Australia, New Zealand, and Asia. He is currently hard at work with personal projects to develop EV charging systems together with large scale decarbonisation and electrification. He brings with him a strong business acumen and experience across multiple sectors.

Lamont Tang Ph.D.

Coming from an engineering background, Jonathan has had a long and very successful career in technical consulting, project management, funds management and as project director of some of Australia's biggest and most innovative projects. He has initiated and lead teams that have developed and built resource projects across Australia, New Zealand, and Asia. He is currently hard at work with personal projects to develop EV charging systems together with large scale decarbonisation and electrification. He brings with him a strong business acumen and experience across multiple sectors.

5.4. Remuneration of directors

The directors of Pingala Co-operative are volunteers. They do not receive any remuneration for their services as directors of the Pingala Co-operative. Directors may, at the discretion of the directors of the Pingala Co-Operative, be reimbursed for travelling and other expenses that the director properly incurs in attending meetings of the board of directors (or any committee) and in attending any general meetings of the Pingala Co-Operative.

5.5. Accounting

Accounting and bookkeeping for the Pingala Co-operative is done by the volunteers of the Pingala Association who have bookkeeping and accounting experience, under the management services agreement. The software used is Xero Accounting software and records are kept online using Google drive. Reporting is done to the Pingala Co-operative board on a quarterly basis and reporting to relevant Government departments on a quarterly and annual basis depending on requirements.

From time to time and as required, financial and bookkeeping services are contracted on a casual basis to deal with times of high workload and professional reporting.

5.6. Auditing

Pingala Co-operative meets the definition of a Small Co-operative, as defined by the National Law, and will not appoint an auditor unless it becomes a Large Co-operative or the members vote to appoint an auditor.

5.7. Conflicts of interest or duty

The Conflict of Interest or Duty Policy document has been created for the Pingala Co-operative and can be found as an attachment to this document at [Appendix A](#).

Should a conflict arise then the conflict will be managed in accordance with the National Law, which requires, amongst other things, for a director to declare their direct or indirect interests in a contract. If considered appropriate, the board of directors of Pingala Co-Operative will form a committee of independent directors (those not associated with the relevant member) to consider any issues where a conflict arises.

6. FINANCIAL INFORMATION

6.1. Financial statements*

Actual Profit and Loss Statement* for 1st of July, 2022 to 30th of June, 2023		Dr	Cr
Income			
	Finance Income	\$16,277.55	
	Management and Marketing Fee	\$3,610.91	
	Interest Income	\$55.79	
Expenses			
	Operating costs		-
	Accounting and Financial Consulting		\$515.90
	Bank Fees		\$88.00
	Interest Expense		\$541.24
	maintenance of YH asset - contingency expense		\$296.60
	Depreciation		-
	Dividend Expense		\$9,375
Total Expenses			\$10,816.74
Total Income		\$19,944.25	
Gross Profit Before Tax		\$9,127.51	
	Income Tax Expense		\$ 2,281
Net Income		\$ 6,846.51	

Balance Sheet* as at 30th of June, 2022		Dr	Cr
Assets			
	Current Assets		
	Cash at Bank	\$76,098.55	
	Other Current Assets	\$3,328.93	
	Non-Current Assets		
	CSS Trust #20 4 Pines Project	\$47,850.00	
	Finance Leases Young Henrys	\$65,247.44	
	Financial Lease Sydney Buddhist Community	\$6,374.12	
	Axon Energy loan	\$52,038.70	
	GST financed	\$2,397.64	
	Total Assets	\$253,335.28	
Liabilities			
	Less - Current Liabilities		
	Total Current Liabilities		\$16,110.71
	Less - Non-Current Liabilities		
	Unearned Income - Future Interest yr 3-10		\$25,670.13
	InterCo Loan - Assoc.		\$10,824.77
	Contingency for maintenance		\$2,202.00
	F-Class Shares		\$187,500.00
	Total Liabilities		\$242,307.61
	Net Assets	\$11,027.67	
Owners Equity			
	Retained Cash		\$11,027.60
	Total Equity		\$11,027.60

6.2. Property and assets

Pingala will not require any fixed premises for daily operations and will not be required to purchase or rent office spaces on an ongoing basis.

Pingala will purchase and own Solar Equipment and lease this to host site customers. Such leases will be a finance lease, meaning that each site will have the benefit of depreciation of the asset.

Pingala will invest in clean energy financial assets where the ownership and operation of the underlying clean energy infrastructure sits with a third-party or with the investment vehicle.

Refer to the Balance Sheet 30th of June, 2020 (page17) for asset values.

6.3. Returns to members

The Pingala Co-operative will be funded by share capital and it is not anticipated that any debt will be incurred to finance projects or ongoing operations.

The returns to members will be on an annual basis and a decision made by the Co-operative Board in preparation of annual accounts

7. RISKS

7.1. Introduction

There are a number of risks and threats, both specific to Pingala Co-operative, and of a general nature, which may either individually, or in combination, materially and adversely affect the future operating and financial performance of Pingala Co-operative and the value of Shares. Many of these risks are partially or completely outside the control of Pingala, its directors and management. There can be no guarantee that Pingala will deliver on its business strategy, or that any forecasts contained in this Disclosure Statement will be achieved or realised. Prospective investors should note that past performance is not a reliable indicator of future performance.

This Section describes the areas that Pingala Co-operative believes to be the key risks associated with becoming a member of Pingala Co-operative and an investment in the Shares. The selection of risks has been based on an assessment of a combination of the probability of the risk occurring and the impact of the risk if it did occur. The assessment is based on information as at the date of this Disclosure Statement, but there is no guarantee or assurance that the importance of different risks will not change or other risks will not emerge.

Prospective members and investors should note that this is not an exhaustive list of the risks associated with an investment in Pingala Co-operative and should be considered in conjunction with other information disclosed in this Disclosure Statement. Before applying for Shares, you should satisfy yourself that you have a sufficient understanding of these matters and should consider whether Shares are a suitable investment for you, having regard to your own investment objectives, financial circumstances and taxation position. Prospective investors should consider seeking professional guidance from their accountant, stockbroker or other independent professional adviser before deciding whether to invest.

7.2. Risks specific to an investment in Pingala Co-operative

7.2.1. Pingala shares are not listed and may be difficult to sell

Being shares in a co-operative, Pingala Co-operative shares are not listed, and cannot be listed, on any securities exchange. There is no guarantee that a market for the trading of Shares will develop, nor is there any guarantee that the price of the Shares will be maintained or increase. There will be relatively few or even no potential buyers or sellers of the Shares at any given time. This may prevent investors from acquiring more Shares or disposing of Shares they acquire easily.

7.2.2. Price for the trading of Shares obtained on the sale of Shares may not reflect the intrinsic value

The absence of a market for the Shares can impact the price of Shares. There may be few people willing to buy your Shares and those people may only want to buy them from you at a discounted price. Such discount may be a significant discount to the intrinsic value of the Shares. There is no assurance that the price for the Shares will increase over time.

7.2.3. Bad debts and impact on cash flow associated with slow payments

There is a risk of bad debts and the possible impact on cash flow if there are slow payments. Pingala Co-operative intends to incentivise 'Host Site' members to pay on time such as offering a discount of early or on time payment, which will lessen the likelihood. Cash flow will be closely monitored.

7.2.4. Possibility that the solar panels don't function as expected or fail

Pingala Co-operative will acquire solar system assets from third party suppliers and will be outsourcing the installation of the solar system to third party providers. As with any product there is always a risk that the solar system will fail or malfunction. While this is deemed unlikely, it must be acknowledged as a possibility. In the event of delays to installation or failure or malfunction of the solar system, Pingala Co-operative may need to delay the commencement of the project and therefore the lease payments it receives.

7.2.5. Growing too rapidly

Unexpectedly rapid public response and interest in projects may impact on service, and would impact on prudential requirements. Pingala Co-operative may be required to manage take up by managing rates of calls and visits, meetings and marketing. A higher customer take up may require additional resourcing which would be funded through the increased revenue.

7.2.6. Licensing

Pingala Co-operative must hold and comply with certain licence conditions to undertake its businesses. Any failure to maintain the licence or changes in eligibility would adversely impact Pingala Co-operative's ability to offer services or products to customers or manage its risks commercially. Pingala Co-operative is aware of requirements and the business systems and processes will be built to ensure compliance.

7.2.7. Early termination of Lease Agreement at a site (i.e. movement of business)

A host site may be a tenant in their premises, with a premises lease that will expire before the end of the Solar Lease agreement they enter into with Pingala. The host site is unable to confirm whether they will be extending the lease or whether they will be re-locating to another premises.

In the event that the host site relocates to new premises where the solar equipment can be re-installed, the host site must pay for relocating the solar equipment to the new premises as well as other costs incurred by Pingala Co-operative.

In the event that the host site relocates to new premises where the solar equipment cannot be re-installed, Pingala must use reasonable efforts over a period of 20 business days to identify a replacement host site customer. If a new host site can be found, then the host site will pay for relocating the solar equipment to the new host site as well as any shortfall in lease payments the new host site customer may be paying when compared with the lease amount payable by the host site. If a suitable new host-site customer cannot be found, then the host site must make payment of all remaining lease payments.

7.2.8. Unaudited financial models

Pingala established its solar lease product with the help of PwC Australia, who provided financial advice and reviewed assumptions around accounting standards and taxes in the financial model, however, other inputs, outputs and assumptions were not audited by PwC Australia or any other qualified professionals. Investors are advised to undertake their own due diligence when reviewing the financial model prior to making an investment decision.

7.2.9. The site becomes insolvent

Under the Lease Agreement the Co-operative may terminate the Lease Agreement in the event that the site becomes insolvent, however, there are no direct methods of recovering costs in the event of an insolvency. In the event that insolvency occurs during the Lease Period then an alternative Host Site would need to be sought for relocating the solar system and entering into a new Lease / PPA Agreement.

7.2.10 Damage to building allegedly caused by solar installation works

Under the Lease Agreement the Co-operative is required to ensure that no damage is caused to the building or other property as a result of the solar system installation. Installation of solar systems, by their nature, require drilling of structural members and roof material and modification of electrical equipment. Under the Engineering, Procurement and Construction (EPC) contract the EPC contractor is not liable for any pre-existing damage at the property, however, it is known that the roof and gutter box are in poor condition and roof leaks are present. To mitigate this risk the EPC contractor will be required to undertake an inspection prior to installation and provide a dilapidation report documenting the existing condition of the building with photos. It is proposed that the landlord will be informed of the existing condition by way of letter or provided with a copy of the dilapidation report. The EPC contractor will provide a follow up report once installation of the solar system is complete to document the condition of the building post-construction.

7.2.11 Catastrophic event causing irreparable damage to solar system (e.g. fire)

Under the Lease Agreement the site must maintain comprehensive insurance for the full value of the solar system such that in the event of a Total Loss the value of the solar system can be recovered and returned for investors.

7.2.12 Early termination of Lease Agreement for breach (i.e. non-payment)

Under the Lease Agreement the Pingala Co-operative can terminate the agreement in the event that the site does not make payment within 5 business days of being notified of late payments. In the event of a termination, however, the asset is largely stranded and there will be a cost to relocate the solar system to an alternative Host Site with no guarantees that financial

arrangements with an alternative Host Site will be equivalent to the original financial arrangement with the site.

7.2.13 Delays in installation and energisation of solar system

Under a typical EPC contract the EPC contractor will provide an Estimated Installation Date but takes no liability for any delays in the actual delivery of the solar system. Under the Lease Agreement the Co-operative is required to deliver and install the solar system by a nominated date. A significant delay to the delivery and installation could therefore cause breach under the Lease Agreement. Pingala Co-operative will therefore seek to amend any EPC contracts to impose a hard date for installation with the primary EPC contractor.

7.2.14 Unable to obtain landowner's consent

Under the Lease Agreement the site is obliged to obtain the landowner's consent as a condition precedent to the Lease Agreement. It is understood from initial discussion with the Landowner that their main concern is potential damage caused to the building as a result of installing, removing or decommissioning the solar system. If the solar system is relocated or decommissioned then under the Lease Agreement the site is obliged to cover any costs associated with making good any damage caused as a result of the decommissioning. Damage caused during installation is addressed in section [7.2.11](#).

7.2.15 Association ceases to carry on a business

The Service Agreement, which provides all development services and administrative services to the Co-operative is with the Pingala Association. As the Pingala Association largely comprises volunteers and relies on volunteer time in order to carry on a business it cannot be guaranteed that the Association will continue to carry on a business during the term of the Service Agreement. In the event that the Association ceases to carry on a business during the agreement term the Co-operative will either have to carry out the necessary services itself or outsource these services, which in turn may result in lower returns to investors.

7.2.16 Association unable to obtain professional indemnity insurance

The Association largely comprises volunteers which can make it difficult to obtain professional indemnity insurance as such insurance generally relies on individual or organisational skills, qualifications and experience. In the event that professional indemnity insurance cannot be procured by the Association then there will be limited recourse for any damages associated with poor or incorrect services provided by the Association under the Service Agreement.

7.2.18 Unable to capital raise adequately to meet call on funds by Axon Partnership

Pingala Co-operative is obliged under its partnership with Axon Energy to provide a debt facility, which Axon can draw down funds from to finance new projects it undertakes. Providing this facility is anticipated to allow the Pingala Co-operative to expand by financing more projects beyond its current capacity to source new host sites. Based on the high levels of demand for shares in the Pingala Co-operative in past EOIs issued for new projects, the Pingala Co-operative anticipates being able to meet this debt facility through a combination of retained earnings, returned capital and issuing new shares. However, there is a risk that the Pingala Co-operative may not be able to raise sufficient funds, for example due to a lack of interest by investors or insufficient retained earnings. In this situation, there is a risk that the Pingala Co-operative may withhold issuing dividends, may need to source other funds which may carry interest costs, or may otherwise not meet its contractual obligations.

APPENDIX A: Policy - Conflict of Interest or Duty

Conflict of Interest

A Covered Individual should avoid any conflict arising between their personal interests (or the interests of any other associated person or institution) and their duties to the Pingala Co-operative.

A Covered Individual must not take advantage of their position to gain, directly or indirectly, a personal benefit, or a benefit for any associated person.

A Covered Individual shall not make use of inside information.

Definitions:

- Covered Individual means a member of the Board of the Pingala Co-operative (“Board Member”), an alternate, a member of any committee, task force or any other subsidiary body of the Pingala Co-operative.
- Associated Person means a Covered Individual’s spouse, minor child, or domestic partner.
- Associated Institution means (i) any organization, corporation or government in which a Covered Individual is serving as an officer, director, trustee, partner or employee, with which the Pingala Co-operative has an agreement, contract, grant or relationship; or (ii) any person, organization, corporation, government or similar institution with whom a Covered Individual is negotiating or has an arrangement concerning prospective employment.
- Personally and substantially. To participate personally means to participate directly or to attempt to influence the outcome of a decision-making process, including, for example, consideration of a matter at a Board meeting, or direct and active supervision of a subordinate in a matter. To participate substantially means that the Covered Individual’s involvement is of significance to the matter.

Conflict of Interest:

A conflict of interest or duty arises when a Covered Individual participates personally and substantially in any particular Pingala Co-operative matter in which, to his or her knowledge, he or she or an Associated Person or Associated Institution has a financial interest, if the particular matter may have a direct and predictable effect on that interest.

In general, and without limitation, conflicts may be deemed to exist in the following situations:

- Where a Covered Individual’s financial interests, or the interests of an Associated Person or Institution could affect the conduct of his or her duties and responsibilities with respect to the Pingala Co-operative or result in a reasonable perception that such a conflict exists;
- Where a Covered Individual’s actions compromise or undermine the trust that the public places in the Pingala Co-operative; and
- Where the Covered Individual’s actions create the perception that the Covered Individual is using his or her position at the Pingala Co-operative for personal benefit or for the direct financial benefit of an Associated Institution.

This list is only illustrative, and is not intended to set out all instances where an actual or potential conflict of interest or duty exists. A Covered Individual who has a conflict of interest or duty in matters that relate to the affairs of Pingala Co-operative must immediately disclose that interest to

the Board in writing and must not be present when the matter is being considered or vote on the matter, unless the Board have passed a resolution to enable the Covered Individual to do so.

Procedure when a Conflict of Interest or Duty Arises:

All actual or potential conflicts of interest or duty or the appearance thereof shall be immediately disclosed in writing to the Pingala Co-operative Board.

Individuals are encouraged to consult with the Secretary or members of Board for guidance if questions arise in the application of this policy.

It is the duty of the Board to review these disclosures and to decide whether an actual or potential conflict of interest exists and, if so, whether to issue a waiver defining the extent to which such Covered Individual may participate in any discussion of the issue that has given rise to the conflict.

When it is determined that an actual or potential conflict of interest exists, the Covered Individual shall not participate in the matter that has given rise to the conflict absent a waiver from the Board. This means that the Covered Individual shall not vote or speak on the matter, and shall absent himself/herself without comment before any discussion or voting on the matter, unless a waiver has been granted by the Board. The waiver may be designed to allow for any level of participation the Board deems appropriate. For example, it may permit the Covered Individual to present information of a technical nature, but not recommendations. Or, it may permit the Covered Individual to attend the meeting in order to fulfil his or her administrative responsibilities, but not to participate in any discussion on issues that have given rise to the conflict of interest. The names of Covered Individuals with actual or potential conflicts of interest or duty who participate in a particular meeting, and the issue on which there is a conflict, shall be recorded in the minutes for that meeting.

The Board may authorise a Pingala Co-operative employee to accept or hold an office or occupation outside of his or her employment duties at the Pingala Co-operative, or to accept an honour or decoration provided by an outside party. When requested, the Board shall state whether such authorization would result in an actual or potential conflict of interest.

Should a Covered Individual be found to have an actual or potential conflict of interest that has not been disclosed as required above, or the Board has reasonable

cause to believe that a Covered Individual has failed to disclose an actual or potential conflict of interest, it will inform the Covered Individual of the basis for such belief and provide him or her with the opportunity to explain the alleged failure to disclose.

APPENDIX B: Pingala Co-operative project schedule

B.1. YOUNG HENRY'S PROJECT

The Pingala Association's first project was with the Young Henrys brewery, located in the heart of Sydney's inner west, it became Pingala Co-operative's first 'Solar Lease' customer.

Since the Young Henrys brewery opened four years ago, sustainability has been at the heart of their business. Customers are encouraged to return and refill beer bottles, various energy efficiency measures have been installed/implemented and one tonne of spent grain is donated daily to local farmers to be used as animal feed. However, the owners of Young Henrys had not previously considered an investment in a solar system due to the significant upfront investment. Pingala's plan has changed their outlook and they are keen to become Pingala Co-operative's first 'Host Site' customer.

We believe the Young Henrys project was the ideal place to start the Pingala Co-operative journey. The brewery is located in Newtown in the heart of Sydney's inner west. Newtown is generally a place where people care about the person next to them and do have a feeling of responsibility for what they do and create in the world making it a place where community energy projects are likely to be embraced.

The Young Henrys project also had the support of the City of Sydney, who provided an Environmental Innovation grant to support the development of the Pingala Co-operative and this first project. This includes \$20,000 to purchase solar panels to be installed on the roof of Young Henrys premises; these solar panels will remain the property of Pingala Co-operative for the duration of the project.

Electricity from the Pingala Co-operative owned solar system will be used to power brewing processes, avoiding around 37 tonnes of greenhouse gas emissions a year. Any management services relating to the Young Henrys project has been provided by the Pingala Association on the terms of a management services agreement (see [Section 4.2.4.](#) above).

After the expiration of the 10 year lease period, Young Henrys will have the option to purchase the solar panel installation for the nominal amount of \$1.00 and will take over all maintenance and repair obligations.

B.1.a. Use of Funds

Pingala received a grant from the City of Sydney to complete the Young Henrys project, below is a table summarizing how the funds were utilised.

Sources of Funds		Uses of Funds	
City of Sydney - grant	\$20,000	Payment for solar system (Net of STCs)	\$29,822

Subscriptions from Shares and memberships	\$18,167	Approvals and certification	\$2,090
		Project origination service fee (Pingala Association)	\$1,650
		Administrative costs	\$4,605
Total	\$38,167	Total	\$38,167

B.2. 4 PINES BREWERY

4 Pines Brewery is located in Brookvale in Sydney's Northern Beaches. Pingala, ClearSky Solar Investments and Smart Commercial Solar are collaborating to install and finance a 100kW system.

Smart Commercial Solar is a local solar company who will be installing the solar system to supply renewable electricity to the 4 Pines brewery, pack line, and office spaces in Brookvale, NSW. The supply of electricity is contracted as a Power Purchase Agreement (PPA) for the 10 year life of the project.

ClearSolar Investments provide an investment Trust to allow a maximum of 20 community investors to provide the finance for the system.

Pingala is becoming a major unit holder in the Trust, allowing for several hundred community investors to participate in the financing of the project via the Pingala Co-operative.

The project contributes towards 4 Pines' goal of being run on 100% renewable electricity by 2025, as part of the greater AB InBev family.

B.2.a. Use of Funds

Pingala, as a Cooperative of investors funds, has a quantity of returned capital that can be reinvested periodically. This improves the Future Value of previous investments and reduces costs for the customers of future projects.

Projected cash flows for the 1st year of the project

Cash inflows for Yr 1 - Expected		Dr	Cr
Finance Transactions			
	Pingala capital		8,250
	Proceeds from investors		78,750
Investments in Assets			
	Purchase or 870 units in CSSI Trust #20	87,000	
	Small Scale technology certificate rebate		0
Operating Activities			

Sale of Energy / Interest		16,753
Management and Marketing fee		3,972
Annual Services Fees	4,000	
Back office and accounting costs	1,750	
Contingency for Income Tax	4,193	
Total Cash Outflow	<u>\$96,943</u>	
Total Cash Inflow		<u>\$107,725</u>
Est Cash Balance at end of the 1st year of the project		<u>\$10,782</u>

B.3. Sydney Buddhist Centre

The potential host site is the Sydney Buddhist Centre located at 24 Enmore Road, Newtown - New South Wales 2042.

As the story goes, the Sydney Buddhist Centre started in 1981 and they offer courses in meditation, mindfulness and Buddhism. They claim that the meditation techniques can be used by anyone regardless of religious beliefs. They are run by the Triratna Buddhist Community in Sydney.

The centre is a long-term contributor to the cultural life and wellbeing of Newtown locals, hosting open community meditation sessions and morning-teas each Saturday morning.

Rooftop solar is a money saving proposition for Sydney Buddhist Centre. Based on our assessment of roof size, energy load and time of use, the optimal size is 6kW, which equates to 24 solar panels installed on their roof. This size provides the most cost effective savings by matching their typical energy consumption.

This has been finalised with a site visit, roof measurement & inspection and a thorough analysis, all undertaken by our partner organisation Trackie Industries.

B.3.a. Use of Funds

Pingala, as a Cooperative of investors funds, has a quantity of returned capital that can be reinvested periodically. This improves the Future Value of previous investments and reduces costs for the customers of future projects.

Projected cash flows for the 1st year of the project

Cash inflows for Yr 1 - Expected	Dr	Cr
Finance Transactions		
Proceeds from investors		12,000
Investments in Assets		
Lease on a 7.2kW solar system	12,000	
Operating Activities		
Sale of Energy / Interest		1,112

Annual Services Fees	100	
Back office and accounting costs	200	
Contingency for Income Tax	61	
Total Cash Outflow	<u>\$12,361</u>	
Total Cash Inflow		<u>\$13,112</u>
Est Cash Balance at end of the 1st year of the project		<u>\$751</u>

B.4.a. Use of Funds

Pingala, as a Cooperative of investors funds, has a quantity of returned capital that can be reinvested periodically. This improves the Future Value of previous investments and reduces costs for the customers of future projects.

Projected cash flows for the 1st year of the project

Cash inflows for Yr 1 - Expected	Dr	Cr
Finance Transactions		
Pingala capital		
Proceeds from investors		74,530
Investments in Assets		
Loan for the purpose of purchasing a 60.35kW solar system to be installed on Allambi Care	74,530.0	
Small Scale technology certificate rebate		0
Operating Activities		
Sale of Energy / Interest		7,102
Annual Services Fees	1,000	
Back office and accounting costs	500	
Contingency for Income Tax	1,540	
Total Cash Outflow	<u>\$77,570</u>	
Total Cash Inflow		<u>\$81,632</u>
Est Cash Balance at end of the 1st year of the project		<u>\$4,062</u>

B.5. Young Henrys 2.0

Young Henrys is ready to go again with the community solar project "Young Henrys 2.0". We have already installed a 29.5kW solar system on the roof of their brewery and they have asked us to do the same for a new install on the warehouse building opposite the brew and tasting bar area.

It is a 39.6kW solar system and will cover 29% of Young Henrys annual electricity bill. The installation of the solar system is \$34,000 plus our service fee, which means we needed to raise \$35,000 (plus GST). We split between Coop capital and a new capital raise with \$10,000 for the former and \$25,000 from new investors (or existing ones who wish to increase their share).

B.5.a. Use of Funds

Pingala, as a Cooperative of investors' funds, has a quantity of returned capital that can be reinvested periodically. This improves the Future Value of previous investments and reduces costs for the customers of future projects.

Projected cash flows for the 1st year of the project:

Cash inflows for Yr 1 - Expected		
Finance Transactions		
Pingala Capital		\$10,000
Proceeds from investors		\$25,000
Investments in Assets		
Lease on a 39.6kW solar system	\$35,000	
Operating Activities		
Sale of Energy / Interest		\$3,972
Cost of implementation	\$3,042	
Annual Services Fees	\$100	
Back office and accounting costs	\$200	
Total Cash Outflow	<u>\$38,242</u>	
Total Cash Inflow		<u>\$38,972</u>
Est Cash Balance at end of the 1st year of the project		<u>\$730</u>

B.5. Axon Energy - Casey's Brewery project

Axon Energy is a privately owned company by Dr Alexander Slade and Rommel Macaraeg. Pingala Co-op will loan \$9,875 to Axon Energy for the purpose of installing a solar system on the roof of Casey's brewery at 4/53-55 Regentville Rd, Jamisontown NSW 2750. Axon will then operate the solar system and has entered into a PPA with Casey's Brewery for sale of the electricity for use in the brewery.

Axon Energy will make quarterly repayments of \$372.16 for 10 years or until the loan is repaid. The loan is secured by the solar system made up of 18 Canadian Solar panels and a 6kW Solis inverter.

B.5.a. Use of Funds

Funds will be sourced from retained earnings and returned capital from other projects. As other projects make repayments, some of the owner's capital is returned as principal, rather than being returned to owners by buying out share holdings, the Pingala Co-op has reinvested these returned funds into this new project in order to continue to offer dividends to shareholders/members.

Projected cash flows for the 1st year of the project:

Cash inflows for Yr 1 - Expected		
Finance Transactions		
Pingala Capital		\$9,875
Proceeds from investors		\$ -
Investments in Assets		
Loan on a 6.6kW solar system	\$9,875	
Operating Activities		
Interest		\$838
Cost of implementation	\$ -	
Annual Services Fees	\$100	
Back office and accounting costs	\$200	
Total Cash Outflow	\$10,175	
Total Cash Inflow		\$10,713
Est Cash Balance at end of the 1st year of the project		\$538

B.6. Axon Energy - Montecatini Smallgoods project

Axon Energy is a privately owned company by Dr Alexander Slade and Rommel Macaraeg. Pingala Co-op will loan \$18,590 to Axon Energy for the purpose of installing a solar system on the roof of Montecatini Smallgoods at 7/53-55 Regentville Rd, Jamisontown NSW 2750. Axon will then operate the solar system and has entered into a PPA with Montecatini Smallgoods for sale of the electricity for use in the factory.

Axon Energy will make quarterly repayments of \$700.60 for 10 years or until the loan is repaid. The loan is secured by the solar system.

B.5.a. Use of Funds

Funds will be sourced from retained earnings and returned capital from other projects. As other projects make repayments, some of the owner's capital is returned as principal, rather than being returned to owners by buying out share holdings, the Pingala Co-op has reinvested these returned funds into this new project in order to continue to offer dividends to shareholders/members.

Projected cash flows for the 1st year of the project:

Cash inflows for Yr 1 - Expected		
Finance Transactions		
Pingala Capital		\$18,590
Proceeds from investors		\$ -
Investments in Assets		
Loan on a 6.6kW solar system	\$18,590	
Operating Activities		
Interest		\$1,578
Cost of implementation	\$ -	
Annual Services Fees	\$100	
Back office and accounting costs	\$200	
Total Cash Outflow	<u>\$18,890</u>	
Total Cash Inflow		<u>\$20,168</u>
Est Cash Balance at end of the 1st year of the project		<u>\$1,278</u>