

# **INFORMATION MEMORANDUM**

In relation to

STOR POWER PLC

## **THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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This Information Memorandum should be read in full and your attention is drawn, in particular, to the risk factors set out in Part 7 of this Information Memorandum.

STOR POWER PLC

OFFER FOR SUBSCRIPTION

Of up to 5,000,000 New Ordinary Shares of £1 each

At an issue price of £1 per New Ordinary Share payable in full on application

Promoted by Invicta Capital Limited

By receiving this Information Memorandum, the recipient agrees to keep confidential, without limitation in time, the information contained herein and any information made available in connection with further inquiries.

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All statements of opinion contained in this Information Memorandum, all views expressed and all projections, forecasts or statements relating to expectations regarding future events or the possible future performance of the Company represent the Company's own assessment based on information available to it as at the date of this Information Memorandum.

No representation is made or warranty given as to the accuracy, completeness, achievability or reasonableness of any such projections, views, statements or forecasts, which are illustrative and rely on assumptions which the Company considers to be reasonable. The projections, views, statements and forecasts in this Information Memorandum or referred to in this Information Memorandum are based upon various assumptions and estimates which involve significant elements of subjective judgement and analysis and which are subject to uncertainties and contingencies; actual results could differ materially from those set forth in such projections, views, statements and forecasts.

The Company has taken all reasonable care to ensure that all the facts stated in this document are true and accurate in all material respects and that there are no other material facts, or opinions, which have been omitted, which would make any part of this promotion misleading. The Company accepts responsibility accordingly.

Investing in the Company may expose the investor to a significant risk of losing all of the monies so invested. Any individual who is in any doubt about investment in the Company should consult an authorised person specialising in advising on investments of this nature (i.e. investments in shares). Accordingly, potential investors are strongly advised to carry out their own due diligence including, without limitation, a review of the legal and tax consequences to them of becoming a shareholder in the Company. Save where expressly stated otherwise, Invicta Capital Limited is acting exclusively for the Company and for no one else in connection with this Information Memorandum and is not advising any other person or treating any other person as its customer in relation thereto and, in particular, Invicta Capital Limited is not, nor shall it be, responsible to any other person for providing the protections afforded to the customers of Invicta Capital Limited or for providing advice in relation to this Information Memorandum. Neither the Company nor Invicta Capital Limited has authorised any person to make representations or give information to any person on its respective behalf with respect to this Information Memorandum or in connection with any material or information referred to in it. You should therefore not rely on any such representation or information made or given to you by any such person as having been made or given on behalf of either the Company or Invicta Capital Limited.

This Information Memorandum may not be distributed to any person outside the United Kingdom and the Information Memorandum and the Offer are directed solely at persons within the United Kingdom. The Company will not process Application Forms from any other person.

Assuming that the Offer in relation to the Company is fully subscribed and excluding the 2 subscriber shares, the fully paid ordinary share capital of the Company following the Offer will be 5,000,000 New Ordinary Shares with aggregate nominal value of £5,000,000.

The terms and conditions of the Offer and the procedure for application and payment are set out in Part 9 and Part 11 respectively and the Application Form is set out in Appendix 1. Completed Application cheques (in the minimum amount of £50,000) should be completed in accordance with Part 11 and should be sent with a completed Application Form by post or delivered by hand (during normal business hours only) to: STOR Power PLC, c/o Invicta Capital Limited, 33 St James's Square, London SW1Y 4JS. Electronic bank transfers should be made to the account specified in Part 11. Applications are irrevocable.

The laws of England and Wales govern the issue, communication and terms of this Information Memorandum and any disputes arising in relation to any of them (including any non-contractual obligations relating thereto) will be subject to the exclusive jurisdiction of the English courts.

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## PART 1 - EXECUTIVE SUMMARY

This Executive Summary is subject to the full terms and conditions of the Offer as set out in this Information Memorandum. In particular, attention is drawn to Part 7 headed "Risk Factors".

Those considering subscribing for New Ordinary Shares in the Company are advised to consult their own independent financial adviser.

### **The Investment Opportunity**

The Offer provides investors with the opportunity to participate in the Company that will be engaged in the development and management of Short Term Operating Reserve (“**STOR**”) within the UK electricity market for National Grid. The Company will generate revenue by being available to provide electricity during peak periods of electricity demand. This is a relatively new business model within the UK energy markets and the Company is seeking to capitalise on an early mover advantage. The Directors of the Company believe that based on a successful implementation of the Company’s business plan that a post tax IRR of 20% may be achieved by investors.

### **The Business Model**

At certain times of the day National Grid, the operator of the electricity transmission system in the United Kingdom, needs to access extra sources of power to be able to deal with actual demand being greater than forecast demand or to deal with unexpected plant breakdowns. These additional power sources are referred to as ‘reserve’ and National Grid procures the reserve requirement primarily by contracting for STOR. The Company will be focused on providing increased power generation under STOR.

The STOR network consists of large numbers of small diesel generators that are contracted to come on line to meet National Grid’s requirements.

The Company’s investment strategy is the acquisition and operation of Mega Watt (“**MW**”) scale diesel generating sets positioned on targeted grid connection sites within the United Kingdom that can operate as part of the STOR network.

Generally each diesel generating set will be in the region of 10MW in capacity and situated directly next to a National Grid connection point. The Company will purchase high quality and highly reliable diesel generators and contract with National Grid to provide STOR services. The Company will generate revenue from remaining available to generate electricity (the “Availability Payment”) and then actually generating electricity (the “Utilisation Payment”). All payments are a direct obligation of National Grid.

The need for STOR is expected to experience significant growth over the coming years due to increasing structural issues facing the UK electricity market. Such structural issues include ageing traditional generation assets that are due to come off-line, a clear and persistent delay in embracing new generating assets, particularly new nuclear and increased renewable energy generation which experiences supply fluctuations.

## Experienced Team

The current directors of the Company are Messrs Mohammed Yusef and Niall Bamford. On a successful fund raising Steven Rademaker will also be appointed a director of the Company.

Mohammed Yusef has extensive experience structuring complex financing arrangements. A Solicitor by training, Mohammed gained considerable experience in banking, leasing and corporate finance and has worked with a number of European and American companies including Lloyds Bank, Societe Generale and Barclays. Mohammed is the Chairman & CEO of Invicta Capital Ltd.

Niall Bamford qualified as a chartered accountant in 1992. He began his career in financial services in the late 1990s, marketing and managing investments for private clients in the property and media sectors. Niall is currently the Managing Director of Invicta Capital Limited where he manages a team responsible for £1.5 billion under management.

Mohammed and Niall have experience in developing both UK and Africa based energy infrastructure assets and collectively have an extensive network of contacts and relationships within the energy market. Their experience in structuring, project development and fund raising, provides the hub of expertise needed to deliver optimal returns for the Company and its Shareholders. Their key relationships in the financial and energy sectors should ensure the Company has the necessary skills to implement its stated strategies.

Steven Rademaker holds the position of managing director of ESCO NRG Limited and brings a wealth of investment and project development experience to the business. Steven worked for over 10 years in various structured and asset finance roles for Deutsche Bank AG in both London and New York and has completed the world's first and only MBA in Carbon Management and Renewable Energy at the University of East Anglia. Steven also holds a BSc with a major in Chemistry from LaTrobe University in Melbourne, Australia.

## Enterprise Investment Scheme Tax Advantages

It is anticipated that the New Ordinary Shares in the Company will qualify for EIS Relief. Investors who are resident and ordinarily tax resident in the UK subscribing for New Ordinary Shares in the Company may take advantage of some or all of the tax reliefs available under the EIS legislation. Currently, the main tax advantages that may be claimed by qualifying investors allow them to:

- obtain **income tax relief at 30%** on up to £1,000,000 of the monies subscribed for shares in EIS-qualifying companies in each tax year (“**Income Tax Relief**”) and enjoy **tax free gains** on disposal of those shares (“**CGT Exemption**”). Individuals may elect to treat their subscription for such shares, up to their maximum annual allowance, as if made in the previous tax year, thereby carrying Income Tax Relief back one year.
- deduct any loss on a sale of shares in an EIS qualifying company (net of the initial Income Tax Relief obtained) from taxable income of the tax year of the loss, or the previous tax year (“**Loss Relief**”); and
- **defer capital gains** arising up to 36 months before the share subscription in an EIS qualifying company without limitation (giving rise to repayments of CGT already paid) and defer capital gains arising in the 12 months following the share subscription in an EIS qualifying company, without limitation, until the shares are disposed of, provided that the share subscription at least equals the amount of the capital gains to be deferred. The deferred gains will crystallise and CGT will become payable when the investors dispose of the shares (“**CGT Deferral Relief**”).

Further details of EIS reliefs for EIS qualifying companies are set out on page 17 of this Information Memorandum.

Although not an EIS Relief, New Ordinary Shares in the Company may benefit from **inheritance tax business property relief** to the extent that the shares constitute "relevant business property". Relevant business property includes shares where the company concerned is unlisted and is either a trading company or the holding company of a trading group. 100% inheritance tax relief is available on shares that a shareholder has held for at least 2 years.

### **Dividend Policy**

The Directors are aiming for capital growth and therefore do not intend to pay dividends until at least the end of the Anticipated Minimum Trading Period (see Part 10) and then any distributions will be made subject to applicable company law.

### **Realisation of Investments**

EIS Relief will be withdrawn if the Company ceases to carry on a Qualifying Trade before the end of the Relevant Period. EIS Relief will also be wholly or partly withdrawn if a Shareholder receives value (other than dividends which do not exceed the normal return on his/her investment) from the Company or if he/she disposes of his/her New Ordinary Shares during the Relevant Period. To counter this, it is envisaged that the Company will trade at least for the Anticipated Minimum Trading Period.

The Shareholders of the Company may decide in the future to realise some or all of their investment. This could be achieved by a sale of the Company's assets to a trade or financial buyer, reflecting the long term predictable cash flows, followed by a members' voluntary liquidation. Any decision as to the realisation of the Company's assets will be subject to a formal resolution of the Shareholders.

### **Trust Investors**

UK resident trust investors may invest in the Company and are potentially eligible for various CGT deferral reliefs which are outlined further on page 18.

### **International Investors**

Investors who are non resident in the UK may invest in the Company and should normally not be subject to UK tax in respect of dividend income or capital gains derived from their investment. Further details are contained on page 21.

### **How to Apply**

An Application Form can be found at page 44 of this Information Memorandum. Application cheques should be made payable to "STOR Power PLC" which will hold all subscription monies unless and until the overall Minimum Subscription Condition is met. Subscription monies should be sent with a completed application form either by post or delivered by hand (during normal business hours only) to STOR Power PLC, c/o Invicta Capital Limited, 33 St. James's Square, London SW1Y 4JS so as to arrive no later than 3pm on 31<sup>st</sup> December 2012 or such other date as the Directors may subsequently resolve at their sole discretion.

## PART 2 - THE PARTIES AND ADVISERS

The Company	STOR Power PLC 99 Kenton Road Harrow Middlesex HA3 0AN
The Company Directors	Mohammed Yusef Niall Bamford
The Company Secretary	BSP Secretarial Limited 99 Kenton Road Harrow Middlesex HA3 0AN
The Promoter	Invicta Capital Limited 33 St James's Square London SW1Y 4JS
The Auditors	Crowe Clarke Whitehill St Brides's House 10 Salisbury Square London EC4Y 8EH

## PART 3 - OFFER TIMETABLE AND STATISTICS

### EXPECTED OFFER TIMETABLE

Date Minimum Subscription Condition is required to be met for the Offer to proceed	31 <sup>st</sup> December 2012
Last date for receipt of completed Applications and subscription monies	31 <sup>st</sup> December 2012
Closing Date*	31 <sup>st</sup> December 2012

\* Note: The Directors reserve the right to issue and allot New Ordinary Shares at any time (subject to the Minimum Subscription Condition being satisfied) whilst the Offer in respect of the Company remains open. The deadline for receiving applications is subject to the Offer in respect of the Company not being fully subscribed by an earlier date. This timetable is indicative only and is subject to change, and may be extended or brought forward at the Directors' absolute discretion.

### OFFER STATISTICS

Offer Price per New Ordinary Share	£1
Number of New Ordinary Shares subject to the Offer	5,000,000
Number of New Ordinary Shares in issue following completion of the Offer assuming full subscription (excluding the 2 subscriber shares)	5,000,000
Maximum gross proceeds receivable by the Company pursuant to the Offer	£5,000,000
Applicant's minimum subscription	£50,000

## PART 4 – INDUSTRY OVERVIEW

### Balancing the Grid

The electricity transmission network in the UK is managed by National Grid. In their role as the National Electricity Transmission System Operator (“NETSO”), National Grid is responsible for balancing electricity supply and demand on a second by second basis. This is a critical function in securing energy supply in real time.

In order for the UK electricity grid to operate efficiently and effectively the system frequency must be kept at a stable rate of 50Hz. If there is too little supply or not enough demand then the frequency will either fall below or increase beyond 50Hz. If the frequency shifts beyond a defined set of parameters, electricity supply will be impacted with blackouts being the ultimate outcome. In this regard frequency management is a fundamental aspect of balancing supply and demand.

At certain times of the day National Grid needs to access extra sources of power, to be able to deal with actual demand being greater than forecast demand or to deal with unexpected plant breakdowns. These additional power sources are referred to as ‘reserve’ and National Grid procures the reserve requirement primarily by contracting for STOR.

### Short Term Operating Reserve

The STOR generation network consists of a large number of small diesel generators that are contracted with National Grid to come on-line quickly to help stabilise grid frequency. The STOR generation network is used by National Grid to complement the grid helping balance system frequency while slower and more traditional generating plant comes on-line to cover any supply shortfall. Once the frequency event has been supported sufficiently, STOR assets are taken off-line by National Grid until the next frequency event.

STOR assets are required to come on-line in under 20 minutes and are utilised for a maximum period of 2 hours, during which time they are contracted to deliver a certain level of electricity. All communication is performed remotely using a system known as STOR Despatch.

### The Structural Need for STOR

In recent years National Grid’s reliance on STOR has been artificially depressed due to three main reasons. Firstly, UK recessionary effects have resulted in reduced demand leading to surplus generation. Secondly, there have been (by chance only) limited grid failure events in recent years. Thirdly, there have been less abnormal and more predictable weather events over the last three winters that has allowed National Grid to better match supply and demand.

Although the need for STOR has been less urgent in recent years it is expected that STOR will play an increasingly larger role in securing energy supply within the UK, a position that is supported by the following key points:

- The UK’s existing energy infrastructure has experienced significant under-investment since the energy markets were privatised in the 1990’s. The majority of the UK’s nuclear power plants are operating well beyond their expected useful life while coal fired power plants are seeing their useful life cut short due to the EU Large Combustion Plant Directive and stricter emission reduction targets. The end result

will see 25% of the UK's existing generating capacity stripped from the market over the next 4 to 5 years. Some generating capacity has already started coming off-line. As more generating capacity comes off-line, there is expected to be an increasing need for STOR to cover off immediate structural shortfalls within the market.

- The UK Government had planned a wave of new nuclear power stations to meet future shortfalls in electricity generating capacity however recent events in Japan coupled with an unclear and legally questionable support mechanism for nuclear power within the UK have seen key investors in new nuclear plants walk away from the market. This has severely delayed the prospect of any new nuclear plants being developed in the UK for many years to come, and certainly not within the time frame required to cover off the planned reduction in generating capacity. Every day new nuclear plants are delayed there is an ever increasing need for STOR to meet long term structural electricity supply shortfalls.
- In addition to new nuclear plants the UK Government has pushed heavily for new coal fired power stations with carbon capture and storage ("CCS"). CCS is an embryonic technology proved in test conditions only and it will be years, if not decades, from being achieved on a commercial scale. Again, the long-term requirement for STOR to meet structural shortfalls should only increase with delays in implementing CCS.
- The UK Government is looking to more than double wind generation (both on-shore and off-shore) over the coming years. Given the significant planning issues and community resistance to wind turbines in general, these targets seem overly ambitious. In any event, as the reliance on wind generation increases there will be an increased reliance on STOR. This is due to the fact that wind generation is variable and can suddenly drop off-line. The only short-term remedy available to National Grid to offset such intermittency is pumped storage and STOR. Pumped storage is a finite resource and it is therefore expected that as wind generation increases, there will be an increased reliance on STOR.
- Electric cars are set for significant growth in the UK over the coming years and as the number of electric cars increases there will be an increasing need for STOR to meet the expected intermittency generated by car owners plugging in over peak periods (i.e. when they get home from work in the evening).

Collectively the above points highlight a growing and significant structural deficit in the UK electricity market while at the same time highlighting the current need and future reliance on STOR to maintain security of supply. It is expected that National Grid will be increasingly more reliant on STOR in future years which should provide significant upside potential for the Company.

## **National Grid**

National Grid is an international electricity and gas company and one of the largest investor-owned energy companies in the world. National Grid provides energy to millions of customers across the United Kingdom and the Northeast US.

National Grid owns the electricity transmission network in England and Wales and operates the entire transmission system throughout the United Kingdom.

## Availability and Utilisation

The revenue generated from providing STOR service is broken into two income streams:

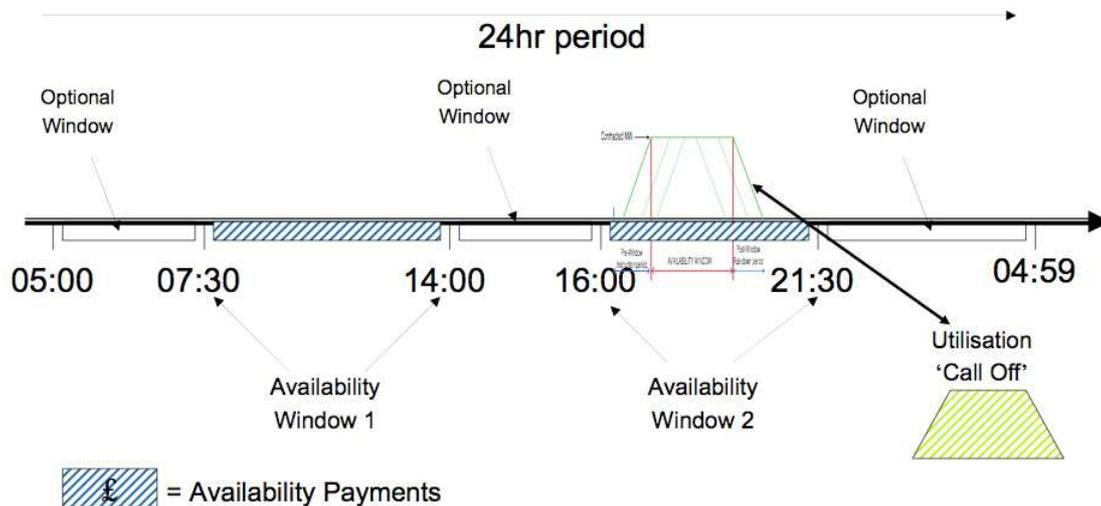
- **Availability Payments:** where a STOR service provider makes an asset available for the STOR service within an Availability Window, National Grid will pay for that availability on a per MW hour basis (£/MWhr).
- **Utilisation Payments:** additionally where National Grid instructs delivery of STOR from an available asset, then it will pay for the energy delivered on a £/MWhr basis (this includes the energy delivered in ramping up to and down from the contracted MW level).

Both payments are a direct obligation of National Grid.

## Seasons and Availability

The need for STOR varies depending on the time of year, the time of week and time of day, being a function of the system demand profile at that time. To reflect this, National Grid splits the year into a number of 'Seasons' for both working days (including Saturdays) and non-working days (Sundays and most bank holidays), and specifies the periods in each day that STOR is required. These periods are referred to as 'Availability Windows' as shown in the following diagram:

- ♦ Typical Working Day STOR Format
  - ♦ 2 x Availability Windows (typically)
  - ♦ Remainder of time classed as Optional Windows



## Declaring Availability

Availability Declarations are made by a STOR service provider for each week ('week' being the 7 days from Monday 05:00 Hours) and are made to National Grid no later than 10:00 Hours on the previous Tuesday. Declarations are made via STOR Despatch. Availability Declarations are made on a per whole Availability Window basis (i.e. a STOR asset is available for the whole window, or none of it).

## Committed versus Flexible

There are two forms of the STOR service (i) **Committed Service** and (ii) **Flexible Service**.

Under the Committed Service, a STOR service provider must make the STOR service available for all Availability Windows within the contracted term. There are permitted exclusions when a particular asset is technically unable to provide the STOR service due to maintenance or plant breakdown or where an asset has been removed by the STOR provider in advance of an Availability Window. However the STOR provider is committed to providing the service in all other instances. This level of service is highly sought after by National Grid and tenders for committed service are generally first across the line and subject to more stable revenues. The Company will be focused on contracting for Committed Service.

Flexible Service providers have greater freedom as to how many hours they wish to make the STOR service available, and when that availability is offered. However, National Grid may choose to reject Flexible Service availability and, provided the rejection is issued in the defined timescale, National Grid will not make Availability Payments for rejected Flexible Service availability. Flexible Service makes up the majority of tender rejections and as a result of this the Company will not be focusing on this level of service.

## STOR Framework Agreement

In order to be able to tender for the STOR service, a STOR Framework Agreement must first be entered into between National Grid and the prospective service provider. This will give effect to the standard contract terms in force at the time, in respect of any accepted tender(s). The STOR Framework Agreement lists the assets that a STOR provider may wish to tender at some stage in the future and tenders may only be submitted in respect of electricity generating assets listed in a STOR Framework Agreement.

## Tender Rounds

There are three tender rounds run each year by National Grid for STOR service. STOR providers are invited to tender for both Committed Service and Flexible Service. The tender periods close in January, June and August of each year with subsequent STOR service start dates commencing in April, August and October respectively. The tender process works on a rolling basis and is driven by price and reliability of the STOR asset.

STOR providers are currently only able to contract for short-term contracts (no longer than two years) but in the future it is expected that contract terms should increase as the structural need for STOR services increase.

## PART 5 - THE COMPANY

### Incorporation Information

The Company was incorporated and registered in England and Wales on 12<sup>th</sup> October 2011 under the Companies Act as a public company with registration number 7806630.

### The Company's Trade

The Company intends to acquire and operate a portfolio of diesel generators that can be made available to the STOR network. The Company will focus on contracting for Committed Service and will therefore make its electricity generating capacity available for all Availability Windows within the contracted term.

The Company intends to fund its activities by the issue of 5,000,000 New Ordinary Shares.

The Company will outsource the on-going STOR management to a third party provider.

The Company will acquire high quality diesel-fuelled generators for use as STOR assets. The Company will seek out the most cost effective diesel option depending on the size of the STOR asset and grid connection point. It is expected that the minimum size of any diesel generating set will be 500kW (or 625kVA) while the maximum size will be 1.5MW (or 1875kVA).

There are a number of highly reliable and well known diesel engine manufacturers, including Cummins, Mitsubishi and Caterpillar and the Company intends to acquire engines from these manufacturers where possible. Diesel engines can be matched to any variety of alternators and these will be reviewed on a case-by-case basis subject to price and quality. The Company believes Mecc-Alte alternators offer good value for money and will acquire these where possible. Regardless of the size and type of diesel generator, each generating set will be delivered as a containerized solution including fuel storage, remote start facilities and remote diagnostic functions to detect, for example, when fuel is running low, when oil changes are required etc. The diesel engines will run on 'red diesel' and when operating at 75% load factor will burn 200 litres of diesel per hour.

The Company believes the technology described above to be high quality and very reliable. Reliability is a key requirement and viewed more favourably by National Grid as part of the tender process.

Service and preventative maintenance can be contracted for a period for 3 to 5 years. Even though the generating sets will be running very low operating hours in comparison to the design life of each engine, it is recommended that oils and filters be continually replaced to avoid longer term operating faults. Service and maintenance contracts can be entered into with providers of the diesel generators. The Company will assess on a case-by-case basis the quality of service and price associated with providing such services and where appropriate tender out to the market to seek the best value.

### On-Going STOR Management

The on-going management of the STOR service including tender submissions and weekly Availability Declarations will be managed by a preferred third party provider. Due to the highly specialised nature of the service and costs associated with setting up the necessary infrastructure and IT, the management team believes the Company will be economically better off outsourcing this service.

## Company Outlook

Within the UK market, it is expected that STOR will experience significant growth over the coming years. The management team believes it is in a very strong position to capitalise on an early mover advantage within this market, a position that is supported by a number of key factors highlighted below:

- The UK electricity market is in a state of transition due to a lack of investment in new infrastructure in recent years. Significant generating capacity is due to be decommissioned from the supply side over the coming years, leading to a forecast shortage of electricity supply;
- Increased renewable energy generation will increase the need for STOR to help balance out fluctuations in supply;
- Committed Service is highly sought after by National Grid and the Company will only be focusing on this level of service;
- There is virtually zero technology risk with regards to the generating assets to be acquired by the Company. Diesel generators are extremely robust and are a very well known technology;
- Deployment of each diesel generator is quick and simple since each unit is delivered as a containerized solution in working order; and
- The management team has significant experience of grid connection issues within the UK and already has access to numerous connection points capable of receiving in excess of 100MW of supply.

## Management of the Company

The development, implementation and on-going management of the Company will be undertaken by an experienced and dedicated team of UK energy and finance specialists. The combined experience of the management team covers over 10MW of commercial energy related development in the UK market to date.

## Offer

Up to 5,000,000 New Ordinary Shares in the Company are being offered for subscription at £1 each payable in full upon application in order to raise up to £5,000,000 (before fees and expenses). The net proceeds of the Offer (assuming full subscription) for the Company will be £4,700,000 after deduction of the initial fees payable to Invicta (see below). The Offer will close on 31<sup>st</sup> December 2012, or such other date as the Directors may subsequently resolve at their sole discretion (subject to the Minimum Subscription Condition).

## Minimum Subscription

The minimum amount of capital raised by the Company under this Offer will be £1,000,000 (the Minimum Subscription Condition).

## EIS

Advance assurance has been applied for from the Small Company Enterprise Centre of HMRC that the Company is a qualifying company under EIS legislation.

It is envisaged that individual investors subscribing for New Ordinary Shares in the capital of the Company will be entitled to Income Tax Relief, CGT Exemption and CGT Deferral Relief under the EIS, providing certain conditions are met, which are discussed in further detail in Part 6 of this Information Memorandum.

### **Company Accounts**

The Company will send audited reports and accounts to Shareholders following each accounting period end.

### **Dividend Policy**

The Directors do not intend to pay dividends until at least the end of the Anticipated Minimum Trading Period and then any distributions will be made subject to applicable company law.

### **Fees**

Invicta has been appointed by the Company as the promoter of the Offer and, subject to the satisfaction of the Minimum Subscription Condition, will be paid a fee under the terms of its Promoter's Agreement with the Company equal to 6.5 % of the Funds Deployed. In consideration for this fee, Invicta will be responsible for paying all the costs of the Offer including commissions payable to introducers, professional advisers and other recognised intermediaries. Further details can be found in Part 9 of this Information Memorandum. Invicta will also provide certain business management and administrative services to the Company under an Advisory and Management Agreement including monitoring the investments of the Company, reporting to Shareholders, monitoring all compliance issues of the Company in the conduct of its business with the EIS legislation. In consideration for these services, Invicta will charge an annual management fee of 1.5% of Funds Deployed and will also be entitled to receive 30% of any realisation of the Company's assets for a value in excess of 100% of the capital subscribed (to be split with ESCO NRG Limited) payable upon such realisation and/or distribution to Shareholders.

## PART 6 - TAXATION

This section summarises the Tax Advantages available under current law and the practice of HM Revenue & Customs and remains subject to change at any time. It does not constitute tax or legal advice. Potential investors are strongly recommended to obtain advice from their own professional advisers regarding their individual tax position and the consequences of making an investment in the Company. This general summary does not consider the position of persons who are ineligible for EIS Relief or who are resident outside the United Kingdom for tax purposes.

### General

The Company has been established to carry on a Qualifying Trade, which will enable Shareholders to claim EIS Relief provided that they and the Company meet all the necessary conditions.

The summary below is a brief outline of the tax reliefs available. It does not set out all the applicable rules with which the Shareholders and the Company must comply in order for the EIS Relief to be available and to be retained and investors are strongly advised to seek independent professional advice before investing. EIS Relief is only available to Shareholders who pay UK income tax and/or wish to defer a UK capital gain.

### EIS Relief

EIS Relief consists of a number of income tax and capital gains tax elements and is only available to subscribers for shares in EIS qualifying companies. EIS Relief is available to the individual making a subscription for New Ordinary Shares in the capital of the Company and not to those to whom interests in the New Ordinary Shares are subsequently transferred. Investors must be individuals to qualify for EIS Relief, save for certain exceptions as detailed below, in which case trustees of a particular type of trust can apply.

### Reliefs

#### Income Tax Relief

An individual investor investing in the Company may claim income tax relief in a tax year in which he/she invests. The relief is equal to 30% of the amount invested in the Company to be set against the individual's income tax liability for the tax year in which the investment was made. Relief can be claimed up to a maximum of £1,000,000 invested in such shares, giving a maximum tax reduction in any one year of £300,000 providing the investor has sufficient income tax liability to cover it.

There is a 'carry back' facility which allows all or part of the amount invested by an individual in one tax year to be treated as though that investment had been made in the preceding tax year. Relief is then given against the income tax liability of that preceding year rather than against the tax year in which the investment was made. This is subject to the overriding limit for relief for each year.

The investment must be held for a certain period or Income Tax Relief will be withdrawn. Generally, this is three years from the date the investment was made by the individual. However, if the Qualifying Trade of the Company started after the shares were issued, the period is three years from the date the trade actually started.

Example of net cost of investment of £100,000 invested in qualifying EIS companies:

	£
Initial investment	100,000
Less EIS Relief of 30%	(30,000)
<b>Net Cost of Investment</b>	<b>70,000</b>

### Capital Gains Tax Exemption

Provided that EIS Income Tax Relief has been given and not withdrawn on the New Ordinary Shares, no CGT is due on capital gains arising on the disposal of those shares provided that they have been held throughout the Relevant Period. You are referred to the definition of Relevant Period in Part 10.

Example of tax free capital gain:

	£
Realised value of investment (after 3 years)	150,000
Less Initial investment	(100,000)
<b>Tax Free Gain</b>	<b>50,000</b>

### Capital Gains Tax Deferral Relief

A capital gain arising on the disposal of any asset may be deferred by investing the gain in New Ordinary Shares. Capital Gains Deferral Relief is available on any capital gains that have arisen within 36 months before or will arise within 12 months of the New Ordinary Shares being issued.

Investors should note that the Capital Gains Deferral Relief is only a deferral and the liability will crystallise on a disposal of the New Ordinary Shares at the then current rate of capital gains tax (currently 28%). The gain is deferred until there is a chargeable event, such as a disposal of shares.

Capital Gains Deferral Relief is also available on a disposal of assets in certain kinds of trust, where the trustees themselves subscribe for New Ordinary Shares.

Example of CGT deferral:

	£
Initial investment	100,000
Less EIS Relief of 30%	(30,000)
Capital Gains Deferral* at 28%	(28,000)
<b>Initial Net Cost of Investment</b>	<b>58,000</b>

\* On a gain on other investments of £100,000 on which CGT would otherwise be charged at 40%

## Loss Relief

Any capital loss on the sale of New Ordinary Shares by a Shareholder, after deducting any Income Tax Relief obtained on the investment, may be set against the Shareholder's taxable income of the tax year of disposal or the previous tax year. Alternatively the loss may be offset against capital gains in the tax year of disposal. Any excess losses may be carried forward for relief against future capital gains.

Example of loss relief against income tax:

	£
Realised Value	0
Initial investment	100,000
Less EIS Relief of 30%	(30,000)
<b>Allowable Loss</b>	<b>70,000</b>
Loss Relief at 40% *	(28,000)
<b>Net Loss on Investment</b>	<b>42,000</b>

\* For an individual paying tax at 40%. For a 45% (applicable from 6<sup>th</sup> April 2013) taxpayer the loss relief would be £31,500 resulting in a net loss on investment of £38,500.

## Conditions Applicable to EIS Reliefs

### Shareholders Qualifying for EIS Relief

A Shareholder must not be connected with the Company during the period which begins two years before and ends three years after the issue of New Ordinary Shares to him/her (or the commencement or trade, if later). A Shareholder is deemed not to be connected to the Company if he/she satisfies the following criteria:

- neither the Shareholder, nor he/she and his/her Associates together, may control the Company or possess more than 30% of the issued ordinary share capital or loan capital or voting powers in the Company, or carry rights entitling them to more than 30% of the assets available for distribution on a winding-up. Control means the power of a person to secure by means of shareholding, voting power, the articles of association or any other document (whether relating to the Company or another company) that the affairs of the Company are conducted in accordance with his/her wishes;
- neither the Shareholder, nor any Associate of his/her, may be an employee or a paid director of the Company (subject to the paragraph below) or its subsidiaries. An unpaid director is not disqualified if he is reimbursed travel or subsistence expenses which would otherwise be allowable for taxation; and
- a Shareholder may become a paid director of the Company following the issue to him/her of New Ordinary Shares provided that at the time he/she subscribes for the New Ordinary Shares he/she was not, and had not previously been, connected with the Company nor with the trade carried on by the Company. Any remuneration paid to a Shareholder who is also a director in these circumstances must be reasonable for the services rendered to the Company.

## **Qualifying Trade**

The Company must carry on a Qualifying Trade for EIS Relief to be available to its Shareholders. The development, installation and operation of the STOR assets to generate electricity by the Company should be a Qualifying Trade.

## **Money Raised and Gross Assets**

The Company must not raise more than £5 million from EIS or VCT sources in any period of twelve months, and all of the money raised from the Offer must be employed for the purposes of the Qualifying Trade within two years. The gross assets of the Company must not exceed £15 million immediately before the issue of the New Ordinary Shares and £16 million immediately afterwards.

## **EIS Claims**

In order to claim EIS Relief, Shareholders must submit tax certificates (“**Forms EIS3**”), which are issued to them by the Company in his/her own name to the tax office dealing with their own tax affairs. The Forms EIS3 must be submitted to the tax office no later than five years after 31 January following the end of the tax year in which the New Ordinary Shares were issued.

## **Withdrawal of EIS Relief**

EIS Relief will be withdrawn if the Company ceases to carry on a Qualifying Trade before the end of the Relevant Period. EIS Relief will also be wholly or partly withdrawn if a Shareholder receives value (other than dividends which do not exceed the normal return on his/her investment) from the Company or if he/she disposes of his/her New Ordinary Shares during the Relevant Period, albeit that a transfer between spouses or civil partners is not deemed to be a disposal for these purposes. EIS Relief will also be withdrawn if a Shareholder takes out a loan under special terms connected in any way with the subscription for New Ordinary Shares.

## **EIS Relief Certificate**

Following the issue of New Ordinary Shares, but no earlier than 4 months after commencement of the Qualifying Trade, the Company will need to apply to HMRC for authorisation to issue tax relief certificates (Form EIS3) to investors. Although the time taken by HMRC to grant authorisation cannot be controlled by the Company, every effort will be made by the Company to expedite the process and, as soon as authorisation is given, Form EIS3 will be distributed to investors. Investors should then submit the form EIS3 to the tax office dealing with their own affairs.

## **HM Revenue and Customs Provisional Clearance**

An application has been made to the Small Company Enterprise Centre of HMRC for advance assurance that the Company is a qualifying company under EIS legislation.

## **Inheritance Tax**

An inheritance tax liability on the estate of a deceased person, or on the transfer of assets by way of a lifetime gift, may be reduced or eliminated to the extent that the assets comprise “Relevant Business Property” (as defined in IHTA). For this purpose “Relevant Business Property” includes shares where the company concerned is unlisted and is either a trading company or the holding company of a trading group.

To obtain the relief, the shares must have been owned during the previous two years or must have been inherited from a spouse or civil partner and, when the spouse’s or civil partner’s period of ownership is taken into account, the combined period of ownership must be at least two years.

New Ordinary Shares in the Company should qualify for Business Property Relief provided that the Company continues to carry on its trade and the minimum ownership period is met.

### **Stamp Duty**

No stamp duty or stamp duty reserve tax will be payable on the issue of share certificates relating to New Ordinary Shares or on the registration of the original holders of such shares. Stamp duty will be payable by a purchaser on any disposal of New Ordinary Shares.

### **Trust Investors and Charities**

#### **Reliefs available to UK resident investors who are trustees of life interest and discretionary trusts**

##### **Capital Gains Deferral Relief**

Deferral relief can be claimed against any chargeable gain arising on the disposal of any asset if a qualifying investment is acquired by an investor at a qualifying time up to the amount subscribed for New Ordinary Shares.

##### **Capital Loss Relief**

Normal capital loss relief rules apply on losses on New Ordinary Shares.

#### **UK Inheritance tax (IHT) Business Property Relief**

For discretionary trusts as long as the New Ordinary Shares have been held by the trustees for two years and for life interest trusts, if the same beneficiary has, in addition, been entitled to the trust income for two years, 100% business property relief should be available to prevent any inheritance tax charges on the trustees or on the transfer of the investment out of the trust.

##### **Charities**

Charitable organisations may benefit from some or all of the above benefits depending on their underlying structures and tax treatments.

### **International Investors: Non-resident in the UK**

The statements below merely serve as a brief summary of UK tax consequences for non-UK resident investors in the Company and are based on current law and HMRC practice. The law and HMRC practice (including taxation levels, bases and reliefs) can change, but the summary is believed to be correct at the date hereof. Non-UK resident investors should seek their own tax advice especially with regard to the tax treatment of their investments in the Company in their respective jurisdictions. This summary assumes that an investor holds an investment not as part of any trade carried on by the investor.

Non-UK resident investors, whether individual, corporate, institutional or trustees, should normally not be subject to UK tax in respect of dividend income derived from their investment in the Company.

Non-UK resident investors are also not subject to UK capital gains tax or corporation tax on chargeable gains (for companies) on any gains realised from an investments in the Company.

In addition, there is normally no requirement for non-UK resident investors to lodge any tax returns of applications with HMRC.

The tax status on their investments is governed by their own prevailing legislation as non-UK resident investors and they may be subject to tax in their respective jurisdictions. Non-UK resident investors should seek their own advice on the taxation consequences of their investments in their respective jurisdictions.

## PART 7 - RISK FACTORS

**Prior to making an investment decision, prospective investors should carefully consider all of the information set out in this Information Memorandum, and should consider whether an investment in the Company, constitutes a suitable investment in the light of their personal circumstances, tax position and the financial resources available to them. An investment in New Ordinary Shares involves a high degree of risk and may not be suitable for all investors. Potential investors should therefore seek advice from a stockbroker, accountant, fund manager or other independent financial adviser before making any decision to invest. Potential investors are also recommended to consult a professional adviser regarding their personal tax position and the consequences of an EIS investment.**

**This section contains the material risk factors that the Directors believe to be associated with an investment in the Company. If any of the following events or circumstances arise, the Company's business, financial condition and/or results of operations could be materially and adversely affected, as could the availability of tax reliefs to Applicants. In such a case, an investor may lose all or part of his investment and/or a qualifying Investor may lose all or part of his/her tax relief. Additional risk and uncertainties not presently known to the Directors, or that the Director's deem immaterial, may also have an adverse effect on the Company's business and the risks below do not necessarily comprise all the risks associated with an investment in the Company.**

### General

- There can be no guarantee that the Company will achieve its trading objectives. The value of the Company's New Ordinary Shares may go down as well as up. Investors may therefore realise less than their original investment.
- The Company has no trading history on which investors can evaluate its potential future profitability. The realisation of such profit and the extent of any profit realised is, however, dependent on a number of factors and there can be no guarantee as to profitability.
- To maximise returns, Shareholders may need to hold the New Ordinary Shares on a long-term basis. As a consequence it may not be suitable as a short-term venture.
- There are restrictions on the transferability of the shares in the Company in that pre-emption on transfer rights and obligations arise as outlined in the section headed "Additional Information ". No assurance can be provided that any Shareholders will wish to take up their pre-emption rights if a Shareholder wishes to sell his/her New Ordinary Shares or that those Shareholders will wish to do so in full. Any Shareholder wishing to sell his/her shares where the pre-emption code has not produced a purchaser for those shares or all of them will require the consent of the Board of the Company and of a majority of ordinary shareholders to do so and there is no assurance that such consent will be forthcoming. Shareholders should therefore regard their investment in the Company as of an illiquid nature and closed ended and one that may be required to be held for an indefinite period.
- Any figures provided have been prepared on the assumptions attached to them or which are described in relation to them. Potential investors are reminded that such figures are given by way of illustration only and do not constitute forecasts.
- If the Minimum Subscription Condition is not met then monies subscribed, with any interest earned thereon, will be returned to subscribers.

- This document has been prepared on the basis of current tax, renewable energy and other applicable legislation, practice and concession and interpretation thereof. These factors may change as a result of future changes in law. New legislation or changes in practice may have a retrospective effect. There is no guarantee that existing regulations will not be amended, new laws will not be adopted, the strategy adopted by the Company will comply with future regulatory requirements or the laws and regulations will not adversely affect the Company's financial conditions.

### Industry and Company Risks

- The Company will be operating in a relatively new sector of the energy industry with limited historical data with which to compare the merits of the business. The commercial risks are therefore high and there can be no certainty that the business offering will be well received in the market. Accordingly, an investment in the business is speculative and investors may not get back the amount of their original investment, and returns on investment are not guaranteed.
- Changes in Government or Government policy could affect the return on any investment in the company and may result in a change in tax rates or reliefs.
- Government Energy policy towards STOR may become more or less restrictive.
- New technological inventions and significant improvements may render existing STOR technologies and equipment obsolete, although generally such advancements require long lead times and the management team see this as a very low risk.
- There is no guarantee of successfully tendering for STOR services on a rolling basis. Management believe this represents a low risk due to the highly desired nature of Committed Service and further this risk should be a reducing risk as STOR service requirements are likely to increase over time.
- Forward Availability and Utilisation prices used in projecting financial returns may in reality be higher or lower than originally forecast.
- Returns could be higher or lower depending on Utilisation payments. Such payments are subject to unquantifiable electricity market supply and demand conditions.
- Diesel costs used in projecting financial returns may in reality be higher or lower than originally forecast.
- Inflation forecasts used in projecting financial returns may in reality be higher or lower than originally forecast. The business has assumed an inflation rate of 2.50% when modelling expected returns.
- Agreements entered into may contain "Force Majeure" clauses that may enable the relevant party to terminate or suspend the agreement in certain circumstances which are outside the control of the parties.

### Risks Relating to Taxation

- This Information Memorandum is prepared in accordance with the Directors' interpretation of current legislation, rules and practice. Such interpretation may not be correct and it is always possible that legislation, rules and practice may change. Any such changes and, in particular, any changes to the bases of taxation, tax relief, rates of tax or the Shareholder's tax position, may affect the availability of tax reliefs and

deferrals and may also affect the return received by the Shareholders from the Company.

- An application has been made to the Small Company Enterprise Centre of HMRC for advance assurance that the Company will be a qualifying company under EIS legislation. Although the Company is expected to obtain advance assurance and Shareholders are expected to obtain EIS Relief on their investment, neither the Directors nor the Company can provide any warranty or guarantee in this regard or any warranty or guarantee that, if EIS Relief is given, such EIS Relief will not be withdrawn. Applicants must take their own advice and rely on it.
- There can be no certainty that HMRC will agree that a Shareholder's or the Company's tax position is as described in this Information Memorandum, although there is no reason as far as the Directors are aware, to expect that they will not do so. Changes in the financial and tax position of either the Shareholders or the Company may also affect their returns from Company.
- The tax benefits described are dependent upon Shareholders' personal circumstances and therefore, may not be available to all Shareholders. There are certain circumstances where a Shareholder may not qualify for the taxation benefits under EIS. It is envisaged that no one Shareholder will be connected with the Company. However, the Shareholders subscribe to the Company at his/her own risk. Invicta cannot guarantee that a Shareholder will not become connected with the Company.
- If the Company does not satisfy the criteria for maintaining a Qualifying Trade, then this could prejudice the EIS-qualifying status of the Company and therefore the tax benefits available to Shareholders under the EIS.
- Income Tax Relief is only available for the tax year during which New Ordinary Shares are issued to a subscribing Shareholder (subject to the carry-back provisions described on page 17). "Issue" takes place when a share application is completed by entry of the shareholding in the Company's share register.
- If a Shareholder disposes of his/her New Ordinary Shares within the Relevant Period applicable to those New Ordinary Shares, such Shareholder may be subject to claw-back by HMRC of any Income Tax Relief originally claimed and any deferred capital gains will crystallise. Accordingly, investment in the Company may not be suitable as a medium or short-term investment.
- Tax law is complex and investors should seek independent tax advice to determine and understand the suitability of subscribing for New Ordinary Shares and any effect that this may have on their own position generally.

### **Risks Relating to Realisation of the Investment**

- Opportunities for Shareholders to dispose of their New Ordinary Shares are likely to be severely constrained and there will be no external market for such New Ordinary Shares, nor is a secondary market likely to develop. Pre-emption on transfer provisions apply in favour of Shareholders on any intended transfer of New Ordinary Shares in the Company. In particular, transferees of New Ordinary Shares will not be able to benefit from EIS Relief. Accordingly, it may be difficult to obtain accurate information about the value of any shareholding and how risky it is. Furthermore, if a Shareholder disposes of his/her New Ordinary Shares within the Relevant Period applicable to those New Ordinary Shares, such Shareholder may be subject to claw-

back by HMRC of any Income Tax Relief originally claimed and crystallisation of any deferred capital gains.

- After the Anticipated Minimum Trading Period the Shareholders in the Company will be given the opportunity to determine their Company's future, for example whether they wish their Company to continue its Trade, or whether they wish to realise some or all of its value. The most likely way to realise the value in the Company would be through either a sale of the assets or a members' voluntary liquidation. Any decision as to the realisation of the Company's assets will be subject to a formal resolution of the Shareholders (and, if they elect to initiate a members' voluntary liquidation, the realisation of the assets will be at the discretion of the liquidator who will typically act in accordance with the wishes of the majority of the Shareholders).

### **Financial Services Compensation Scheme**

- The purchase of New Ordinary Shares is not covered by the Financial Services Compensation Scheme established by the FSA unless the Shareholder receives advice from their authorised financial advisor and they are an eligible claimant under the rules of the Financial Services Compensation Scheme. Similarly, the Company is not authorised under FSMA, and investors will not be able to claim under the Financial Services Compensation Scheme should the Company default.

### **Forward-Looking Statement**

- You should not place undue reliance on forward-looking statements, the timeframe of which starts with the date of this Information Memorandum.
- This Information Memorandum includes statements that are (or may be deemed to be) "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology including the terms "believes", "continues", "expects", "intends", "may", "would" or "should" or, in each case their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts.
- Forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements contained in this Information Memorandum based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future.
- Subject to any requirement under applicable laws and regulations, neither the Company nor Invicta undertakes to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## PART 8 - ADDITIONAL INFORMATION

### 1. Incorporation

- a. The Company was incorporated and registered in England and Wales on 12<sup>th</sup> October 2011 under the Companies Act as a public company with registration number 7806630.
- b. The registered office of the Company is 99 Kenton Road, Harrow, Middlesex HA3 0AN. The principal place of business of the Company is at 33 St. James's Square, London, SW1Y 4JS.
- c. The principal legislation under which the Company operates is the Companies Act 2006 and regulation made under the Companies Act 2006.
- d. The liability of the Shareholders of the Company is limited.
- e. The Company has not yet been issued with a trading certificate pursuant to section 761 of the Companies Act 2006 which entitles a company to carry on a trade and borrow but which will be applied for on capitalisation of the Company.

### 2. Share Capital of the Company

- a. In accordance with the incorporation procedures under the Companies Act 2006 as they relate to a public limited company, pending satisfaction of the Minimum Subscription Condition, no shares (beyond the two subscriber shares in the Company which are held by Invicta and by Niall Bamford) will be issued by the Company. On the satisfaction of that condition, the allotted share capital of the Company will be increased by the Directors under the powers referred to below having regard to the level of shares for which application has been made for by the Investors. It is a condition of the ability of the Company to trade as a public limited company under Section 761 of the Companies Act 2006 that its allotted share capital is not less than the authorised minimum which is £50,000 of which not less than 25% must be paid up. On satisfaction of the Minimum Subscription Condition, subject to such statutory minimum subscription having been raised the Company will apply to the Registrar of Companies for the issue of a trading certificate under Section 761 of the Companies Act 2006.
- b. Pursuant to the Articles of Association of the Company ("Articles"), all shares are under the control of the Directors and the Directors may allot, grant options over, or otherwise deal with or dispose of the same to such persons and generally on such terms and in such manner as they think fit. The Directors are generally unconditionally authorised for the purposes of section 551 of the Companies Act 2006 to allot Ordinary Shares in the Company provided that the aggregate nominal value of such Ordinary Shares so allotted does not exceed the amount of authorised share capital of the Company. This authority to allot will expire on the fifth anniversary of the incorporation of the Company unless varied or revoked or renewed by the Company in general meeting. The Directors are entitled pursuant to Section 551(7) of the Companies Act 2006 under the authority conferred by the Articles to make at any time before the expiry of such authority any offer or agreement which will or may require Ordinary Shares to be allotted after the expiry of such authority. In accordance with the authorisation conferred on the Directors under the Articles, they are empowered to allot Ordinary Shares pursuant to the authority referred to in this paragraph without making a pre-emptive offer to allot further Ordinary Shares to the shareholders of the Company.

- c. The Company does not have in issue any security not representing share capital and there are no outstanding convertible securities issued by the Company.

### 3. Articles of Association

The Articles (which are available for inspection at the Company's registered office) were adopted on incorporation and include, amongst other things, provisions to the following effect:

- a. Rights attaching to Ordinary Shares:

- i. Voting

Subject to any special rights as to voting, every member present in person or by proxy at a general meeting has upon a show of hands one vote, and every member present in person or by proxy has upon a poll one vote for every share held by that member.

- ii. Dividends

Subject to the provisions of the Companies Act 2006 and of the Articles and to any special rights attaching to any shares, the Company may, from time to time, by ordinary resolution declare dividends, provided that no such dividends shall exceed the amount recommended by the Directors. All dividends shall be apportioned and paid pro-rata according to the amounts paid up or credited as paid up (other than in advance of calls) on the shares during any portion or portions of the period in respect of which the dividend is paid. Interim dividends may be paid in accordance with the Companies Act and the Articles. No dividends in respect of a share shall bear interest. All dividends unclaimed for a period of twelve years after having been declared shall be forfeited and shall belong to the Company.

- iii. Return of Capital

On a winding up of the Companies, the assets of the Company available for distribution shall, with the authority of an extraordinary resolution and any other sanctions required by law, be divided amongst the members in such a way as shall be determined by the liquidator.

- b. Redemption

Subject to the provisions of the Companies Act 2006, the Company may issue shares which are liable to be redeemed.

- c. Transfer of Ordinary Shares

- i. All transfers of Ordinary Shares shall be effected by an instrument in writing in the usual form or such other form approved by the Directors. The Directors may, in their absolute discretion and without assigning any reason therefore, refuse to register any transfer in respect of shares wherefore or not they are fully paid Ordinary Shares. In addition, there are pre-emption on transfer rights contained in the Articles of the Company. Accordingly where any investor wishes to transfer his Ordinary Shares he must first make an offer to sell the shares to the remaining investors who have the right pro rata to their shareholdings to acquire those Shares at a price determined by the Board, on

the advice of the auditors, by reference to a proportionate part of their market value derived from the most recent net asset valuation of the Company. The Investor wishing to transfer can specify that it is a condition of the offer that all of those Shares ("the Transfer Shares") must be acquired or that any part of those Shares may be acquired. To the extent that there any Transfer Shares not taken up by the remaining investors, these must then be offered pro rata to those remaining shareholders who have accepted their pro rata entitlement. To the extent that any excess Transfer Shares remain after the above procedures have been implemented, the Investor can sell these to an outside investor who may lawfully acquire Shares in the Company provided that (a) the sale terms are no more favourable to the Vendor than the terms offered to existing investors and (b) shareholders in the Company approve the transfer by Ordinary Resolution (a vote of not less than 51% in favour). The Board will operate the pre-emption on transfer procedures referred to above and the Company is entitled to charge the Transferor the administrative costs of operating the above procedures.

- ii. The registration of transfers may be suspended by the Directors for any period (not exceeding 30 days) in any year.
- iii. Save as aforesaid, there are no restrictions on the free transferability of the Ordinary Shares of the Company save where any jurisdiction, statute or regulation places restrictions upon transferability.

d. Alteration of Capital

- i. The Company may by ordinary resolution increase their share capital, consolidate and divide all or any of their shares into shares of a larger amount, sub-divide all or any of its shares into shares of smaller amount and cancel any shares not taken up.
- ii. The Company may, subject to the provisions of the Companies Act 2006, by special resolution reduce its share capital, any capital redemption or any premium account.
- iii. Subject to and in accordance with the provisions of the Companies Act 2006 and subject as provided in the Articles, the Company may purchase its own shares (including any redeemable shares).

e. Borrowing powers

The Company has power to borrow both for working capital purposes (including the funding of recoverable VAT where appropriate) and otherwise for the purpose of the conduct of its businesses. The Company will also have power to charge its assets as security for such borrowings. The Directors do not plan to utilise any such borrowings

f. Indemnities and Directors' and Officers' Insurance

- i. Subject to the provisions of the Companies Act 2006 but without the prejudice to which a director may be otherwise entitled, every director (including the Directors) or other officer or auditor of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings (whether civil or criminal) in which he is acquitted or in which judgement is given in his favour or in connection with any application in which

relief is granted to him by the court from liability for negligence, default, breach of duty and / or breach of trust in relation to the affairs of the Company and all losses or liabilities incurred by him in or about the execution and discharge of duties of his office.

- ii. The Directors have the power to purchase and maintain in force an insurance policy for any director, officer or auditor of the Company effecting cover against any such liability as is referred to in sections 232(1) and (2) or 532(1) and (3) of the Companies Act 2006.

#### 4. Directors' Letters of Appointment and Remuneration

- a. The services of the Directors are provided to the Company under the letters of appointment. The Directors will perform their duties without any remuneration, director's fees, costs or expenses. The Directors shall remain as directors of the Company unless, amongst other things: (i) they resign as directors of the Company, (ii) they are removed from their offices as Directors of the Company pursuant to any power to do so given by their respective boards or to other members of the Company by statute or the Articles, (iii) they become prohibited by law from being a director for any reason or (iv) they cease to be an employee or full or part time working director of Invicta for any reason. The indemnity summarised in paragraph (f) under the heading 'Articles of Association' is incorporated into the terms of each letter of appointment.
- b. The Company intends to provide the Directors and officers with such other indemnities as they deem necessary and/or desirable from time to time within the limits of the Articles and the Companies Act 2006.
- c. Save as set out above, there are no existing or proposed service contracts between any Director and the Company which are not terminable without payment of compensation within one year.

#### 5. Directors and Other Interests

- a. Save as disclosed below, no Director has any interest, beneficial or non beneficial, in the share capital of the Company, nor are they aware of any persons who, directly or indirectly, jointly or severally exercise control over the Company, apart from the one ordinary subscriber share of £1 held by Niall Bamford.
- b. Niall Bamford and Mohammed Yusef are indirectly interested in the one ordinary share of £1 held by Invicta (please see paragraph (a) under the heading "Share Capital of the Company" above). This is because Invicta is a wholly owned subsidiary of Invicta Holdings Limited of which both Niall Bamford and Mohammed Yusef are the ultimate beneficial shareholders.

#### 6. Material Contracts

The Company has entered into a **Promoter's Agreement** with Invicta where Invicta has agreed to use all reasonable endeavours to procure subscribers for the New Ordinary Shares in the Company. Subject to the satisfaction of the Minimum Subscription Condition, the Company will pay Invicta a fee of 6.5 % of the Funds Deployed by the Company in respect of services provided by Invicta relating to the Offer; in consideration of this fee, Invicta will be responsible for paying all the costs of the Offer including commissions payable to introducers, professional advisers and other recognised intermediaries

Invicta will also provide certain business management and administrative services to the Company under an Advisory and Management Agreement in connection with (a) monitoring the investment of the Company; (b) monitoring compliance by the Company in the conduct of their business with the EIS legislation; and (c) liaise as necessary with the company secretary to the Company as regards administrative and legal compliance by the Company with the Companies Act 2006. The Company will pay an annual management fee bi-annually in advance to Invicta of 1.5% of the Funds Deployed. The Promoter's Agreement and the Advisory and Management Agreement may be terminated by Invicta by notice in writing, if the Minimum Subscription Condition is not satisfied or where there is a breach of warranties or undertakings by the Company which are material in the context of this agreement.

The Company may terminate the above Agreement with Invicta where Invicta (a) is in material unremedied breach of its obligations (b) is no longer authorised by the FSA to carry on the relevant regulated activities; and (c) (subject to Invicta's duty to ensure that the return of funds to investors is properly administered) if the Minimum Subscription Condition is not met by the First Offer Closing Date. Invicta may also terminate the Agreement where (c) applies and, where the Company is in unremedied material breach of its obligations under the Agreement and the Agreement may be terminated by either party on not less than 9 months prior written notice to the other

#### 7. [Litigation](#)

The Company is not, nor has it been, involved in any legal or arbitration proceedings and no such proceedings are active, pending or threatened against the Company which are having or may have or have had, since the incorporation of the Company, a significant effect on the Company's financial position.

#### 8. [Management of the Company](#)

The Directors will undertake technical due diligence to select the STOR sites for the pipeline of projects that will be made available to the Company and ensure that each STOR asset complies with the Company's business model. Operational management of the Company's STOR assets is likely to consist principally of monitoring and maintaining the performance of the equipment and managing the commercial relationship with National Grid, third party STOR specialists and specialist maintenance contractors. The Directors will undertake these activities with the assistance of Invicta. The scope of the services provided by Invicta and its remuneration are provided for in the Advisory and Management Agreement.

#### 9. [Minimum Subscription Condition](#)

It is a condition of the Offer that by 3pm on 31<sup>st</sup> December 2012 (or such later date as the Directors may determine at their discretion) the amount raised pursuant to the terms of the Offer must not be less than £1,000,000 or such other figure as the Directors may in their discretion determine as in their reasonable opinion will permit the trade of the Company to commence.

#### 10. [General](#)

- a. The Offer is not underwritten or guaranteed.
- b. The Company has no subsidiaries.

- c. The accounting period end date of the Company will be 31<sup>st</sup> March. The first annual report and accounts expected to be sent to the shareholders will be in respect of the trading period to 31<sup>st</sup> March 2013.

#### 11. Documents for Inspection

Copies of the following documents are available to any prospective investors or to their relevant advisers from Invicta by written request made to Invicta, subject to signature of an appropriate confidentiality undertaking:

- Articles of Association of the Company;
- pre clearance letters from HMRC in relation to satisfaction of the conditions required to obtain EIS Reliefs, once obtained; and
- Promoter's and Advisory and Management Agreement.

#### 12. Complaints

Any complaint relating to Invicta Capital Limited should be made in writing to the compliance officer of the Promoter and sent to:

The Compliance Officer  
Invicta Capital Limited  
33 St. James's Square  
London  
SW1Y 4JS

Complaints to the Promoter will be dealt with in accordance to the FSA's rules. The Promoter will endeavour to resolve the complaint as quickly as possible, but in any event will acknowledge receipt of a complainant's letter within five business days. The acknowledgement will include a full copy of the Promoter's internal complaints handling procedure and will set out the nature of the complaint. Details of the Promoter's internal complaints handling procedure are available upon request.

## PART 9 – TERMS & CONDITIONS

1. Save where otherwise stated, the terms used in the Application Form bear the same meaning as in Part 10 headed Definitions.
2. The Company reserves the right to treat as valid any Application not complying fully with these terms and conditions (“Terms and Conditions”) or which is not fully completed. In particular, but without limitation, the Company may accept Applications made otherwise than by completion of an Application Form where the Applicant has agreed in some other manner acceptable to the Company to apply in accordance with the Terms and Conditions.
3. The Company reserves the right to reject any Application (in whole or in part) or to accept any Application in part only. If any Application is not accepted for any reason, or if any contract created by acceptance does not become unconditional, or if any Application is accepted but for fewer New Ordinary Shares than the number originally applied for, then Application monies or the balance of the amount paid on application will be returned, without interest (except as required by law), by cheque sent through the post at the Applicant’s risk to the address stated in the Applicant’s Application Form.
4. An Applicant may pay for his/her Application by cheque, banker’s draft or electronic bank transfer submitted or made with the Application Form and payment will be deemed to have been made on receipt of cleared funds.
5. The Offer will not proceed unless the Minimum Subscription Condition in respect of the Company is reached by 31<sup>st</sup> December 2012 though the Directors of the Company can resolve to extend that date at their absolute discretion. If this minimum level of Applications is not achieved by 31<sup>st</sup> December 2012, Application monies which have been received will be returned, without interest (except as required by law), to the Applicant in the manner set out in paragraph 3 above.
6. Subject to the Minimum Subscription Conditions being reached and subject to the approval of the Directors, allotments of New Ordinary Shares may be made notwithstanding the fact that the Offer may not be subscribed for in full.
7. By completing and delivering an Application Form, you (as the Applicant):
  - (a) irrevocably offer to subscribe for the New Ordinary Shares specified on your Application Form or any smaller number for which such Application is accepted at the Offer Price subject to the provisions of this Information Memorandum, the Terms and Condition, and the Articles of the Company.
  - (b) authorise your financial adviser (or whoever he/she may direct), Invicta and/or the Company to send a share certificate for the number of New Ordinary Shares for which your Application is accepted, and/or a crossed cheque (or banker’s draft) for any monies returnable, by post at your risk to your address as set out in your Application Form;
  - (c) agree that, in consideration of the Company agreeing that it will not, prior to the Offer closing, offer any New Ordinary Shares for subscription to any persons other than as set out in this Information Form, your Application cannot be revoked and that this paragraph constitutes a collateral contract which will become binding upon

despatch by post or delivery by hand (as the case may be) of your Application Form duly completed to Invicta, the Company or to your financial adviser;

(d) if the Application Amount in your Application Form is inconsistent with the remittance which accompanies your Application Form, you agree that you shall be deemed to have applied for an investment in the Company as may be covered by the remittance which accompanies the Application Form and shall be deemed to have inserted such lesser amount in the Application Form;

(e) represent and warrant that your remittance will be honoured on first presentation and agree that, if such remittance is not so honoured, or your electronic bank transfer fails to clear, you will not be entitled to receive a share certificate for the New Ordinary Shares applied for or to enjoy or receive any rights or distributions in respect of such New Ordinary Shares unless and until you make a payment in cleared funds for such New Ordinary Shares and such payment is accepted by the Company (which acceptance shall be in its absolute discretion and which may be on the basis that you indemnify it against all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of your remittance to be honoured on first presentation) and that, at any time prior to such unconditional acceptance by the Company of such late payment in respect, the Company may (without prejudice to its other rights) treat the agreement to issue and allot New Ordinary Shares as void and may issue and allot such New Ordinary Shares to some other person, in which case you will not be entitled to any refund or payment in respect of such New Ordinary Shares (other than return of late payment);

(f) agree that all cheques and electronic bank transfers may be presented for payment on the due dates and any share certificate and any monies returnable to you may be retained pending clearance of your remittance or bank transfer and the completion of any verification of identity required by the Money Laundering Regulations 2007 (as amended) and that such monies will not bear interest (except as required by law);

(g) undertake to provide satisfactory evidence of identity in such reasonable time (in each case to be determined in the absolute discretion of the Company and/or Invicta) in order to ensure compliance with the Money Laundering Regulations 2007 (as amended);

(h) agree that, in respect of those New Ordinary Shares for which your Application has been received and processed and not rejected, acceptance of your Application shall be constituted by the Company instructing Invicta to enter your name(s) on the register of members of the Company;

(i) agree that all documents in connection with the Offer and any returned monies will be sent at your risk and may be sent to you at your address as set out in the Application Form;

(j) agree that, having had the opportunity to read this Information Memorandum (including the Terms and Conditions) and the Articles of the Company you shall be deemed to have had notice of and fully understood all information, terms and conditions and representations contained therein;

(k) confirm that (save for advice received from your financial adviser) in making such an Application you are not relying on any information and/or representation other than that or those contained in this Information Memorandum (or any supplementary document which may be issued in connection with it) and that, accordingly, you agree that no person responsible solely, jointly or severally for this Information

Memorandum (or any other supplementary document which may be issued) will have any liability for any such other information and/or representation (including, without limitation, for any advice received from your financial adviser);

(l) agree that all Applications, acceptances of Applications and contracts resulting there from under, or connected with, the Offer shall be governed by, and construed in accordance with, English law, including any non-contractual obligations relating thereto, and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company to bring any action, suit or such proceedings arising out of, or in connection with, any such Applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;

(m) agree to provide the Company with any information which it may request in connection with your Application or to comply with the requirements of the EIS legislation and/or any relevant legislation (as amended or replaced from time to time);

(n) irrevocably authorise the Company and/or Invicta (or any person authorised by any of them), as your agent, jointly and severally to do (or arrange to be done) all acts and things deemed necessary and/or desirable in the agent's absolute and unfettered discretion in order to effect the registration of any New Ordinary Shares subscribed for by you in your name and irrevocably authorise the same to execute any document required in order to give full effect to the above and, without limitation, to enter your name(s) on the register of members of the Company;

(o) represent and warrant that, in connection with your Application, you have observed and complied with the laws and regulations of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your Application in any territory and that you have not taken any action including the making of your Application which will or may result in the Company, Invicta (or any of their respective directors, officers, employees or agents) acting in breach of the regulatory or legal requirements of any territory in connection with the Offer or your Application;

(p) represent and warrant that you are not, nor are you applying on behalf of a person who is, under the age of 18;

(q) acknowledge that, unless Invicta has expressly advised you in writing to the contrary, Invicta is acting exclusively for the Company and will not treat you as its customer and is not responsible to anyone other than the Company for providing protections afforded to "clients" (as defined in the rules of the FSA) nor owe you any duties concerning the price of New Ordinary Shares or concerning the suitability of New Ordinary Shares nor for providing advice to any other person in relation to the Offer;

(r) represent and warrant that, if you sign the Application Form on behalf of somebody else or a corporation, you have the authority to do so and such person will also be bound accordingly and will be deemed also to have given the consents, confirmations, representations, warranties and undertakings contained in these Terms and Conditions and in the Application Form and undertake to enclose a valid, legal and binding power of attorney or a copy thereof duly certified by a solicitor with the Application Form;

(s) represent and warrant that you are not subscribing for the New Ordinary Shares using a loan which would not have been given to you, or not given to you on such favourable terms, if you had not been proposing to subscribe for the New Ordinary Shares;

(t) represent and warrant that the New Ordinary Shares are allotted to you for bona fide investment purposes and not as part of a scheme or arrangement the main purpose of which, or one of the main purposes of which, is the avoidance of tax (note that obtaining tax reliefs given under the EIS legislation does not, of itself, constitute tax avoidance);

(u) acknowledge that certain EIS Reliefs may be withdrawn if you become connected with the Company in which you are allotted New Ordinary Shares, and that it is your responsibility to inform Invicta should you be or become aware that you are connected with the Company in any way;

(v) represent and warrant that you are not a US Person or resident of Canada, Japan, Australia or any other jurisdiction where the Offer cannot lawfully be made and that you are not applying on behalf of, or with a view to, the offer, sale or delivery, directly or indirectly, to, or for the benefit of, any US person or resident of Canada, Japan, Australia or any other jurisdiction where the Offer cannot lawfully be made;

(w) represent and warrant that the information contained in the Application Form is true, accurate and not misleading in any respect;

(x) will not reproduce or distribute this Information Memorandum and/or, the Application Form in whole or in part and that you will not disclose any of their content or any information therein for any purpose other than your considering an investment in the Company;

(y) acknowledge that you have not relied on any advice provided by Invicta in connection with your Application or in the completion of the Application Form;

(z) acknowledge that you are aware of the speculative nature of any investment in the Company and that difficulties may arise in selling or otherwise disposing of your interest in the Company; and

(aa) acknowledge that the purchase of New Ordinary Shares is not covered by the Financial Services Compensation Scheme established by the FSA. Similarly, the Company is not authorised under FSMA, and shareholders will not be able to claim under the Financial Services Compensation Scheme should the Company default.

8. You will not have a post-sale right to cancel your subscription nor will you have a pre-sale right to withdraw.
9. No person receiving a copy of this Information Memorandum or an Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him/her, nor should he/she in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him/her or such Application Form could lawfully be used without contravention of any registration or other legal requirements.
10. The New Ordinary Shares have not been and will not be registered under the United States Securities Act 1933, as amended, or under the securities laws of any state or other political subdivision of the United States, and may not be offered or sold in the

United States. In addition, the Company has not been and will not be registered under the United States Investment Company Act of 1940 (as amended). No Application will be accepted if it bears an address in, or appears to have been posted from within, the United States.

11. Your Application is addressed to the Company. The rights and remedies of the Company under the Terms and Conditions are in addition to any rights and remedies which would otherwise be available to the Company and the exercise or partial exercise of one will not prevent the exercise of others.
12. The dates and times referred to in these Terms and Conditions may be altered by the Company with the agreement of Invicta without prior notice.
13. Authorised financial intermediaries who, acting on behalf of their clients, return valid Application Forms will be paid commission on the amount payable in respect of the New Ordinary Shares allocated for each such Application Form.
14. It is a condition of the Offer that, in order to ensure compliance with the Money Laundering Regulations 2007 (as amended), Invicta (or any party acting for or on their behalf) are entitled to require, at their absolute discretion, verification of identity and/or address from any Applicant lodging an Application Form including, without limitation, any person who either: (i) tenders payment by way of a electronic bank transfer or by cheque or banker's draft drawn on an account in the name of a person or persons other than the Applicant; or (ii) otherwise appears Invicta to be acting on behalf of some other person. Any such person must contact Invicta (or any party acting for or on their behalf) in sufficient time before tendering payment so that appropriate measures may be taken. Pending the provision of evidence satisfactory to Invicta as to the identity of the Applicant or any person on whose behalf the Applicant appears to be acting, Invicta may, in their absolute discretion, retain an Application Form lodged by an Applicant and the cheque or other remittance relating thereto and Invicta may not enter the Applicant on the register of members or issue any share certificates in respect of such Application. If verification of identity and/or address is required, this may result in a delay in dealing with the Application and in the rejection of the Application. The Company reserves the right, in its respective absolute discretion, for it and/or Invicta to reject any Application in respect of which Invicta considers that, having requested verification of identity and/or address, it has not received evidence of such identity and/or address satisfactory to it by such time as was specified in the request for verification of identity and/or address or in any event within a reasonable period. Neither the Company and/or Invicta will be liable to any person for any loss whatsoever and howsoever incurred as a result of the exercise of Invicta's discretion to determine whether the verification of identity and/or address is required and, if so, whether such verification has been appropriately evidenced by the Applicant. In the event of an Application being rejected in any such circumstances (or in any other circumstances), the Company reserves the right in its respective absolute discretion, but shall have no obligation, to terminate any contract of issue and allotment relating to, or constituted by, such Application Form (in which event the money payable or paid in respect of the Application will be returned, without interest (except as required by law), at the sole risk of the Applicant) and to endeavour to procure other subscribers for the New Ordinary Shares in question (but in each case without prejudice to any rights such Company may have to take proceedings to recover in respect of loss or damage suffered or incurred by it as a result of the failure to produce satisfactory evidence as aforesaid). The submission of an Application Form will constitute an undertaking by the Applicant to provide promptly to the Company or Invicta (or any party acting for or on behalf of such Company or Invicta) such information as may be specified by it as being required for the purpose of the

Money Laundering Regulations 2007 (as amended) and a warranty that the Money Laundering Regulations 2007 will not be breached by the acceptance of the remittance.

15. The Company or Invicta shall not be liable to the Shareholder in the event of an insolvency of any bank with which such funds held by the Company have been deposited nor in the event of any restriction on the ability of the Company to withdraw funds from such bank for reasons which are beyond its reasonable control.
16. The Application Procedure and Guide to Application Form, Part 11, and the notes contained within the Application Form form part of these Terms and Conditions.

## PART 10 - DEFINITIONS

Anticipated Minimum Trading Period	For the Company, the period commencing with the first issue of the New Ordinary Shares and ending at the end of the last Relevant Period for holders of New Ordinary Shares.
Applicant	A person who has submitted or is to submit an Application Form in order to subscribe for New Ordinary Shares under the Offer.
Application	An application for New Ordinary Shares under the Offer.
Application Form	The form set out on page 44 of this Information Memorandum to be completed in order to subscribe for New Ordinary Shares under the Offer.
Associate	A director, substantial shareholder or person exercising significant influence as defined in paragraph (3) of the FSA Rules.
CGT Deferral Relief	Has the meaning given to it on page 18.
CGT Exemption	Has the meaning given to it on page 18.
CGT	Capital Gains Tax.
Company	STOR Power PLC; the Company in which Investors subscribe for New Ordinary Shares under the Offer
Deployment	The allocation of the Company's capital to STOR Assets.
Directors	The board of directors of the Company.
EIS	The Enterprise Investment Scheme.
EIS Relief(s)	Income Tax Relief and/or CGT Deferral and/or CGT Exemption.
Exit	A refinancing, or the sale, of investments made by the Company.
First Offer Closing Date	The date when the Minimum Subscription Condition has been satisfied which is targeted for 31 <sup>st</sup> December 2012 but which may be extended at the discretion of the Directors to such later date (but not later than 9 months after the date of first issue of this Information Memorandum) as the Directors may determine.
Form EIS3	Has the meaning given to it on page 20.
FSA	The Financial Services Authority and its successors.

FSA Rules	The rules contained in the FSA's Handbook of Rules and Guidance.
FSMA	The Financial Services and Markets Act 2000 and any secondary legislation, regulations or rules made thereunder.
Funds Deployed	The aggregate amount of the value of New Ordinary Shares subscribed for in the Company
IHTA	Inheritance Tax Act 1984.
HMRC	Her Majesty's Revenue and Customs.
Income Tax Relief	Has the meaning given to it on page 17.
Information Memorandum	This information memorandum issued in respect of the Company dated 16 <sup>th</sup> July 2012 (as may be supplemented from time to time).
Investor	A qualifying individual or trustee who completes an Application Form which is accepted by Invicta.
Invicta	Invicta Capital Limited, a private limited company incorporated in England and Wales and being authorised and regulated by the FSA.
ITA	The Income Tax Act 2007.
kW	Kilowatt (one thousand Watts).
Loss Relief	Has the meaning given to it on page 19.
Memorandum	The Information Memorandum.
Minimum Subscription Condition	The condition referred to on page 14.
MW	Megawatt (one million watts)
Net	After all costs, fees and expenses of investment (except where otherwise stated).
New Ordinary Shares	Up to 5,000,000 Ordinary Shares in the Company to be issued under the terms of this Information Memorandum.
Offer	The Offer for subscription for New Ordinary Shares in the Company as set out in this Information Memorandum.
Ordinary Shares	Shares in the Company
Promoter	Invicta
Qualifying Trade	A trade permitted by section 189 of Income Tax Act

2007.

Relevant Period	For each Shareholder in the Company, the period of three years from the later of (i) the last date of issue to that Shareholder of any shares subscribed for in the Company and (ii) the commencement of the Qualifying Trade.
Shareholder	An individual or his/her nominee who subscribes for New ordinary Shares in the capital of the Company pursuant to the Offer.
STOR	Short Term Operating Reserve
STOR Assets	Diesel fuelled generators for supplying electricity to National Grid
Tax Advantages	The tax reliefs, including EIS Relief, arising from the subscription for New Ordinary Shares under the Offer as described in the section “Tax Advantages”.
Taxes Act	The Income and Corporation Taxes Act 1988.
UK	The United Kingdom of Great Britain and Northern Ireland.
VAT	Value Added Tax.

## PART 11 - APPLICATION PROCEDURE AND GUIDE TO APPLICATION FORM

### Application Procedure

1. The Application Form on page 44 is only to be used by investors who wish to subscribe for New Ordinary Shares in the Company.
2. Your Application must be made by means of the Application Form and should be accompanied, preferably, by a cheque or banker's draft for the full amount of the Application money and drawn in sterling on an account held in the name of the Applicant at a UK clearing bank. Cheques or banker's drafts must be made payable to "STOR Power PLC" and will be held on the subscription trusts referred to above.
3. Alternatively, if you wish to make payment by telegraphic transfer, please transfer the funds to the following account:  
Account Name: STOR Power PLC  
Bank: Coutts & Co  
Account Number: 04730445  
Sort Code: 18-00-02  
Payment Reference: "Investor Name"

**For Money Laundering Act purposes, client contributions must be remitted from their personal bank account and not a business or office account. Payments should be clearly referenced with the Applicant's full name.**

4. Please send your completed Application Form to STOR Power PLC, c/o Invicta Capital Limited, 33 St. James's Square, London SW1Y 4JS. If you are posting your Application Form, we advise you to allow two full business days for delivery.
5. Your Application Form must be received by no later than 3pm on 31<sup>st</sup> December 2012 or such other date as the Directors may subsequently resolve.
6. If it is not possible to make payment as in paragraph 2 or 3 above and payment is made instead by:
  - A cheque drawn by a third party;
  - A building society cheque; or
  - A banker's draft;

then you should write the name, address and date of birth of the Applicant on the back of the third party cheque, building society cheque or banker's draft and:

- i. If a cheque is drawn by a third party, you must ensure that the following documents are enclosed with the form (original documents will be returned by post at your risk):
  1. Verification of identity: a copy of your current and valid passport or driving licence certified as being a true copy by a solicitor or bank (please note that paper-style UK provisional licences are not acceptable); and

2. Verification of address: an original bank or building society statement or utility bill which is no more than three months old (please note that a mobile telephone bill is not acceptable); and
- ii. If a building society cheque or banker's draft is used, the building society or bank must also endorse on the cheque or draft the name and account number of the person whose account is being debited.

## Guide to the Application Form

Prior to making an investment decision, prospective investors should carefully consider all of the information set out in this Information Memorandum and should consider whether an investment in the Company constitutes a suitable investment in the light of their personal circumstances, tax position and the financial resources available to them. An investment in the Company involves a high degree of risk and may not be suitable for all investors. Potential investors should therefore seek advice from a stockbroker, accountant, fund manager or other independent financial adviser before making any decision to invest. Potential investors are also recommended to consult a professional adviser regarding their personal tax position and the consequences of an EIS investment.

### Box 1 - Application and Amount Payable

Insert the number of New Ordinary Shares and the Application Amount for which you are subscribing to the Company. Please note that the minimum Application is £50,000 or a lower amount which must be pre-approved by the Directors. Applicants should also note that the maximum investment on which Income Tax Relief and CGT Exemption on investments in EIS-qualifying companies are available is £1,000,000 per tax year. Payment may be made by cheque or banker's draft made payable to "STOR Power PLC" and crossed "A/C Payee Only" or by telegraphic transfer (please see above). Please attach you cheque or banker's draft to the Application Form.

### Box 2 - Personal Details

Insert your full name and address using BLOCK CAPITALS. Applicants can only apply on their own behalf and in their own name but, notwithstanding this rule, may subscribe through a nominee. You must also give your own address and full postcode and daytime telephone number. Your telephone number will only be used in relation to a query regarding your Application Form.

### Box 3 - Advisers' Details

If you are subscribing to the Company through your FSA-authorized intermediary, then this box should be completed by that intermediary. Advisers are also required to submit an invoice for payment of commission.

### Box 4 – Distribution Instructions

Please insert the required details of the bank account to which you wish any payments or distributions from the Company to be credited.

### Box 7 – Confirmation

**Please sign and date the form where indicated. The Application Form may be signed by someone else on your behalf if duly authorised to do so, but a power of attorney or a copy of such power of attorney, duly certified as being a true copy by a solicitor or a duly authorised officer of a bank, must be enclosed for inspection and will be returned in due course.**

This Information Memorandum is dated **16<sup>th</sup> July 2012.**

## APPENDIX 1 - APPLICATION FORM

### **STOR Power PLC (the Company)**

(Incorporated in England & Wales under the Companies Act 2006 with registered number 7806630)

Offer for subscription by the Company of up to 5,000,000 New Ordinary Shares of £1 each at an issue price of £1 per New Ordinary Share which is payable in full on application (the Offer). Capitalised terms not defined herein have the meanings given to them in Part 10 of the Information Memorandum issued by the Company in relation to the Offer on 16<sup>th</sup> July 2012 (as may be supplemented from time to time) (the Information Memorandum). In the event of a conflict between the provisions of the Information Memorandum and this Application Form, the Information Memorandum shall prevail.

This Application Form, duly completed, together with your cheque or banker's draft (made payable to STOR Power PLC" and crossed "A/C Payee Only") for the full amount payable on application should be sent to STOR POWER Limited, c/o Invicta Capital Limited, 33 St. James's Square, London SW1Y 4JS so as to arrive no later than 3pm on 31<sup>st</sup> December 2012 or by such other date as the Directors may subsequently resolve, at their discretion.

### **SECTION 1 - Subscription for New Ordinary Shares**

Number of £1.00 New Ordinary Shares applied for:

Application Amount: \_\_\_\_\_ £ \_\_\_\_\_

### **SECTION 2 - Personal Details**

Title: \_\_\_\_\_

First name(s): \_\_\_\_\_

Surname: \_\_\_\_\_

Home address: \_\_\_\_\_

Town: \_\_\_\_\_ Postcode: \_\_\_\_\_

Home telephone: \_\_\_\_\_ Mobile: \_\_\_\_\_

Work telephone: \_\_\_\_\_ Work facsimile: \_\_\_\_\_

Email: \_\_\_\_\_

Date of birth: \_\_\_\_\_ Nationality: \_\_\_\_\_

Unique Tax Reference No: \_\_\_\_\_

National Insurance No: \_\_\_\_\_

**SECTION 3 – Advisors’ Details – to be completed by your Adviser (if any)**

Title: \_\_\_\_\_

First name(s): \_\_\_\_\_

Surname: \_\_\_\_\_

Job title: \_\_\_\_\_ Individual FSA  
no: \_\_\_\_\_

Company name: \_\_\_\_\_

Firm FSA No: \_\_\_\_\_

Address: \_\_\_\_\_

Town: \_\_\_\_\_ Postcode: \_\_\_\_\_

Telephone: \_\_\_\_\_ Facsimile: \_\_\_\_\_

Mobile: \_\_\_\_\_

Email: \_\_\_\_\_

Administrator Name: \_\_\_\_\_

Administrator Telephone: \_\_\_\_\_

Administrator Email: \_\_\_\_\_

I hereby confirm that the Applicant is a customer of our firm and that I have assessed the suitability of this investment for the Applicant.

(Signature of Adviser) \_\_\_\_\_

**SECTION 4 – Distribution Instructions**

For future payment of distributions from the Company please provide us with details of the bank account you would like these paid into.

Bank name: \_\_\_\_\_

Bank address: \_\_\_\_\_

Account name: \_\_\_\_\_

Account no: \_\_\_\_\_ Sort code: \_\_\_\_\_

## **SECTION 5 – Data Protection**

By providing personal information as part of your Application and by signing this Application Form, you hereby confirm that you consent to the use of your personal information as follows. Neither the Company nor Invicta will make the personal information provided by you as part of your Application available to any person or entity outside of the Company and Invicta without your consent. This personal information may be used by Invicta to send you details of new and existing products (including by email) unless you notify Invicta in writing or by email that it may not be used in this way. Invicta is registered under the data protection laws of the United Kingdom.

## **SECTION 6 – Reporting**

All reporting to Shareholder's will be done via Invicta's secure investors' on-line account on behalf of the Company. Clients will be notified by email when correspondence or information is uploaded to the website. It is therefore imperative that you provide a current email address as requested above.

## **SECTION 7 – Confirmation**

I confirm and declare that I have received, read and understood the Information Memorandum, the terms set out therein, this Application Form and further confirm my acceptance of the same and I irrevocably offer to subscribe for the number of New Ordinary Shares stated above in Section 1 of this Application Form subject to the Articles, the Terms and Conditions and the provisions of the Information Memorandum. I represent and warrant that the information provided in this Application Form is, to the best of my knowledge and belief, true, accurate and not misleading. I confirm I understand that by signing this Application Form, I am giving all of the consents, confirmations, representation, warranties and undertakings required by this Application Form and in the Terms and Conditions.

**Signature of Applicant:** \_\_\_\_\_

**Date:** \_\_\_\_\_