



# Crowd-sourced funding offer document

3 October 2023

## Offer of fully-paid ordinary shares in Grong Grong Solar Farm Pty Ltd at \$1.00 per share to raise a maximum of \$1,150,000.00

This crowd-sourced funding (“CSF”) offer document relates to the Offer of fully-paid ordinary shares in Grong Grong Solar Farm Pty Ltd. This Offer is made under the CSF regime in Part 6D.3A of the Corporations Act 2001 (Cth).

Always consider the general CSF risk warning and offer document before investing.

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### Issuer

Grong Grong Solar Farm Pty Ltd ACN 632 803 984

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### Intermediary

Birchal Financial Services Pty Ltd AFSL 502618

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**Community-owned renewable energy generation can help us reach our emission reduction targets.**



## Section 1

# Risk Warning

Crowd-sourced funding is risky. Issuers using this facility include new or rapidly growing ventures. Investment in these types of ventures is speculative and carries high risks.

You may lose your entire investment, and you should be in a position to bear this risk without undue hardship.

Even if the company is successful, the value of your investment and any return on the investment could be reduced if the company issues more shares.

Your investment is unlikely to be liquid. This means you are unlikely to be able to sell your shares quickly or at all if you need the money or decide that this investment is not right for you.

Even though you have remedies for misleading statements in the offer document or misconduct by the company, you may have difficulty recovering your money.

There are rules for handling your money. However, if your money is handled inappropriately or the person operating the platform on which this offer is published becomes insolvent, you may have difficulty recovering your money.

Ask questions, read all information given carefully, and seek independent financial advice before committing yourself to any investment.

## Section 2

# Information about the Company

Dear Investors

### The Grong Grong Solar Farm is Growing!

In 2022 we welcomed 413 new shareholders who invested ~\$750,000 in 8 days via Birchal. Now, the Grong Grong Solar Farm is under construction, and you are invited to join us and become a part-owner of this solar farm!

The Grong Grong Solar Farm is a trailblazing project based in the Riverina of NSW, just 1 hour from Wagga Wagga, in the Narrandera Shire Council. In 2022, it became the first ever solar farm in Australia to raise funds via crowd equity.

Since that raise in 2022, the Grong Grong Solar Farm received grid connection approval, optimised the design, amended the planning approval, procured PV modules, singles axis trackers and the transformer/inverter solution, established the site with security fencing and driveway accesses, installed the piling and single axis tracker and installed the solar panels. The transformer/inverter has arrived into Sydney, ready for installation onsite in the coming weeks. By the end of January 2024, we expect our contractor to reach practical completion and the Company to start revenue-earning operations!

The Grong Grong Solar Farm also has a \$1.9 million grant from the NSW Government Regional Community Energy Fund. This grant funding has partly supported another Australian first, a partnership with the Haystacks Solar Garden Cooperative for Australia's first large-scale solar garden. Pingala and Community Power Agency have facilitated the creation of the Haystacks Cooperative, appointed a board and taken on 173 members who have purchased virtual solar

garden plots. These members will enjoy on-bill credits via Energy Locals from their 3kW virtual plots. A great solution for renters and others who can't get rooftop solar!

The Grong Grong Solar Farm has plans to grow in the future, too. Planning and grid connection approval allow the inclusion of a 2MWh battery. No major approvals are required, it will only be a matter of financing and installing the battery.

With the addition of a battery, we estimate an extra 33% or 500 kW of solar could be installed to ensure there is enough solar generation daily to charge the battery, particularly in winter when solar generation is low and energy prices have become higher.

Adding battery storage and a solar expansion for the Grong Grong Solar Farm is expected to improve the use of the land and grid connection which will have been established, increasing its potential revenues with low additional marginal up front cost.

This is a very challenging time in the energy sector in NSW. The Liddell Power Station closed in 2023, and the Eraring Power Station, NSW's largest, plans to close in 2025. We hope to contribute in a small yet significant way to the build-out of renewables to replace coal power stations!

**The Grong Grong Solar Farm is ready to go. All key components have arrived, all approvals are in place, and only this final layer of finance is required to complete the solar farm and commence generation.**

By entering into commercial operation in the near future, the Grong Grong Solar Farm is expected to tap into what we consider currently high revenues for NSW wholesale electricity prices. The solar farm is also expected to create renewable energy certificates, which are in demand from corporates targeting 100% renewable energy.

While renewable energy zones, large-scale wind and solar farm projects are being delayed, small projects, and many of them, can be a big part of the solution. We already have over 3 million households with rooftop solar. Now it is time to unlock community solar farms!

By supporting the Grong Grong Solar Farm, you are supporting a new type of solution that can include renters and others that cannot get rooftop solar, and also a new type of solar farm that can help solve our energy woes.

We can show government and businesses that there is a serious market for communities and everyday Australians to invest directly in renewable projects to help make them happen. We welcome you to join us in 2023 and enjoy the benefits in the years to come!

**Jonathan & Gerald**

Directors of Grong Grong Solar Farm Pty Ltd





## 2.1 Company details

This offer of shares is made by Grong Grong Solar Farm Pty Ltd ACN 632 803 984 (the “Company”).

Item	Detail
Company Name	Grong Grong Solar Farm Pty Ltd
ACN	632 803 984
Date of incorporation	9 April 2019
Registered Office and Principal Place of Business	17 Thurlow St, Newmarket QLD 4051
Directors	Jonathan Edward Prendergast, Gerald Arends
Company Secretary	Gerald Arends
Subsidiaries	None
Share registry	Boulevard Global <a href="http://www.boulevardglobal.com">www.boulevardglobal.com</a>
Website	<a href="http://www.gronggrongsolarfarm.com.au">www.gronggrongsolarfarm.com.au</a>



## 2.2

# Scorecard

Despite challenging market conditions in the international supply chains and the construction sector, the Company has made significant progress in the past year. Below is a scorecard that details what the Company has achieved since its June 2022 CSF raise:

Key Area	Objectives From Last Offer Document	Progress	
<b>Complete Development Activities</b>	Completing process for grid connection approval	Connection Agreement and Option to Proceed signed in August 2022	<b>Complete</b>
	Upgrade of land tenure to new form of registrable long-term lease	Land tenure in Headlease upgraded and registered.	<b>Complete</b>
		The land tenure of the Sub-licence will be upgraded to a Sublease.	<b>In progress</b>
<b>Engineering Activities</b>	Solar farm design	Solar farm design developed to 'issued for construction' level	<b>Complete</b>
	Contestable works design (ASP3 – grid connection assets)	Contestable works design developed and certified by Essential Energy	<b>Complete</b>
<b>Complete Procurement Activities</b>	Single-axis tracker and pile procurement	Supply Agreement signed with Zimmermann and equipment delivered to site	<b>Complete</b>
	PV module procurement	Supply Agreement signed with Jinko Solar and equipment delivered to site	<b>Complete</b>
	Transformer and inverter skid procurement	Supply Agreement signed with Fimer Australia, equipment manufactured and delivered to warehouse in Sydney	<b>Complete</b>
<b>Complete Financing Activities</b>	RCEF Funding	Increase in RCEF funding approved by Office of Energy and Climate Change	<b>Complete</b>
	Haystacks Loan	Haystacks fund raising process completed raising \$735,000 out expected \$1.4 million	<b>Complete</b>
<b>Undertake Construction</b>	Fencing	Security fence established	<b>Complete</b>
	Civil works	Road turn-ins for heavy vehicle and light vehicle access and internal road completed	<b>Complete</b>
	Piling (foundations)	Piling completed	<b>Complete</b>
	Mechanical tracker installation	Tracker installation completed	<b>Complete</b>
	Mechanical module mounting	Module mounting completed	<b>Complete</b>
	Electrical works	Electrical works are in progress	<b>In progress</b>

## 2.3

# Our business

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### Who We Are

The Company is currently constructing the Grong Grong Solar Farm near the township of Grong Grong in the Riverina (NSW), with a footprint of approx. 5.27 ha and a capacity of 1.5 MW (AC) / 1.7 MW<sub>peak</sub>, sufficient to power up to 700<sup>1</sup> households and reduce NSW emissions by approx. 2,700<sup>2</sup> tonnes of carbon dioxide annually.

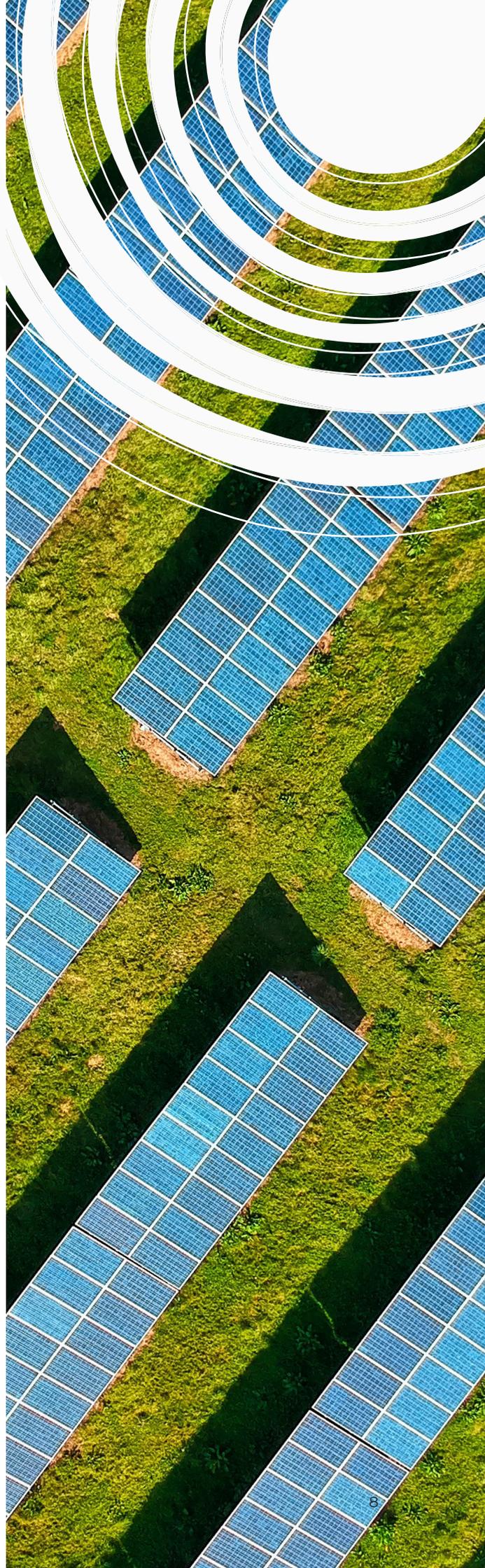
Following construction and commissioning, the Grong Grong Solar Farm is expected to operate for up to 34 years. The contract for the construction and commissioning of the Grong Grong Solar Farm has set 31 January 2024 as the date for 'practical completion' at which the Company is expected to enter the revenue earning phase.

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<sup>1</sup> Based on generation modelling created in PV-Syst and the average annual Ausgrid-area household consumption.

<sup>2</sup> Based on the NSW emissions factor Scope 2 and Scope 3 from the 2023 National Greenhouse Accounts Factors.

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## What is our business strategy?

The business strategy is simple: At its core, we intend to build the Grong Grong Solar Farm and sell renewable electricity.

Once we allow for the upfront capital expenditure (Capex) and the ongoing cost (Opex), including the cost of finance, we hope to generate a surplus, while providing tangible benefits for our communities and the environment!

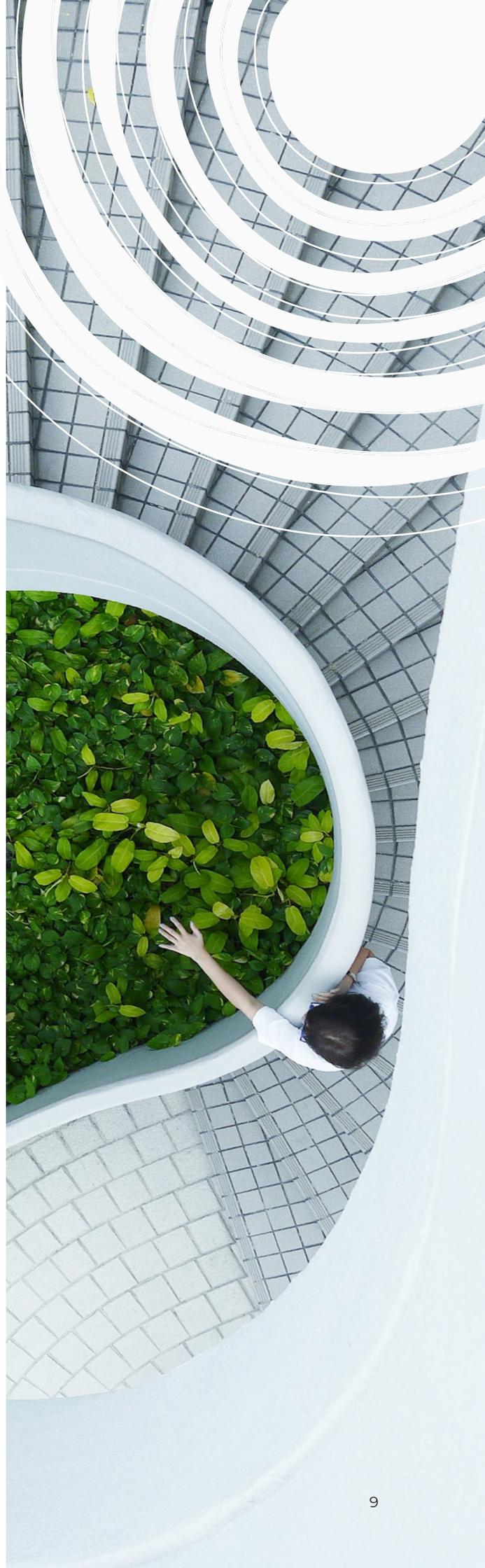
**The business strategy is simple: build a solar farm and sell renewable energy!**

## Revenue streams

In its first stage, the Company assumes two revenue streams:

1. the market price for electricity sold into the National Electricity Market; and
2. the market price for 'large-scale generation certificates' (LGCs) created in relation to the electricity generated by the Grong Grong Solar Farm.

The Company is in discussions with a potential offtaker for the purpose of entering into a power purchase agreement (PPA) to sell electricity and LGCs to hedge against market risk. If this process is successful, it is likely to take effect from 2025.

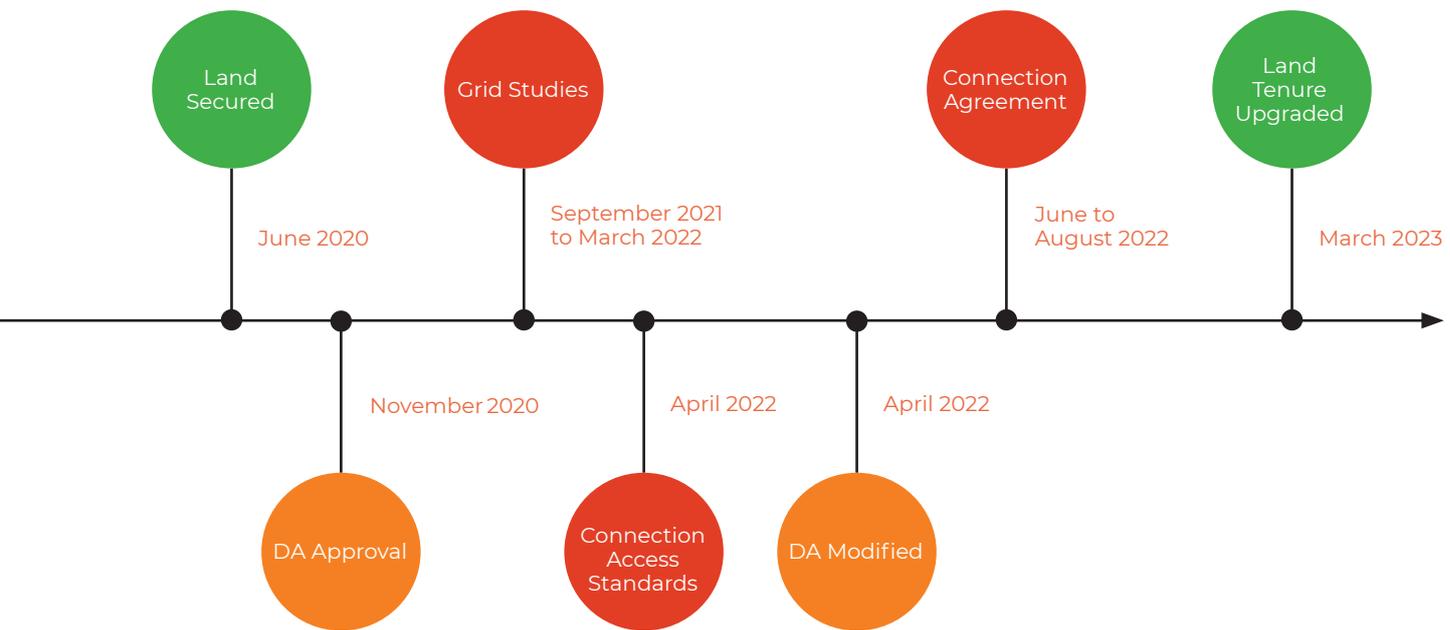


## How will we implement our business strategy?

In order to generate renewable electricity, the Company needs to complete development, procurement, financing and construction.

### Development

All key steps in the development process have been completed.



## SECTION 2 / INFORMATION ABOUT THE COMPANY

### Procurement

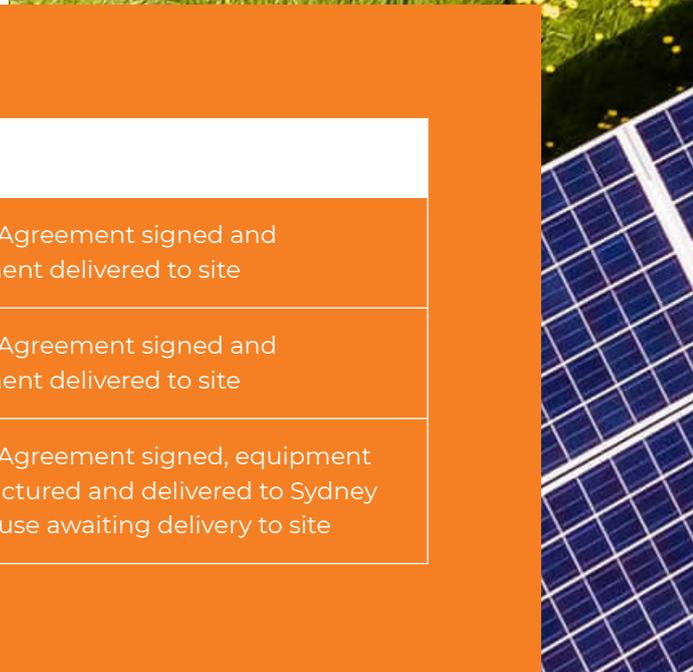
The Company has directly procured all key equipment for the Grong Grong Solar Farm. The table below identifies the current status:

Equipment	Supplier	Status
Single-axis tracker and pile foundations	Zimmermann	Supply Agreement signed and equipment delivered to site
PV modules	Jinko	Supply Agreement signed and equipment delivered to site
Transformer/inverter skid solution	Fimer Australia	Supply Agreement signed, equipment manufactured and delivered to Sydney warehouse awaiting delivery to site

The foundations for the transformer/inverter skid are currently in construction and skid is expected to be delivered to site and lifted into place towards the later part of October.

### Engineering

All key engineering aspects have been completed with the solar farm design 'issued for construction' and the contestable works design (assets that connect the solar farm to the Essential Energy network) completed and certified by Essential Energy.



Construction

Separate works packages were let for fence installation, the civil works and the piling and mechanical installation, all of which are now materially complete. Watters Electrical will deliver all electrical works (including the contestable works connecting the solar farm to the Essential

Energy network) and take responsibility for the mechanical works. The Company expects that the electrical works will be completed by 31 January 2024.



## Financing

The construction of the Grong Grong Solar Farm is capital intensive and requires multiple layers of financing.

The Company has put in place a Construction Finance Loan to allow construction of the project to continue at pace. The Company intends to use the proceeds of the Haystacks Loan to reduce the balance of the Construction Finance Loan.

The proceeds of this Offer will be used in part to directly fund the construction of the Grong Grong Solar Farm, in part to repay the Construction Finance Loan. The proportion between these two components depends on the timing of the receipt by the Company of payment claims by the construction contractor.

## Operation

The Grong Grong Solar Farm plans to commence revenue earning in January 2024 and may continue to do so for up to 34 years!

## Hosting the Haystacks Solar Garden

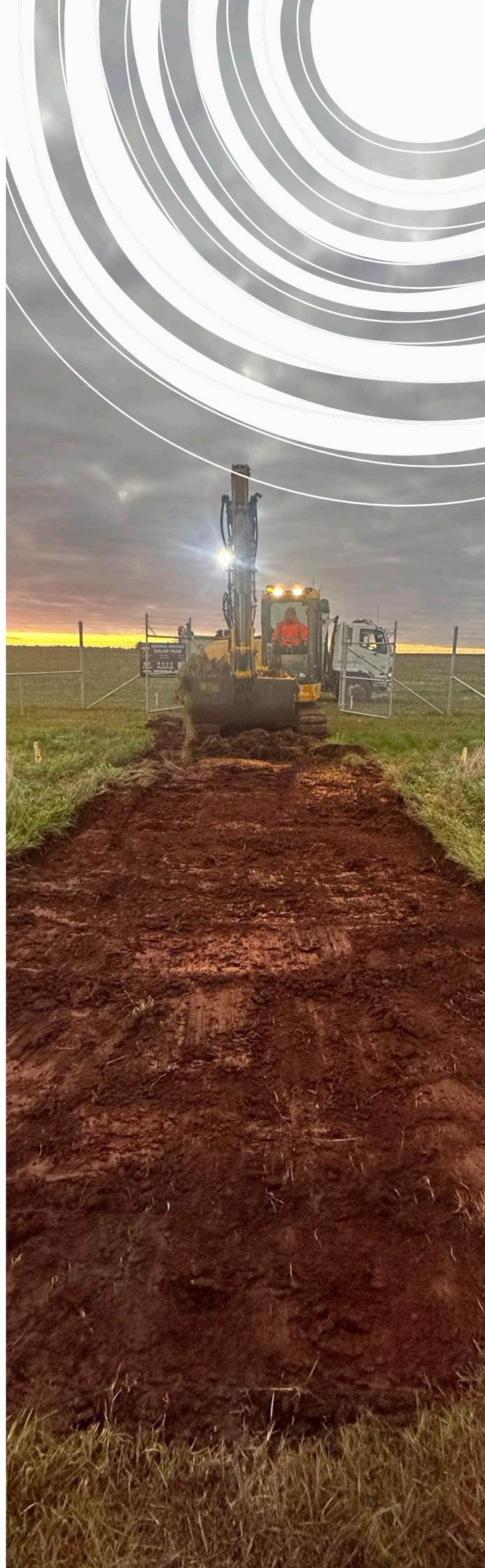
The Grong Grong Solar Farm intends to host the 'Haystacks Solar Garden', Australia's first large-scale 'solar garden'. Virtual 'plots' of 3 kW have been sold to members of the Haystacks Cooperative who will enjoy on-bill credits from the solar generation for 10 years. The solar garden aspect of the project is being managed by the Haystacks Cooperative, the members of which includes the solar gardeners. No further solar garden plots are available for sale.

The relationship between the Haystacks Cooperative and the Company is the Haystacks Loan, further details of which are provided at Section 2.8.3.

Participation in the Haystacks Solar Garden is separate and different from an investment under this Offer:

- Solar Gardeners are welcome to also invest under this Offer.
- Investment under this Offer does not require investors to also invest in the Haystacks Solar Garden.

This Offer and this Offer Document do not relate to a participation in the Haystacks Solar Garden.



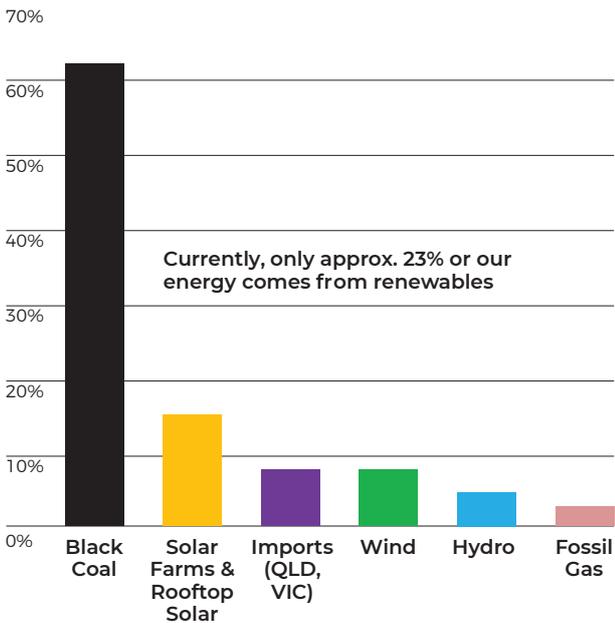
## 2.4 Market environment

### Electricity Market

The Company plans to sell renewable electricity generated by the Grong Grong Solar Farm into the NSW segment of the National Electricity Market (NEM), which also includes South Australia, Tasmania, Victoria and Queensland as an interconnected electricity system.

In 2022, NSW's electricity is supplied by black coal (62%), rooftop solar and solar farms (15%), imports from Victoria and Queensland (8%), Wind Power (8%), Hydro (5%) and Gas (3%)<sup>3</sup>.

### Generation Sources Share of NSW supply of electricity in 2022



Out of all the NEM states, the Company expects NSW to go through the most dramatic change over the next decade. While NSW had almost 10 Gigawatts (GW) of coal power generation in 2021<sup>4</sup>, yet this is changing. In the Company's view this creates a favourable environment for the Grong Grong Solar Farm.

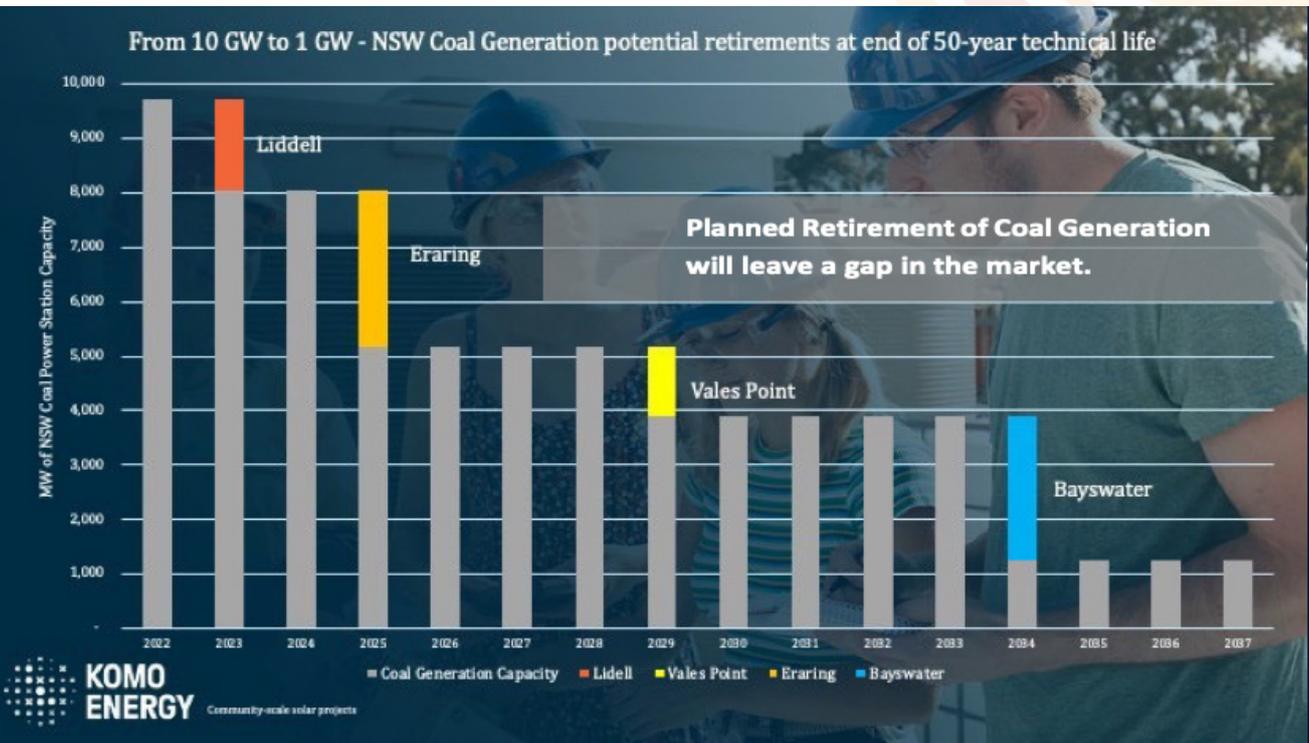
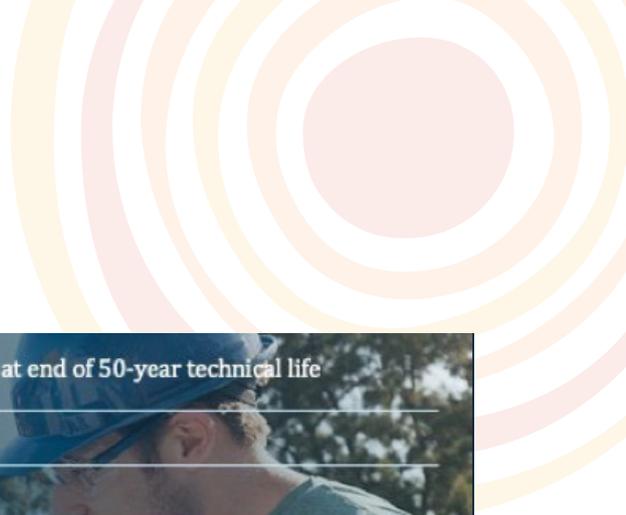
The 1.6 GW Liddell Coal Power Station in the Hunter Valley has been retired<sup>5</sup>. Recently, the owner of the 2.2 GW Eraring coal power station on the Central Coast announced that it will commence its closure in 2025<sup>6</sup>.

<sup>3</sup> OpenNEM.org.au – NSW 2022 – Sources – Contribution % - Simplified

<sup>4</sup> OpenNEM.org.au – NSW – Facilities – Coal

<sup>5</sup> <https://www.agl.com.au/about-agl/media-centre/asx-and-media-releases/2023/april/agls-liddell-power-station-closes-after-52-years-of-operation>

<sup>6</sup> <https://www.originenergy.com.au/about/investors-media/origin-proposes-to-accelerate-exit-from-coal-fired-generation/>



In recent times, there has been substantial investment in solar and wind farms and rooftop solar, with these technologies now supplying around 23.0% of NSW’s electricity<sup>7</sup>. We expect that even more electricity generation and storage will be needed to meet the supply and demand imbalance, and it will be needed quickly!

While higher prices are not good for electricity customers, they do increase revenues for electricity generators. These higher revenues make investment in new wind and solar farms more attractive.

In 2022, AEMO reported a 141% increase in wholesale electricity prices<sup>8</sup>. As the market price is based on supply and demand, a lack of supply is expected to see increased prices in the future.

We expect demand for electricity to increase due to a variety of circumstances, including pumping operation of the expected 2 GW Snowy Hydro 2.0 scheme, electrification of transport and transitioning from gas to electricity in a residential setting for space heating and hot water production.

<sup>7</sup> OpenNEM.org.au – NSW 2022 – Simplified – Solar 14.7% + Wind 8.3%

<sup>8</sup> <https://www.abc.net.au/news/2022-04-29/power-pain-as-bills-tipped-to-rise-40-per-cent-on-surgin-prices/101023488>

## Environmental Markets

In addition to revenues from the sale of electricity into the NEM, solar and wind farms earn revenues from the sale of 'renewable energy certificates'. For the Grong Grong Solar Farm, these are 'large-scale generation certificates' ("LGCs").

Electricity retailers must purchase and surrender LGCs to meet the 20% Renewable Energy Target ("RET") creating a demand for LGCs that allows a price to be formed. Additional demand for LGCs arises from voluntary emissions reductions by households and large energy users.

LGC prices have ranged from \$20 to \$90<sup>9</sup> per LGC over the past decade and provide an additional revenue stream to solar farms and other renewable generators.

The following table shows the forward trading prices for LGCs as of 22 September 2023, sourced from Mercari:

Forward Trading Year	LGC Price (Mid-Point Price)
2024	\$52.10
2025	\$44.90
2026	\$39.30
2027	\$27.75

Source: <https://www.mercari.com.au/lgc-closing-rates/>

## Future environmental markets

The RET will come to an end in 2030 and it is not expected that LGCs can be created for electricity generated after that cut-off date, nor that LGCs would then have a market price.

The industry expects, however, that there will become available other means of monetising the 'green' value of the electricity generated by solar farms. This may take the form of new voluntary carbon offset schemes or may lead to the utilisation of existing regulatory environments such as the 'Australian carbon credit units' (ACCUs). In the experience of the directors of the Company, investors price in the future 'green' value at between \$10 and \$20 per MWh of electricity.

The European ETS carbon spot prices have recently trended above EUR 80 per tonne (approx. \$132 per tonne)<sup>10</sup>. While carbon markets are still relatively fragmented, the Company expects that international carbon markets will ultimately set a price signal also for the Australian domestic carbon markets.

At present, 1 MWh of solar electricity abates approx. 730 kg of CO<sub>2</sub>-e in NSW<sup>11</sup>. Although 1 LGC thereby equates to slightly less than 1,000 kg of CO<sub>2</sub>-e, an assumption of a future value of the 'green' value of 1 MWh of solar electricity between \$10 and \$20 would appear to be reasonable.

## Market Risk

The price earned by the Grong Grong Solar Farm for electricity generated and sold into the electricity market and for LGCs created and sold into the environmental markets is subject to market risk and prices can go up as well as down.

<sup>9</sup> Infradebt – Why aren't LGC prices below zero – 7 October 2021 - <https://www.infradebt.com.au/post/why-aren-t-lgc-prices-zero>

<sup>10</sup> Trading Economics – EU Carbon Permits – As at September 2023 - <https://tradingeconomics.com/commodity/carbon>

<sup>11</sup> National Greenhouse Accounts Factors 2023 – Table 1

## 2.5

# Business and revenue model

### Basic principles

The Company has developed and is currently constructing the Grong Grong Solar Farm.

It is funding these activities with existing seed equity and funds raised from a previous CSF offer, funding under the RCEF Grant and a Construction Finance Loan. It intends to further fund these activities with the Haystacks Loan and funds raised from the present Offer.

The Company has entered into an agreement with Diamond Energy as 'financially responsible market participant' to:

- sell solar electricity into the National Electricity Market in return for the variable market price (intermediated by Diamond Energy); and
- create and sell 'large-scale generation certificates' under the Renewable Energy Target scheme, once the Grong Grong Solar Farm is operational.

The Company expects that the combined revenues from the sale of electricity and LGCs will exceed the operating cost (including operation, maintenance, insurance, asset management and corporate overheads) and financing cost (in particular, the payment of principal and interest under the Haystacks Loan).

The expected excess of revenues over operating and financing costs may generate a return that may be returned to shareholders.

### Capital expenditure

The Company expects to incur the following capital expenditure:

Item	Amount	Paid to-date
Solar Garden Pilot Structure – Setup & Financing and Project Management	\$554,000	\$279,000
Development – Engineering, Planning & Contracts	\$503,000	\$359,000
Essential Energy Non-contestable Works	\$144,000	\$43,000
1.5 MW (AC) / 1.7 MW (DC) Solar Farm Construction	\$3,316,000	\$1,852,000
Fundraising and Finance Costs	\$333,000	\$214,000
<b>Total</b>	<b>\$4,850,000</b>	<b>\$2,747,000</b>
To be paid		\$2,103,000

With the procurement of all key equipment completed and the contracting of all works packages on fixed price contracts, the Company has a high degree of confidence in the overall cost of the delivery of the Grong Grong Solar Farm.

This notwithstanding, there can be circumstances that may entitle the contractor to additional cost.

## Land Expenditure

At present, the Company is required to make annual lease payment of \$7,825 (plus CPI) (ex GST). This payment is made to Komo Precinct, the intermediate landholder.

The intermediate landholder has been interposed in order to create an opportunity to fund the 20 year upfront payment to the ultimate landholders. If funding cannot be introduced into Komo Precinct, Komo Precinct may require that the Company prepay 20 years of rent.

## Operational expenditure

The Company expects to incur the following operational expenditure (values not adjusted for CPI). Year 1 is representative of a year with the full burden of financing cost from the Haystacks Loan. Year 11 is representative of a year where no finance cost has to be borne.

Opex Item	Year 1 Estimate	Year 11 Estimate
<b>Operational Cost</b>		
Insurance	\$10,000	\$10,000
Operations & Maintenance – preventative maintenance, allowance for reactive maintenance, weed management, panel cleaning (assuming decrease due to more efficient delivery)	\$26,000	\$22,000
Asset Management – managing O&M contractor(s), arranging insurance cover and managing insurance claims, managing component warranty claims, managing sale of electricity and LGCs, bookkeeping and accounting	\$24,600	\$15,400
Other costs – Essential Energy O&M charge for gifted assets and auxiliary load	\$5,000	\$5,000
<b>Operational Costs - Subtotal</b>	<b>\$65,600</b>	<b>\$52,400</b>
<b>Cost of Finance</b>		
Haystacks Loan repayments and other charges	\$89,800	\$0
<b>Cost of finance - Sub-total</b>	<b>\$89,800</b>	<b>\$0</b>
<b>Total</b>	<b>\$155,400</b>	<b>\$52,400</b>

Note: The operational expenditure indicated here excludes rent payments.

## Funding Sources

The table below sets out the anticipated long-term funding sources for the development and construction of the Grong Grong Solar Farm:

Funding Source	Type	Amount	Received	Not yet received
NSW Government Grant Funding	Grant	\$1,970,565	\$1,019,457	\$951,108
Haystacks Loan	Loan	\$735,000	\$0	\$735,000
2022 Seed & Crowd Investment	Equity	\$1,179,000	\$1,179,000	\$0
2023 Seed Investment	Equity	\$230,000	\$230,000	\$0
2023 Crowd Equity Investment (target)	Equity	\$815,000	\$0	\$815,000
Other sources of funding	Other	\$203,000	\$0	\$203,000
<b>Total</b>		<b>\$5,132,565</b>	<b>\$2,428,457</b>	<b>\$2,704,108</b>

The Company has raised a short-term Construction Finance Loan that is repayable by 31 December 2023. Of the total amount of \$1,266,000, an amount of \$1,000,000 has been drawn down.

If the Company only raises the Minimum Subscription under this Offer, it will need to seek additional capital to raise the full amount of the construction budget.

If the Company raises the Maximum Subscription under this Offer, it expects to have surplus funds to progress the delivery of the battery expansion. It is expected that the funding of the battery expansion will be limited to the cost of engineering and the cost of running the procurement process. The Company expects to undertake a separate fund-raise for the cost of the supply of the battery and the installation/integration of the battery expansion.





## Potential Revenues – Solar Generation

The potential Year 1 revenues from the sale of electricity and LGCs are summarised below:

	Year 1 Volume	Reference Price	Year 1 Revenue
<b>Sale of electricity into the NEM (NSW market segment)</b>	3,707 MWh	\$72 per MWh	\$267,000
<b>Sale of LGCs</b>	3,707 MWh	\$52 per MWh	\$193,000
<b>Total</b>			<b>\$460,000</b>

To determine the appropriateness of the reference price used in the above table, the table below summarises both the recent NSW wholesale market price for electricity and the weighted price that solar farms receive due to the time of day during which they generate. Solar farms generally receive a lower weighted price due to their failure to supply electricity during the, typically, higher-priced evening peak.

<sup>12</sup> OpenNEM: NSW Volume Weighted Average Pool Price

<sup>13</sup> OpenNEM: NSW Solar Farm Generation Weighted Pool Price

Year	NSW Volume Weighted Average Pool Price <sup>12</sup>	NSW Solar Farm Generation Weighted Pool Price <sup>13</sup>
2018	\$85.11	\$77.67
2019	\$88.55	\$79.20
2020	\$68.18	\$64.42
2021	\$81.76	\$46.24
2022	\$198.15	\$112.17
2023 (to 30 June)	\$128.26	\$76.30

The reference price of \$72 per MWh is used in the above example to provide an estimate of Year 1 revenues. The price for electricity and for LGCs is subject to market risk and prices can go up as well as down.

We have estimated what revenue is required on a \$/MWh basis to cover annual OPEX and thereby remain cashflow positive. This is shown in the table below for a number of scenarios.

	Year 1	Year 11
Estimated solar generation (MWh)	3,707	3,456
Estimated OPEX costs (ex CPI) (including land)	\$163,225	\$60,225
<b>Required</b> total revenue to cover OPEX (\$/MWh) to remain cashflow positive	\$44	\$17

The total revenue required to cover OPEX in terms of \$/MWh can be met with LGCs and/or NSW wholesale electricity sales. Therefore, for example, if in Year 11 LGCs (or equivalent 'green benefits') are trading at \$10, then only \$7 per MWh would be required from the NSW wholesale market.

The estimated OPEX costs calculation assumes that funding is sourced per the funding sources table (see page 19). If additional debt is required the required revenue would be higher.

The other sources of funding are in the nature of deferred supplier payments and have no associated cost.

## Disposal Opportunities

It is common in the renewable energy sector for sales and acquisitions to take place. Investors with a larger portfolio of assets can sometimes achieve lower operational or finance costs than individual assets.

The Company will poll its shareholders to determine whether they wish to hold the asset in the long-term or whether the Company should seek an early exit after 10 years to allow its shareholders (once the Haystacks Loan is repaid) to reinvest funds into other assets.



## 2.6

# Business strategy

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The Grong Grong Solar Farm will be an energy infrastructure asset.

### Energy infrastructure asset

The Grong Grong Solar Farm seeks to achieve an annuity-style revenue and return profile. As an energy infrastructure asset, it does not seek growth like a tech business. It will not expand into national and overseas markets.

Rather, the Grong Grong Solar Farm seeks to ensure long-term stable cash flows and distributions over the life of the asset, with incremental improvements and expansions to its business model.

### Expansion strategy

#### Battery

The Grong Grong Solar Farm has been developed as 'battery-ready' so that a battery of 2 MWh capacity can be added without any major new approvals being required. Depending on the funds raised under this offer, the Company expects to undertake engineering and procurement activities to enable the battery deployment in the near future. That deployment will, however, require a further fund-raise. Once the battery is operational, the Grong Grong Solar Farm will be able to shift part of the solar generation from the less valuable daytime to the typically higher-value evening hours.

#### Additional solar

Once a battery is added to the Grong Grong Solar Farm, a solar expansion may be undertaken to better utilise the then-existing grid connection, in particular in the winter months when generation is lower but energy market prices have trended higher. To-date, no material development steps have been undertaken for such solar expansion.

#### Other opportunities

Additional opportunities to expand the Grong Grong Solar Farm may become available in the future. These include:

1. addition of a further battery (possibly of a different technology);
2. addition of similarly-themed assets such as EV charging; and
3. creation of voluntarily or regulated forms of carbon credits (or similar) once the Renewable Energy Target scheme comes to an end in 2030.

## 2.7

# Our team

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### 2.7.1 Organisational structure

The Company is established solely for the purpose of developing, financing, constructing, owning and operating the Grong Grong Solar Farm and has a very lean organisational structure. The Company only has two directors (see Section 2.7.2) and is supported through a range of consulting arrangements.

### 2.7.2 Directors & senior managers

Jonathan Prendergast and Gerald Arends are the directors of the Company. Further details are set out below. At present, no directors' fees are paid to the directors of the Company.

The shareholders of the Company may remove, by majority vote, either or both of the current directors or appoint further directors (see Section 3.3.4). A Major Shareholders may appoint a director (see Section 3.3.1).

If the Company was to remove either of the current directors from their role, their expertise would remain available under a set of agreements made with Komo Service that will provide ongoing support (see Section 2.7.3) for as long as those agreements remain in place.

#### **Jonathan Edward Prendergast**

Jonathan is a director of the Company. He is a project manager, engineer and procurement specialist recognised for his work at the forefront of renewable energy procurement strategies and business models. Within the Company, Jonathan is responsible for energy markets, community and investor engagement.



With over 15 years' experience in clean energy, Jonathan has extensive commercial and technical knowledge, having managed and advised on a number of projects from feasibility through to implementation.

Jonathan consults to universities, renewable energy project developers, councils and property developers across Australia. His deep understanding of energy markets, contracts and procurement enables him to unlock new business models to deliver projects. He has achieved several Australian 'first' innovative energy projects, including the development of Australia's first district heating system, district cooling customer agreement and offsite solar PPA.

He is a founder and director of Komo Energy, a group that partners with communities, landholders and businesses who want to invest in, develop and benefit from renewable energy.

Jonathan sees significant opportunity for more innovation in community scale projects, including innovative financing, power purchase agreements and microgrids.

Jonathan is passionate about community, sports and the outdoors. He co-founded Sunny Shire, a local community energy group in the Sutherland Shire (Sydney), which supports Shire families in the adoption of solar, storage, home energy efficiency and electric vehicles. Recently, Sunny Shire's solar bulk buy enabled 200 Shire families to get rooftop solar from local suppliers.

Jonathan lived in Japan for 1.5 years and loves to travel back to visit. He also enjoys playing soccer, skiing and getting his young kids outdoors and enjoying nature.



### **Gerald Arends**

Gerald is a director of the Company. He is a leading renewable energy lawyer and commercial advisor and has worked almost exclusively in the solar industry in a variety of legal and commercial roles for the past 16 years. Within the Company, Gerald is responsible for project development and delivery.

Gerald is passionate about pioneering projects in countries and in sectors where renewable energy is not yet firmly established. He has worked in renewables in over 30 countries, including all over Europe, Thailand, the Philippines, Malaysia and Japan.

In Australia, he advised on pioneering renewable energy projects integrated into remote mine site, such as the Degussa solar/battery integration project and the Agnew hybrid project, as well as large-scale projects such as the 20 MW Hughenden project in Queensland, the 112 MW Karadoc and the 106 MW Yatpool projects in Victoria. Gerald seeks to transfer skills from large-scale solar projects to smaller-scale but replicable renewable energy projects.

Gerald is a founder and director of Komo Energy, a group that partners with communities, landholders and businesses who want to invest in, develop and benefit from renewable energy. In addition, he is a director of Pegasus Legal, a boutique law firm advising on renewable energy projects. Gerald is also a conference speaker, panelist and a post-graduate teacher on topics relating to renewable energy.

Gerald grew up in Germany and lived and worked in England, Greece and Germany before moving to Australia in 2011.

When not working on renewables, he spends time with his family and young kids. He enjoys reading widely across current affairs, history, philosophy, politics and linguistics. Gerald has played the violin for most of his life and is both President and an active member of the Brisbane Symphony Orchestra.

## 2.7.3 Our advisors

### Ongoing Support from Pingala and Community Power Agency

The Company is supported by its project partners Pingala and Community Power Agency in the development of the Haystacks Solar Garden as the principal activity under the RCEF Funding Agreement.

The work of Pingala and Community Power Agency has led to the commercial structuring of the Haystacks Solar Garden, the setup of the Haystacks Cooperative, the offer for cooperative credit units (CCUs) and the development of the agreement for the Haystacks Loan.

### Ongoing Support from Cushman & Wakefield

The Company has engaged Cushman & Wakefield to provide additional support by way of construction management services during the delivery phase of the Grong Grong Solar Farm.

### Ongoing Support from Komo Service

The Company will continue to be supported by Komo Service as follows:

- for development activities under a 'Project Development Agreement'
- during construction under a 'Construction Management Agreement'
- during the operational phase under an 'Asset Management Agreement'

## 2.8

# Capital structure

### 2.8.1 Issued capital (before and after the Offer)

As at the date of this CSF offer document, the Company has 1,554,026 ordinary shares on issue. There are no share options in place.

Table 1 below sets out the issued capital of the Company before the Offer.

Shareholder	Share Type	Shares	Percentages	Options
Komo Energy	Ordinary Shares	120,000	7.72%	Nil
Paper Unicorn Trust <sup>14</sup>	Ordinary Shares	10,000	0.64%	Nil
Pre-CSF 2022 Seed Investors <sup>15</sup>	Ordinary Shares	394,206	25.37%	Nil
CSF 2022 Investors <sup>16</sup>	Ordinary Shares	739,820	47.61%	Nil
Post-CSF 2022 Seed Investors <sup>17</sup>	Ordinary Shares	60,000	3.86%	Nil
Pre-CSF 2023 Seed Investors <sup>18</sup>	Ordinary Shares	230,000	14.80%	Nil
<b>Total</b>		<b>1,554,026</b>	<b>100.00%</b>	<b>Nil</b>

<sup>14</sup> Share allocation for work performed in the context of the 2022 crowd-equity campaign.

<sup>15</sup> All seed investors subscribed for shares at \$0.95 per ordinary share. The investment by Pre-CSF 2022 Seed Investors includes financial investments by Arends Super Investments Pty Ltd ATF Arends Superannuation Fund (a related party of director Gerald Arends) and Prendergast Assets Pty Ltd ATF Prendergast Family Trust (a related party of director Jonathan Prendergast) and Paper Unicorn Trust.

<sup>16</sup> All CSF 2022 Investors subscribed for shares at \$1.00 per ordinary share. The investment by CSF 2022 Investors includes financial investments by Arends Super Investments Pty Ltd ATF Arends Superannuation Fund and by Arends Family Investment Pty Ltd (related parties of director Gerald Arends).

<sup>17</sup> All Post-CSF 2022 Investors subscribed for shares at \$1.00 per ordinary share. The investment by Post-CSF 2022 Investors includes financial investments by Arends Family Investment Pty Ltd (a related party of director Gerald Arends).

<sup>18</sup> All Pre-CSF 2023 Investors subscribed for shares at \$1.00 per ordinary share.

**SECTION 2 / INFORMATION ABOUT THE COMPANY**

Table 2 sets out the issued capital of the Company following the Offer on a fully diluted basis, depending on whether Minimum Subscription or the Maximum Subscription is achieved.

Table 2: Issued capital of the Company following the Offer (on a fully diluted basis)

		Minimum Subscription		Maximum Subscription	
Shares	Share Type	Shares	%	Shares	%
Founding Investor (Komo Energy)	Ordinary Shares	120,000	6.65%	120,000	4.44%
Founding Investor (Paper Unicorn Trust)	Ordinary Shares	10,000	0.55%	10,000	0.37%
Pre-CSF 2022 Seed Investors	Ordinary Shares	394,206	21.85%	394,206	14.58%
CSF 2022 Investors	Ordinary Shares	739,820	41.01%	739,820	27.36%
Post-CSF 2022 Investors	Ordinary Shares	60,000	3.33%	60,000	2.22%
Pre-CSF 2023 Investors	Ordinary Shares	230,000	12.75%	230,000	8.51%
Offer shares*	Ordinary Shares	250,000	13.86%	1,150,000	42.53%
<b>Total shares on issue</b>		<b>1,804,026</b>	<b>100.00%</b>	<b>2,704,026</b>	<b>100.00%</b>

\* Note that the existing investors (including existing seed investors) may choose to invest further funds under this Offer. Any such further investment will be counted in the row "Offer shares" rather than the row relevant for the existing investor.

## 2.8.2

# Rights and liabilities associated with ordinary shares

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As at the date of this Offer, the only class of shares on issue are ordinary shares.

Set out below is a summary of the rights and liabilities associated with the securities in the Company. A copy of the Company's Constitution is available on the Intermediary's platform.

### Ordinary Shares

The rights and liabilities associated with the ordinary shares are set out in the Company's constitution, including:

- All ordinary shares have the same voting rights and the same rights to receive dividends.
- The sale and transfer of shares is subject to restrictions, including drag and tag rights and exit provisions.
- The Board has the power to refuse a transfer of shares to a third party in certain circumstances, including where the Board reasonably determines in good faith that the transfer would be materially detrimental to the interests of the Company.
- The Constitution includes a definition of a 'Substantial Shareholder' which means a shareholder that holds at least \$5,000 worth of the Shares at the relevant time (calculated by reference to the issue price for such Shares

issued to the relevant Shareholder).

Only Substantial Shareholder have preemption rights on the sale of shares to which the preemption process applies or on the new issue of shares. Only Substantial Shareholders are required to go through the preemption process when selling their shares.

- The Constitution includes a definition of a 'Major Shareholder' which means a shareholder that holds 20% (or other percentage determined by the Board) of the shares in the Company.

A Major Shareholder is entitled to appoint a director (referred to as a 'Representative Director') to the Board. The appointing Major Shareholder may also remove its Representative Director.

The shares offered under this Offer are ordinary shares. A more detailed description of the rights and liabilities associated with the ordinary shares is set out in Section 3.3.

### Shareholders Agreement

Other than the Constitution, there is no shareholders' agreement or other agreement between the existing shareholders of the Company.

### 2.8.3

## Sources of financing, including debt financing and other financing

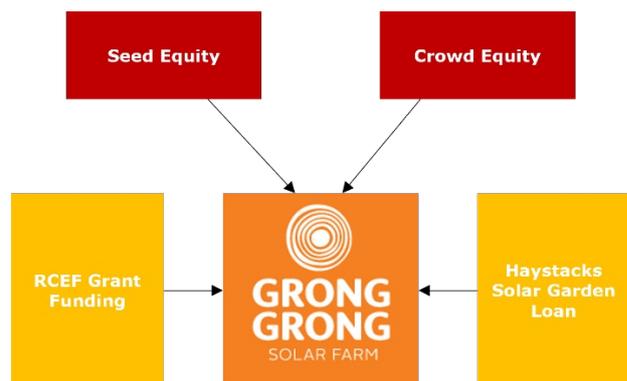
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To date, the business has been funded through a combination of equity investment, grant funding and a construction finance loan.

### Background

Like many renewable energy assets, solar farms are capital intensive to deploy but tend to have a lower operating cost than power generators that need to buy a fuel source such as coal, gas or biomass.

As is typical for solar farms, the Company intends to apply multiple levels of financing to deliver the Grong Grong Solar Farm. These consist of equity (including the equity raised under this Offer), grant funding and loans.



## RCEF Grant

The Company is the funding recipient of a grant for the establishment of the Haystacks Solar Garden to the amount of \$1,970,565 (exclusive of GST) under the 'Regional Community Energy Fund' (RCEF), administered by the Office of Energy and Climate Change (previously by the Department of Planning, Industry and Environment) (the "RCEF Grant").

The RCEF Grant provides for payment against the achievement of certain payment milestones. The funding:

1. covers the cost of establishing a pilot structure for a Solar Garden, managed by Pingala, Community Power Agency and the Haystacks Cooperative; and
2. contributes to the cost of construction of the Grong Grong Solar Farm and, to a smaller extent, development activities.

The status of the payment milestones under the RCEF Grant is set out below.

Milestone	Amount of Milestone	Allocation to capital expenditure of Grong Grong Solar Farm	Allocation to Solar Garden Pilot Structure	Status
1	\$130,000	\$103,906	\$26,094	Achieved, approved and paid
2A	\$100,000	\$76,154	\$23,846	Achieved, approved and paid
2B	\$250,000	\$56,484	\$193,516	Achieved, approved and paid
3A	\$133,653	\$133,653	\$0	Achieved, approved and paid
3B	\$325,543	\$50,000	\$275,543	Open
3C	\$105,804	\$105,804	\$0	Achieved, approved and paid
4A	\$300,000	\$300,000	\$0	Achieved, approved and paid
4B	\$350,000	\$350,000	\$0	Submitted 4 September 2023
4C	\$270,565	\$270,565	\$0	Open
5	\$5,000	\$0	\$5,000	Open
<b>Total</b>	<b>\$1,970,565</b>	<b>\$1,446,566</b>	<b>\$523,999</b>	

Out of the RCEF Grant of \$1,970,565, milestones totaling \$1,019,457 have been achieved, approved and paid. \$951,108 remain to be paid upon achieving those milestones and approval of those milestones; one of those outstanding milestone of \$350,000 has been submitted for approval.

## Haystacks Loan

The Company and Haystacks Cooperative entered into a loan agreement dated 26 September 2023 under which the Haystacks Cooperative will provide a loan facility of up to \$735,000 to the

Company (the “Haystacks Loan”).

Key terms of the Haystacks Loan are set out below:

Item	Detail
<b>Lender</b>	Haystacks Cooperative
<b>Borrower</b>	Company
<b>Loan Facility</b>	\$735,000
<b>Drawdown</b>	Subject to conditions precedent (including satisfactory completion of technical, commercial and legal due diligence and corporate approvals within the Haystacks Cooperative).
<b>Interest Rate and other Charges</b>	1.6% per year plus cost of administration of the Haystacks Cooperative of \$10,000 per year (36% of which is subject to CPI adjustment) plus a 50% share of the payments in excess of a set threshold under a ‘High-value PPA’ (such excess deemed to be reflective of the ‘social licence’ offered by the Haystacks Solar Garden) <sup>19</sup> .
<b>Repayment</b>	Quarterly repayments over 10 years.
<b>Voluntary prepayment</b>	With consent of the lender and in limited other circumstances.
<b>Security</b>	Security deed over the assets of the Company.

<sup>19</sup> The threshold values for the High-value PPA are commercial in confidence.

The Haystacks Loan has not yet been drawn down. Drawdown is subject to range of conditions precedent.

## Construction Finance Loan

The Company and SEFA entered into a loan agreement on 6 February 2023 under which the SEFA (as syndicate agent) provides a construction finance loan facility of \$1,266,000 to the Company ultimately provided by 3 impact investors (the “Construction Finance Loan”).

The Construction Finance Loan was instrumental in allowing construction to progress while finalising other components of the funding stack

for the Grong Grong Solar Farm.

The Construction Finance Loan is due for repayment on 31 December 2023 and proceeds from this Offer will be used to contribute to that repayment.

Item	Detail
Lender	SEFA
Borrower	Company
Loan Facility	\$1,266,000
Drawdown	Conditions precedent for drawdown have been satisfied.  The Company has drawn down \$1,000,000 of the Construction Finance Loan.
Interest Rate and other Charges	10% per year plus various fees and charges.
Repayments	Bullet repayment on 31 December 2023.
Voluntary prepayments	No limit on voluntary prepayment.
Security	Security deed over the assets of the Company.

## Other sources of financing

The Company actively pursues other sources of funding to re-finance the Construction Finance Loan.

## 2.9

# Key risks facing the business

An investment in the Company should be seen as high-risk and speculative. A description of the main risks that may impact the Company's business is below. Investors should read this section carefully before deciding to apply for shares under the Offer. There are also other, more general risks associated with the Company (for example, risks relating to general economic conditions or the inability to quickly or easily sell your shares).

Risk	Description
<b>The Company carries re-financing risk</b>	<p>The Company has secured multiple layers of financing to construct the Grong Grong Solar Farm. These funding sources include equity, the RCEF Grant and the Construction Finance Loan.</p> <p>The Company needs raise the funds to repay the Construction Finance Loan by 31 December 2023 from a variety of sources, including the Haystacks Loan and equity raised under this Offer.</p> <p>If insufficient funds are raised under the Haystacks Loan and this Offer, the Company may need to suspend construction of the Grong Grong Solar Farm until such time as the required funds are raised. Such action may expose the Company to enforcement action under the Construction Finance Loan and associated security documents.</p> <p>Drawdown under the Haystacks Loan is subject to a range of conditions precedent.</p>
<b>The Company's success relies on sustainable NSW electricity wholesale market and LGC prices</b>	<p>The Company intends to sell electricity into the NSW segment of the National Electricity Market once the Grong Grong Solar Farm achieves commercial operation. The revenue in the NEM is subject to change in 5-minute intervals and shows diurnal, seasonal and long-term fluctuations.</p> <p>The pricing for LGCs is not set by a regulator, but there is a liquid spot market as well as the opportunity to sell LGC under longer- term contracts. The pricing for LGCs is forecast to fall towards the 2030 end of the Renewable Energy Target mechanism. While LGC prices have recently risen (including due to demand for corporates that pursue sustainability goals), the Company anticipates that over time LGC prices will soften again.</p> <p>The Company anticipates (as is common practice in financial modelling for solar farms) that there will be a means of monetising the 'green value' of the electricity generated by the Grong Grong Solar Farm beyond the 2030 end of the Renewable Energy Target, but the means through which this may be achieved are not yet determined.</p> <p>If this is seen as beneficial, the Company may add a battery energy storage system (subject to additional investment) to implement an operational strategy that leverages a diurnal shift from lower-priced daytime to a higher-priced evening export.</p>
<b>The Company must manage construction risk</b>	<p>The construction of the Grong Grong Solar Farm triggers typical construction risks for solar farms, including network connection risk, defects risk, delay risk and force majeure risk. These risks cannot be fully excluded.</p> <p>The Company has delegated a significant part of the construction risk to the contractor. The assumption of risk by the contractor exposes the Company to enforcement and insolvency risk of the contractor.</p> <p>Defects risk reverts to the Company after the defects liability period.</p>
<b>The Company must manage component risk</b>	<p>The Grong Grong Solar Farm is a long-term asset and is exposed to technical risk in each component. The Company has self-procured the solar modules, the single-axis tracker and the transformer/inverter skid solution. All components carry defects risk. These risks cannot be fully excluded.</p> <p>The Company has delegated a significant part of the defects risk to the suppliers and all self-procured components carry long-term defects liability provisions or component warranties. The assumption of risk by the suppliers exposes the Company to enforcement and insolvency risk of the suppliers. Defects risk reverts to the Company after the relevant defects liability period or term of the component warranty.</p>

## 2.10

# Financial information

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Below are the unaudited financial statements of the Company for the financial year ended 30 June 2023, which have been prepared in accordance with the Accounting Standards by Pilot Partners.

The figures in the financial statements are unaudited. The Company's financial statements are in the process of being audited by its auditor, Pilot Partners. The Company expects the audited financial statements to be available by 31 October 2023.

It is important to note that there may be differences between the unaudited and audited figures. The Company will provide a copy of the audited financial report to all investors when available on its website [www.gronggrongsolarfarm.com.au](http://www.gronggrongsolarfarm.com.au).

Financial information for the period 1 July 2023 to 25 September 2023 have also been included. The information has been prepared on a consistent basis based on management accounts, and accordingly may be subject to change.

## 2.10.1 Balance sheet

Grong Grong Solar Farm Pty Ltd As at 25 September 2023

	25 September 2023 (unaudited)	30 June 2023 (unaudited)
<b>Assets</b>		
Bank		
Bendigo - General - #8733	409,128	343,336
Grong Grong Solar Farm USD	10	0
Bendigo - CSF - #0280	0	0
<b>Total Bank</b>	<b>409,137</b>	<b>343,336</b>
Current Assets		
Accounts Receivable	385,000	0
Reimbursable expenses	4,781	4,781
<b>Total Assets</b>	<b>389,781</b>	<b>4,781</b>
Non-current Assets		
Capital work in progress	2,558,252	2,082,526
Deferred Tax Asset	15,561	22,638
<b>Total Non-current Assets</b>	<b>2,573,813</b>	<b>2,105,164</b>
<b>Total Assets</b>	<b>3,372,731</b>	<b>2,453,281</b>
<b>Liabilities</b>		
Current Liabilities		
Accounts Payable	358,561	53,033
Accrued expenses	2,500	2,500
GST	(34,812)	(86,505)
Income Tax Payable	122,265	45,342
Loan - Construction Finance - SEFA	1,036,930	1,018,645
<b>Total Current Liabilities</b>	<b>1,485,445</b>	<b>1,033,014</b>
Non-current Liabilities		
Deferred Tax Liability	11,550	11,550
<b>Total Non-current Liabilities</b>	<b>11,550</b>	<b>11,550</b>
<b>Total Liabilities</b>	<b>1,496,995</b>	<b>1,044,564</b>
<b>Net Assets</b>	<b>1,875,736</b>	<b>1,408,717</b>
<b>Equity</b>		
Current Year Earnings	237,019	408,346
Retained Earnings	279,613	(128,733)
Share Capital	1,359,104	1,129,104
<b>Total Equity</b>	<b>1,875,736</b>	<b>1,408,717</b>

## 2.10.2 Profit and loss statement

Grong Grong Solar Farm Pty Ltd As at 25 September 2023

	For the period 1 July 2023 to 25 September 2023 (unaudited)	For the 12 months ended 30 June 2023 (unaudited)
Gross Profit	0	0
<b>Other Income</b>		
Government Grant Received - Other Income	350,000	539,367
Other Income	0	7,798
Interest Received - Other Income	1,341	5,096
<b>Total Other Income</b>	<b>351,341</b>	<b>552,261</b>
<b>Total Income</b>	<b>351,341</b>	<b>552,261</b>
<b>Expenses</b>		
Advertising, Marketing, Promotions - Expense	1,994	271
Bank Fees - Expense	0	230
Administrative - Bank Revaluations	(0)	2,924
Consulting - Accounting & Bookkeeping - Expense	0	11,671
Consulting - Other - Expense	0	20,000
Governmental Fees - Expense	649	11,015
Insurance - Business - Expense	7,743	27,521
Interest - Expense	18,285	23,251
Subscriptions & Information Technology - Corporate - Expense	0	497
Administrative - Realised Currency Gains	0	(1,717)
Searches (Government) - Expense	0	18
Rent - Expense	0	7,825
Office Supplies / Print & Stationery - Related Party - Expense	0	195
Advertising, Marketing, Promotions - Expense - Related Entity	95	32
Governmental Fees - Related Party - Expense	0	211
Travel - Related Party Expense	2,268	717
Consulting - Technical - Expense	3,963	2,775
Subscriptions & Information Technology - Corporate - Related Party - Expense	318	1,724
Consulting - Legal - Related Party Expense	0	450
<b>Total Expenses</b>	<b>35,315</b>	<b>109,611</b>
<b>Profit/(Loss) before Taxation</b>	<b>35,315</b>	<b>109,611</b>
<b>Income Tax Expense</b>		
Income Tax - Expense	(79,006)	(34,304)
<b>Total Income Tax Expense</b>	<b>(79,006)</b>	<b>(34,304)</b>
<b>Net Profit After Tax</b>	<b>237,019</b>	<b>408,346</b>
<b>Net Profit After Distributions/Dividends Paid</b>	<b>237,019</b>	<b>408,346</b>

### 2.10.3 Cash flow statement

Grong Grong Solar Farm Pty Ltd As at 25 September 2023

	For the period 1 July 2023 to 25 September 2023 (unaudited)	For the 12 months ended 30 June 2023 (unaudited)
<b>Operating Activities</b>		
Grant income received	0	593,304
Interest received	1,341	5,096
Payments to suppliers	19,613	(187,565)
Realised foreign exchange gains	0	1,717
Interest paid	(18,285)	(23,251)
Income tax (paid) / refunded	4,994	(114,739)
<b>Net Cash Flows from Operating Activities</b>	<b>7,662</b>	<b>274,560</b>
<b>Investing Activities</b>		
Capital work in progress	(190,147)	(1,809,015)
<b>Net Cash Flows from Investing Activities</b>	<b>(190,147)</b>	<b>(1,809,015)</b>
<b>Financing Activities</b>		
Other cash items from financing activities		
Proceeds from loan borrowings	18,285	1,018,645
Proceeds from issue of share capital	230,000	759,009
Total Other cash items from financing activities	248,285	1,777,654
<b>Net Cash Flows from Financing Activities</b>	<b>248,285</b>	<b>1,777,654</b>
<b>Net Cash Flows</b>	<b>65,801</b>	<b>243,199</b>
<b>Cash and Cash Equivalents</b>		
Cash and cash equivalents at beginning of period	343,336	103,062
Net change in cash for period	65,801	243,199
Effect of exchange rate changes on cash	0	(2,924)
Cash and cash equivalents at end of period	409,137	343,336

**2.10.4 Statement of changes in equity**

Grong Grong Solar Farm Pty Ltd As at 25 September 2023

	Issued Capital	Retained Profits	Total Equity
<b>Opening Balance 1 July 2023</b>	1,129,104	279,613	1,408,717
Profit (loss) after tax for the Period	-	237,019	237,019
Increase (decrease) in share capital	230,000	-	230,000
<b>Closing Balance 25 September 2023</b>	<b>1,359,104</b>	<b>516,632</b>	<b>1,875,736</b>
<b>For the period 1 July 2022 to 30 June 2023</b>			
<b>Opening Balance 1 July 2022</b>	370,096	(128,733)	241,363
Profit (loss) after tax for the Period	-	408,346	408,346
Increase (decrease) in share capital	759,008	-	759,008
<b>Closing Balance 1 July 2023</b>	<b>1,129,104</b>	<b>279,613</b>	<b>1,408,717</b>

## 2.10.5 Management comments on historical performance and outlook

### Historic performance

As is the nature of a project company set up solely to own a single solar farm, the historic performance has consisted of investment in the development phase and the initial part of the construction phase. The historic performance of the Company was and is an important step towards realising the Grong Grong Solar Farm but is not indicative of the future performance of the Company.

### Outlook

The Company expects that the remainder of the 2023/2024 financial years will focus on the funding and delivery of the Grong Grong Solar Farm. As is typically for the delivery of a solar farm, the delivery period is characterised by significant capital investment, including procurement of components and construction cost. As such, this period will not be typical for the future business of the Company.

The Company anticipates that the Grong Grong Solar Farm will enter into operational service in early 2024 and the expected revenues and costs for that period are set in Section 2.5.

Comments on revenue outlooks are inherently uncertain and should not be solely relied upon as they are subject to change, uncertainty and unexpected events, many of which cannot be controlled.

Accordingly, actual results are likely to differ from the forecasts. No representation or assurance is or can be given that the forecasts will be achieved. This revenue outlook has been prepared by the Company and has not been validated by an independent third party.

## Section 3

# Information about the Offer

## 3.1

# Terms of the Offer

The Company is offering up to 1,150,000 shares at an issue price of \$1.00 per share to raise up to \$1,150,000. The key terms and conditions of the Offer are set out below.

Term	Details
Shares	Fully-paid ordinary shares
Price	\$1.00 per ordinary share
Minimum Subscription	\$250,000
Maximum Subscription	\$1,150,000
Opening date	3 October 2023
Closing date	19 October 2023, unless closed earlier by the Intermediary

A description of the rights associated with the shares is set out in Section 3.3.

To participate in the Offer, you must submit a completed application form together with the application money via the Intermediary's platform. The Intermediary's website provides instructions on how to apply for shares under the Offer at [www.birchal.com](http://www.birchal.com).

The Intermediary must close the Offer early in certain circumstances. For example, if the Maximum Subscription is reached, the Offer must be closed. If the Minimum Subscription is not reached or the Offer is closed but not completed,

you will be refunded your application money.

Retail investors may withdraw their application during the Cooling-off Period. Further information on investor cooling-off rights can be found in Section 4 of this CSF offer document.

The Offer is not underwritten and there is no guarantee that these funds will be raised.

## 3.2 Use of funds

The table below sets out the intended use of funds raised under this Offer based on the minimum and maximum subscription amounts.

Intended use	Minimum Subscription	Maximum Subscription
Construction of Grong Grong Solar Farm (includes repayment of Construction Finance Loan)	\$232,200	\$978,200
Engineering and procurement of battery expansion	---	\$100,000
Offer costs	\$17,800	\$71,800
Total	\$250,000	\$1,150,000

### 3.2.1 Funding of construction

The Company intends to apply all or the majority of the proceeds of this Offer (alongside other funding sources) to fund the construction of the Grong Grong Solar Farm.

The Company has put in place a Construction Finance Loan to allow construction of the project to continue at pace. Any drawdown under the Haystacks Loan will be used to reduce the balance of the Construction Finance Loan. Given that the Haystacks Loan is less than the Construction Finance Loan, the balance of the repayment of the Construction Finance Loan will need to be provided from the proceeds of this Offer or other sources of funding that may become available to the Company.

If the Construction Finance Loan is repaid only on 31 December 2023 and drawn down in full, the required repayment, after applying the Haystacks Loan, is expected not to exceed a value of approx. \$598,000. However, it is not yet known whether the full amount of the Construction Finance

Loan will be drawn down as this will depend on the timing of the closing of this Offer and the timing of payment claims by the contractor. Also, the earlier the Construction Finance Loan is repaid (including repaid in part), the earlier interest will cease to accrue. Further detail on the Construction Finance Loan is set out at Section 2.8.3.

To the extent that the proceeds of this Offer are not used in repayment of the Construction Finance Loan, it will be used to directly pay for the capital expenditure of the Grong Grong Solar Farm, including to the construction contractor and Essential Energy.

Should the Company have access to funds greater than the required for the construction of the Grong Grong Solar Farm, it will seek to apply those funds to the desired future deployment of a battery, including for engineering cost and the cost of undertaking the procurement process.

### 3.2.2 Offer costs

The Offer costs include the Intermediary's fees under the hosting agreement between the Company and the Intermediary. These fees are up to 6% of all funds raised by the Company through Birchal Financial Services Pty Ltd (the "Intermediary"), plus \$2,800 for administration and setup costs.

### 3.2.3 Payments to related parties and parties involved in marketing the Offer

Other than as specified above, no other payments from the funds raised will be paid (directly or indirectly) to related parties, controlling shareholders, or any other persons involved in promoting or marketing the Offer.

## 3.3

# Rights associated with the shares

Immediately after issue, the shares under this Offer will be fully-paid ordinary shares. There will be no liability on the part of shareholders and the shares will rank equally with the shares currently on issue.

The rights associated with the shares are set out in the Company's constitution. A summary of these rights is set out below. A copy of the constitution is available on the Intermediary's platform.

### 3.3.1 Voting rights

#### General principle

On a show of hands, each shareholder has 1 vote. On a poll, each shareholder has 1 vote for each share held.

### 3.2.4 General observations

As is typical for solar farm investments, the delivery of the Grong Grong Solar Farm to commercial operation requires the Company to raise funds from multiple sources and the most likely sources are described in Section 2.8.3. Funding raised under this Offer will contribute to the equity of the Company.

The Company expects that, if the Maximum Subscription amount is raised, no further equity (alongside debt and grant funding) will be required to deliver the Grong Grong Solar Farm to commercial operation and/or to repay the Construction Finance Loan. If only the Minimum Subscription amount is raised, the Company will require further equity funding or other alternative sources of funding (alongside debt and grant funding) to deliver the Grong Grong Solar Farm to commercial operation and/or to repay the Construction Finance Loan.

#### Substantial Shareholders

A shareholder who holds (along or with its affiliates) shares valued at a minimum of \$5,000 (calculated by reference to the subscription price paid) is referred to as a 'Substantial Shareholder'. A Substantial Shareholder has additional rights and these are set out in this Section 3.3.

As at the date of this Offer, the Company has more than 70 Substantial Shareholders.

#### Major Shareholders

A shareholder who holds (along or with its affiliates) at least 20% of the shares in the Company is referred to as a 'Major Shareholder'. A Major Shareholder has additional rights and these rights are set out in this Section 3.3.

As at the date of this Offer, the Company has no Major Shareholders.

### 3.3.2 Dividends

All shareholders have a right to receive any dividends declared and paid by the Company. The directors have a discretion and may resolve to pay dividends, subject to their obligations under the Corporations Act (for example, they cannot pay dividends unless the Company's assets are sufficiently in excess of its liabilities immediately before the dividend is declared and where it may materially prejudice the Company's ability to pay its creditors).

### 3.3.3 General meetings and notices

#### Calling of general meeting

Directors have the power to call meetings of all shareholders or meetings of only those shareholders who hold a particular class of shares. Shareholders who hold at least 5% of the votes which may be cast at a general meeting of the Company, may require the directors to call and hold a meeting.

#### Quorum

For the purposes of a general meeting, a quorum is at least 2 voting shareholders. If the meeting is not quorate and adjourned accordingly, the shareholder or shareholders present at the reconvened meeting are the quorum.

### 3.3.4 Election and removal of directors

#### Election of directors

Directors may be elected by the shareholders at a general meeting by way of ordinary resolution, may be elected with a majority of the votes cast by the Board or may be appointed by a Major Shareholder. A director appointed by a Major Shareholder is referred to as a 'Representative Director'.

#### Removal of directors

Directors may be removed by shareholders at a general meeting by way of ordinary resolution with a majority of the votes cast or, outside a general meeting, by written notice signed by the shareholders holding a majority of the shares in the Company. A Representative Director may also be removed by the relevant Major Shareholder.

#### Quorum

For the purposes of a board meeting, a quorum is at least 2 directors. If the meeting is not quorate and adjourned accordingly, the director or directors present at the reconvened meeting are the quorum.

### 3.3.5 Winding-up

If the Company is wound up and there are any assets left over after all the Company's debts have been paid, the surplus is distributed to shareholders after secured and unsecured creditors of the Company.

### 3.3.6 Restrictions on sale and transfer

#### Pre-emption rights on transfer

If a shareholder wishes to transfer their shares, he/she must first offer those shares in accordance with the pre-emption procedure.

This obligation does not apply:

1. to certain transfers to affiliates and custodians;
2. if the transfer is pursuant to an acceptance of a takeover bid under Chapter 6 of the Corporations Act;
3. if the transfer is pursuant to a scheme of arrangement;

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4. if the Board has approved the transfer by a 'Board Special Resolution' (75% majority);
5. if the transfer is by a shareholder other than a Substantial Shareholder and is in respect of the entire holding of that shareholder;
6. if the transfer is in accordance with the Company's Financial Hardship and Compassionate Policy and is in respect of the entire holding of that shareholder.

Only Substantial Shareholders participate in the pre-emption process. Shareholders that are not Substantial Shareholders are at risk of not being able to increase their holding and thereby maintain their proportionate holding in the Company.

### Drag-along rights

If a shareholder or shareholders that hold, in aggregate, at least 60% of the shares in the Company, intend to sell their shares on the basis of a bona fide offer on arm's length terms, they have the ability to 'drag along' the remaining shareholders, i.e. require the remaining shareholders to sell their shares on the same terms.

'Dragged along' shareholders risk that they lose their holding in the Company and may lose their holding on terms that are unsatisfactory to them.

### Tag-along rights

If shareholders receive or make an offer in writing to sell more than 50% of the shares in the Company to a buyer, and do not exercise their drag along rights, the remaining shareholders have, in certain circumstances, the ability to 'tag along', i.e. require that the purchaser buys the shares of the minority shareholders on the same terms.

### Board discretion to refuse to register a transfer of shares

The Board has the power to refuse a transfer of shares to a third party under certain circumstances which may include, amongst other, where the board reasonably determines in good faith that the transfer would be materially detrimental to the interests of the Company.

### On-sale restrictions under the Corporations Act

Shares acquired under the Offer may not be on-sold within 12 months of their issue without a prospectus or other disclosure document, unless an exemption under section 708 of the Corporations Act applies (e.g. sales to sophisticated or professional investors) or unless ASIC gives relief from the requirement to provide such prospectus or other disclosure document.

### 3.3.7 Pre-emptive rights / anti-dilution on issue of shares

If the Company resolves to issue new equity securities, it must first offer those shares in accordance with the pre-emption procedure.

This obligation does not apply to a share issue:

1. that proceeds with the approval of the shareholders passed by special resolution (75%);
2. subject to an incentive plan;
3. on the basis of convertible notes;
4. on the basis of other commercial arrangements;
5. if shares are issued as consideration in an acquisition;
6. if shares are issued under a subsequent CSF offer;
7. if the shares issued are not greater than 20% of the fully diluted capital of the Company:
  - a. calculated by reference to the issue price per share in the Company's most recent

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CSF offer, provided that such shares are issued on arm's length terms within 12 months of the Company's most recent CSF offer; or

- b. the Equity Securities are issued under a non-CSF Offer on arm's length terms.

Only Substantial Shareholders participate in the pre-emption process. Shareholders that are not Substantial Shareholders are at risk of not being able to invest further amounts into the Company to increase their holding in the Company and thereby maintain their proportionate holding in the Company.

At an extraordinary general meeting on 14 June 2023, the shareholders of the Company authorised the Company, disapplying the pre-emption process on the issue of new share, that the Company may within 24-months from the date of this resolution, "raise by way of issuance of Equity Securities up to \$1,000,000 at a price of not less than \$1.00 per ordinary share and a further \$2,500,000 at price of not less than \$1.05 per share". The Company has issued 230,000 ordinary shares at a price of \$1.00 each under this authorisation. The raise under this Offer does not fall within, but is in addition to, this authorisation.

### 3.3.8 Amendments to the Constitution

To vary the Constitution or adopt a new constitution, the Company must pass a special resolution at a general meeting. At least 75% of the voting members of the Company must vote in favour of the resolution for it to pass.

## 3.4

# What can I do with my shares?

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Shares in the Company are considered illiquid as they cannot easily be transferred or sold. However, there are numerous possible circumstances that may create an opportunity for shareholders to exit their investment in the Company. These include:

1. a sale of shares to a willing shareholder (who may be an existing shareholder of the Company);
2. a trade purchase of the Company;
3. a listing on a registered stock exchange (e.g. the ASX);

4. a private equity investment in the Company; or
5. a share buy-back by the Company.

There is no guarantee that any of the exit options will eventuate.

The Company has put in place measures that ensure that the procedural burden of shareholders in selling their shares are reduced. In particular, any Shareholder (other than a Substantial Shareholder) can sell shares outside the pre-emption process (see Section 3.3).

## 3.5

# Details of previous CSF offers

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### Previous offers of Grong Grong Solar Farm

On 15 June 2022, the Company made a CSF Offer on the Intermediary's platform. Under that CSF Offer, the Company offered up to 750,000 ordinary shares at a \$1.00 share price. The CSF Offer was successfully completed and the maximum subscription amount was raised on 23 June 2023. Under that CSF Offer, the directors of the Company were Jonathan Prendergast and Gerald Arends.

### Other previous offers

The directors of the Company, Jonathan Prendergast and Gerald Arends, have successfully completed a CSF offer for Komo Energy Pty Ltd on the Intermediary's platform. That CSF offer was conducted on the platform of the Intermediary, opened on 17 November 2020 and closed on 10 December 2020, having raised \$239,841.60 from 133 investors.

## Section 4

# Information about Investor Rights

## 4.1 Cooling-off rights

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If you are a Retail Investor, you have the right to withdraw your application under this Offer and to be repaid your application money. If you wish to withdraw your application for any reason (including if you change your mind about investing in the Company), you must do so within the Cooling-off Period.

You must withdraw your application via the Intermediary's platform. You will be able to withdraw your application within the Cooling-off Period by following the link and the instructions within your portfolio on the Intermediary's platform.

After your withdrawal has been processed, the Intermediary will refund the application money to your nominated account as soon as practicable.

## 4.2 Communication facility for the Offer

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You can ask questions about the Offer on the communication facility available on the Intermediary's platform. You can also use the communication facility to communicate with other investors, with the Company and with the Intermediary about this Offer.

You will be able to post comments and questions about the Offer and see the posts of other investors on the communication facility. The Company and/or the Intermediary will also be able to respond to questions and comments posted by investors.

Officers, employees or agents of the Company,

and related parties or associates of the Company or the Intermediary, may participate in the facility and must clearly disclose their relationship to the Company and/or Intermediary when making posts on the facility.

Any comments made in good faith on the communication facility are not subject to the advertising restrictions in the Corporations Act.

## 4.3

# Proprietary company corporate governance obligations

### 4.3.1 Annual report

The Company is required to prepare an annual financial report and directors' reports at the end of each financial year and lodge these with ASIC (within four months of the financial year end). The Company has a 30 June year end and its financial reports must be lodged by 31 October each year.

The directors of the Company are also required to make a declaration that the financial statements give a true and fair view of the Company's financial position and performance and that the financial statements comply with the accounting standards.

#### Audit requirements

The Company is and expects to remain a 'small proprietary company' and therefore the Company's financial reports will not be required to be audited under the Corporations Act.

However, the Company will have its financial statements audited:

- during the term of the RCEF Grant (so as to comply with contractual requirements of the RCEF Grant);
- if directed by the shareholders or ASIC;
- if the Company raises more than \$3 million from CSF offers (including this current offer and any future offers) or otherwise becomes a large proprietary company.

If no audit is conducted, the Company's financial reports will not be subject to auditor oversight and, therefore, there will be no independent assurance of the Company's financial statements.

### 4.3.2 Distribution of annual report

The Company is not required to notify shareholders in writing of the options to receive or access the annual report. Shareholders will not be able to elect to receive a copy of the annual report by way of email or post. However, shareholders can access the annual report on the Company's website ([www.gronggrongsolarfarm.com.au](http://www.gronggrongsolarfarm.com.au)) free of charge or can purchase the annual report from ASIC.

### 4.3.3 Related party transactions

The rules on related party transactions in Chapter 2E of the Corporations Act will apply to the Company (for so long as the Company continues to have CSF shareholders). This means that the Company is required to obtain shareholder approval before giving financial benefits to related parties of the company (e.g. directors and their spouses, children or parents), subject to certain exceptions (such as reasonable remuneration provided to directors).

### 4.3.4 Takeovers

The takeover rules in the Corporations Act apply to the Company in a very limited way. If someone wants to buy more than 20% of the voting shares in the Company, they will be able to do so without complying with the takeover rules. This means a person may be able to get control of the Company without making a formal takeover bid to all shareholders or without seeking shareholder approval.

Shareholders will not have the benefit of the full protections under the takeover rules, which means you may not have the right to vote on or participate in a change of control of the Company. However, the general principles of ensuring shareholders have sufficient information and time to consider a change of control, and all have a reasonable and equal opportunity to participate in any benefits, will apply to the Company. In addition, the Takeovers Panel has jurisdiction to hear disputes relating to control of the Company.

## 4.4

# Company updates

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The Company will provide updates to investors on the Company's website ([www.gronggrongsolarfarm.com.au](http://www.gronggrongsolarfarm.com.au)) and via the Company's share registry Boulevard Global ([www.boulevardglobal.com](http://www.boulevardglobal.com)). The Company may nominate additional channels for updates in the future.

# Glossary

<b>"Company"</b>	means Grong Grong Solar Farm Pty Ltd ACN 632 803 984.
<b>"Cooling-off Period"</b>	means the period ending five business days after an application is made under this Offer, during which a retail investor has a right to withdraw their application and be repaid their application money.
<b>"Community Power Agency"</b>	means Community Power Agency Co-operative Limited ABN 69 451 807 713.
<b>"Corporations Act"</b>	means the Corporations Act 2001 (Cth).
<b>"CSF"</b>	means crowd-sourced funding under Part 6D.3A of the Corporations Act.
<b>"Haystacks Cooperative"</b>	means Haystacks Solar Garden Co-operative Ltd ABN 86 451 344 615.
<b>"Intermediary"</b>	means Birchall Financial Services Pty Ltd ACN 621 812 646 AFSL 502618.
<b>"Komo Energy"</b>	means Komo Energy Pty Ltd ACN 618 126 622.
<b>"Komo Precinct"</b>	means Komo Precinct Pty Ltd ACN 620 029 334.
<b>"Komo Service"</b>	means Komo Service Pty Ltd ACN 645 429 483.
<b>"Maximum Subscription"</b>	means the amount specified in this CSF offer document as the maximum amount sought to be raised by the Offer. The Maximum Subscription is subject to rounding based on the share price of the Offer.
<b>"Minimum Subscription"</b>	means the amount specified in this CSF offer document as the minimum amount sought to be raised by the Offer. The Minimum Subscription is subject to rounding based on the share price of the Offer.
<b>"Offer"</b>	means an offer of fully-paid ordinary shares by the Company under this CSF offer document.
<b>"Retail Investor"</b>	has the meaning given to the term "retail client" under the Corporations Act.
<b>"SEFA"</b>	means Social Enterprise Finance Australia Limited ACN 150 673 715



**Contact Jonathan Prendergast on  
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**This project is supported by a grant from the NSW Government's Regional Community Energy Fund. The views expressed herein are not necessarily the views of the NSW Government. The NSW Government does not accept responsibility for any information or advice contained herein.**