



# HEART OF ENGLAND COMMUNITY ENERGY LIMITED

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2021 BOND OFFER





## IMPORTANT NOTICE

An investment in this Offer is not without risk and prospective investors should read through this document carefully, in particular the key risks set out later in this Offer Document. An investment in this Offer will not be suitable for all recipients of this document and may expose an individual to a significant risk of losing all of the cash invested. Investing into this Offer is only for investors who understand these risks. Any losses from this investment are not eligible for compensation from the Financial Services Compensation Scheme (FSCS).

No communications from Heart of England Community Energy Ltd (HECE) or Ethex should be construed as an investment recommendation. If you have any doubt about the suitability of investing in this opportunity, you should seek advice from an appropriately qualified professional.

All investment activities take place within the United Kingdom, and any person resident outside the United Kingdom should ensure that they are not subject to any local regulations before investing.

This Offer Document is issued by HECE and has been prepared on behalf of its directors, who are responsible for its content. This Offer Document constitutes an invitation to invest in the Bonds issued by HECE on the terms and conditions described in this Offer Document.

An Application to invest in the Bonds may only be made through Ethex, a not for profit organisation operating an online platform for positive investments. This Offer is made available on the basis that any Investment can only be made via [ethex.org.uk](https://ethex.org.uk)

Ethex is not required to be authorised by the Financial Conduct Authority in so far as it provides information on or arranges deals in investments. This is because it is an Enterprise Scheme, which is exempt from regulation in arranging financial deals provided it is not acting for financial gain.

This document has not been approved as a financial promotion under section 21 of the Financial Services and Markets Act 2000.

Further information can be found at [ethex.org.uk](https://ethex.org.uk). If you have a query about how to apply for this offer, please visit [www.ethex.org.uk/invest/heart-of-england-community-energy](https://www.ethex.org.uk/invest/heart-of-england-community-energy) or contact Ethex by email at [help@ethex.org.uk](mailto:help@ethex.org.uk)



## CONTENTS

1. Introduction	4
2. Heart of England Community Energy	14
3. Governance and Management	20
4. Financial Information	25
5. Key Risks	30
6. Q&A	35
Appendix 1 – Definitions	37
Appendix 2 – General Information	39
Appendix 3 – Taxation	42
Appendix 4 – Bond Instrument	46
Appendix 5 – Accountants Letter	68



## WHAT IS A COMMUNITY BENEFIT SOCIETY?

A community benefit society (CBS) is an incorporated legal form with limited liability that conducts business for the benefit of the community. A CBS trades to generate income to support its community purpose. CBSs are owned by their members who have a one member one vote say in annual general meeting decisions such as the election of directors. CBSs operate in accordance with their governing rules which set out the community purpose, the rights of members, how the CBS is governed and an asset lock. The asset lock ensures surplus profits are used towards its community purpose.

CBSs are registered with the Financial Conduct Authority (FCA), separate to the FCA's role as financial regulator. A CBS can raise finance by issuing shares or bonds to the public and pay a reasonable rate of interest.

# 1 INTRODUCTION

In 2017, Heart of England Community Energy Ltd (HECE or the Society) purchased three solar arrays totalling 14.7MW (or 56,520 solar panels!) into community ownership. At the time it was the largest community solar array in the UK. We raised the capital to do this through two community investment offers which raised £267,001 in share capital investment and £339,900 in bond capital investment. Alongside this community investment we raised over £16.5 million of bank loans and social investment from Social and Sustainable Capital (SASC).

Since then, the solar arrays have generated 57 million kilowatt hours of electricity from the sun, we have provided £66,000 of funding to support community projects and tackle fuel poverty in

our locality, and our community share and bond holders have been paid interest at 6% and 5% per year as offered in the 2018 share and bond offer documents.

Through this Bond Offer we are seeking to raise a Minimum of £340,000 to repay the 2018 community bond capital which reaches maturity in April 2022 and a Maximum of £1,100,000, with the additional funds being used to repay some of the shorter term SASC debt and complete the long-term financing.

The Bond Offer gives people and organisations the opportunity to invest in HECE and earn an interest rate of 4% per year, with capital returned over 15 years. Two of our solar arrays benefit from a 20-year government backed feed-in tariff which provides a revenue subsidy and a guaranteed minimum price

for the electricity supplied to the local distribution network. The feed-in-tariff was secured before the subsidies were significantly cut (and subsequently closed for new generators in 2019) and expires in September 2036. The third solar array benefits from Renewables Obligation payments which provides a 20-year revenue subsidy but not a minimum price for electricity.

HECE's solar arrays generate over £1.6 million per year in revenue. As well as covering operating and finance costs (including interest and capital repayments to our share and bond investors), we expect to generate at least £3.5 million over the solar farms' 25-year operating life to support local community initiatives.

We look forward to welcoming you on board.



## THE 2021 HECE COMMUNITY SOLAR BOND OFFER

### Issuer:

Heart of England Community Energy Ltd.

### Amount:

1,100,000.

### Term:

15 years, repayable in instalments with the final repayment on 30th September 2036.

### Minimum investment:

£100.

### Interest:

4% gross per year. Payable in arrears on 30 September each year with the first payment on 30 September 2022. **Investors should note that the payment of interest and repayment of capital are not guaranteed and are dependent on the continued success of HECE's business model.** See Appendix 3 for details on the tax treatment of interest payments.

### Repayment:

The Bonds are expected to be repaid over the 15 year term with final instalment payable on 30 September 2036. Repayments will commence from as early as September 2025. An intended repayment profile is provided in Section 4. The actual repayment profile may vary and the Directors will confirm the amount to be repaid each year on the basis of cash available.

### Early repayment rights:

The Directors can, at their sole discretion, repay the Bonds early in part or in full with effect from 30 September 2025. In addition, in the event of the death of a Bondholder or in other exceptional personal circumstances, the Society may repay an individual Bondholder early (together with any accrued interest due). However, such early repayment will be at the Society's discretion and subject to sufficient cash being available.

### Minimum Raise (the minimum that must be raised for the Offer to go ahead):

£340,000.

### Maximum Raise:

£1,100,000.

### ISA:

The Bonds are eligible to be held in an Ethex Innovative Finance ISA. **ISA eligibility does not guarantee returns or protect consumers from losing their money. IFISA eligibility depends on individual tax status and is subject to changes in legislation.**

### Security:

The Bonds are unsecured. In the event that HECE becomes insolvent while the existing secured lenders – Triodos Bank and SASC – remain lenders, bondholders will be repaid after the secured lenders, but before HECE shareholders.

### Reporting:

Bondholders will receive an annual report and, whilst they will not have voting rights, will be invited to attend the Society's annual general meeting. Updates will be provided via HECE's website [www.hecommunityenergy.org](http://www.hecommunityenergy.org)

### Transferable:

Bonds are transferable. Bondholders wishing to transfer their Bonds will be able to list them on the Ethex Secondary Market exchange platform. See the FAQ (Section 6) for more information on how this works. Ethex cannot guarantee Bondholders will be able to find a willing buyer for their Bonds and agree a price. **Investors should be prepared to hold the Bonds for their full 15 year term.**

### Timetable:

The Offer will close in two tranches: Applications for the first tranche will close on the First Allocation Date, which will be a date chosen by the Directors after the Offer has raised the Minimum Sum.

Applications for the second tranche will close on the Second Allocation Date, which will be the earlier of (a) the date the Offer reaches the Maximum Raise and (b) a date decided by the Directors (but which must be no later than 30 April 2022. Bonds are issued 14 days after the First Allocation Date or Second Allocation Date (depending on when an Applicant applies) and interest is accrued from that issue date.

**Full details of all terms and conditions of the Bonds are included in the Bond Instrument in Appendix 4.**

### ETHEX INNOVATIVE FINANCE ISA (IFISA)

The Innovative Finance ISA ("IFISA") is a third class of ISA (after cash and stocks and shares ISAs), which was introduced in 2016 by HMRC in recognition of the role peer-to-peer lending and other disruptive forms of financing play in helping to fund UK businesses.

Individuals in the UK can now open one IFISA in each tax year, alongside their cash and stocks & shares ISAs, to invest into unlisted debt-based securities.

Individuals who are resident in the UK have an annual limit of £20,000 for new investment into ISA accounts for the current tax year. Individuals may choose to spread their £20,000 allowance across their different types of ISA or may wish to invest the entire amount into their IFISA.

Using an IFISA will mean that Bondholders will not have to pay income tax on their Bond interest (and so no interest will be withheld by HECE under the withholding tax rules). This may be an advantage to Applicants who do not wish to use their Personal Savings Allowance and who do not wish to have to apply to recover any withheld tax.

Ethex offers an IFISA for the Bonds, so Applicants can choose whether or not to use an ISA to hold their Bonds.

Further information on the IFISA offered by Ethex can be found at [www.ethex.org.uk/help](http://www.ethex.org.uk/help)





## KEY RISK FACTORS

The Directors consider the key risks to be as follows. For further information please see the Key Risks set out in Section 5:

- *Investing in the Bonds is not the same as depositing money in a bank account as capital is at risk and you may not get back the full amount invested. The Bonds are not covered by the Financial Services Compensation Scheme or any other compensation scheme. In the event of HECE being unable to pay either the capital or interest payments you will not be entitled to make a claim against the scheme.*
- *HECE's ability to pay the interest on the Bonds and to repay the Bonds is dependent on the continued success of its business model, which is not guaranteed.*
- *Whilst the intention is to repay the Bond capital over the 15 year term according to the intended repayment profile set out in Section 4, HECE is not required to repay any capital before the final repayment date of 30 September 2036 (save in the event of default by HECE which in any event will not guarantee early repayment in full). **You should only invest if you are prepared to wait the full 15 years to receive your capital back.***
- *Although the Bonds are transferable, and the Ethex Secondary Market Platform will be available to Bondholders seeking a buyer for their Bonds, there is no guarantee Bondholders will be able to find a buyer and agree a price.*
- *The Bonds are unsecured. In the event of any default by HECE on the terms of its borrowing from the senior debt lender (Triodos Bank) and/or junior debt lender (SASC), or on the wind-up or liquidation of HECE and/or its subsidiaries, the senior debt lender and junior debt lender will be repaid ahead of holders of Bonds. Bonds will be repaid at the same level of priority as other unsecured creditors to HECE and ahead of HECE's Shareholders.*
- *If this Offer does not raise the Maximum Raise, in future years it will be necessary to raise additional funds, by ways of shares or further bonds, in order to repay outstanding capital due to the junior debt lender (SASC).*
- *HECE's business model is based on certain assumptions about the power market in future years. If those assumptions prove incorrect, HECE may not generate enough income to meet the interest and capital repayments due on the Bonds.*

For further information on risks and the Directors' perception of mitigating factors, please see Section 5. You should read these in full and make sure you understand them before deciding whether to invest.

## THE ROLE OF ETHEX

Ethex brings together on one platform the best positive savings and investment opportunities to make it easy to make money do good. These are opportunities that offer a social and environmental as well as a financial return.

Through Ethex you can invest and save with businesses you believe in – whether it's renewable energy, fair trade, social housing, organic farming or green transport, - these positive businesses can then find the investment they need to develop and grow. Ethex wants everyone to invest and save in a way that brings benefit to society and finances a more sustainable world. That's what it calls positive investing.

Ethex's designated receiving agent (ShareIn) will, through the Ethex website and its back office services act as the sole receiving agent for the HECE Bond Offer.

In order for you to apply for bonds issued through this offer by HECE you will need to become a Registered User of their site and sign up to their platform Terms and Conditions, including the Privacy Policy.







## HOW TO APPLY

Applications for Bonds can be made through the Ethex platform by going to <https://www.ethex.org.uk/invest/heart-of-england-community-energy>

You should not apply for any Bond except on the basis of the information set out in (a) this Offer Document and (b) the terms and conditions on [ethex.org.uk](https://www.ethex.org.uk). Before applying you should ensure you have read this Offer Document in full before deciding to invest, including the risks section, and all the terms and conditions at [ethex.org.uk](https://www.ethex.org.uk). You should consider taking appropriate financial and other advice before making any investment decision.

If you have a query about how to apply for this offer, please visit [ethex.org.uk](https://www.ethex.org.uk) or contact Ethex by email at [help@ethex.org.uk](mailto:help@ethex.org.uk)

For general queries about this Offer, please contact HECE at: [info@hecommunityenergy.org](mailto:info@hecommunityenergy.org)

## OUR SOLAR FARMS ARE A HAVEN FOR WILDLIFE

We do our best to manage the solar farm fields for wildlife. After the solar farms were installed in 2016, the fields were seeded with a general purpose meadow mix which includes wildflowers and fine and slow growing grasses. Outside the perimeter fence a tussocky grass mixture was used which consists of varied forms of grasses and wildflowers. Some of the wildflower species present in the two mixes used are: Birds Foot Trefoil, Buttercup, Common Knapweed, Ox-eye Daisy, Common Sorrel, Ribwort Plantain, White Clover and Yarrow.

The wildflower meadows provide a changing colour palate through the year and provide a diverse environment attracting insects and other invertebrates including butterflies, bees, birds and mammals. In addition to the wildflower meadows a land management plan has been implemented to ensure the protection and proper management of wildlife and vegetation on site. HECE have consulted Warwickshire Wildlife Trust and received helpful advice from them on how to further increase biodiversity on site.





## DIRECTORS AND ADVISORS

### DIRECTORS

John Stott (Chair)  
Susan Juned  
Kate Evans  
Dave Passingham  
Tony Guy  
Tony McNally  
Eric Appleton

### REGISTERED OFFICE

C/o Communities for Renewables CIC  
Redruth House  
Cornwall Business Park  
West Scorrier, Redruth Cornwall TR16 5EZ

### PROMOTER, REGISTRAR FOR THE OFFER

Ethex Investment Club Limited  
The Old Music Hall  
106-108 Cowley Rd  
Oxford OX4 1JE

### RECEIVING AGENT

ShareIn (acting on behalf of Ethex)  
38 Castle Terrace  
Edinburgh EH3 9SJ

### SOLICITORS TO THE OFFER

Bates Wells  
10 Queen Street Place  
London EC4R 1BE

### COMPANY AND ASSET MANAGERS

Communities for Renewables CIC  
Redruth House  
Cornwall Business Park  
West Scorrier, Redruth Cornwall TR16 5EZ

### ACCOUNTANTS

Westerly Accountancy Limited  
24 Orchard Road  
Wrafton  
Braunton  
Devon EX33 2DZ







## 2 HEART OF ENGLAND COMMUNITY ENERGY

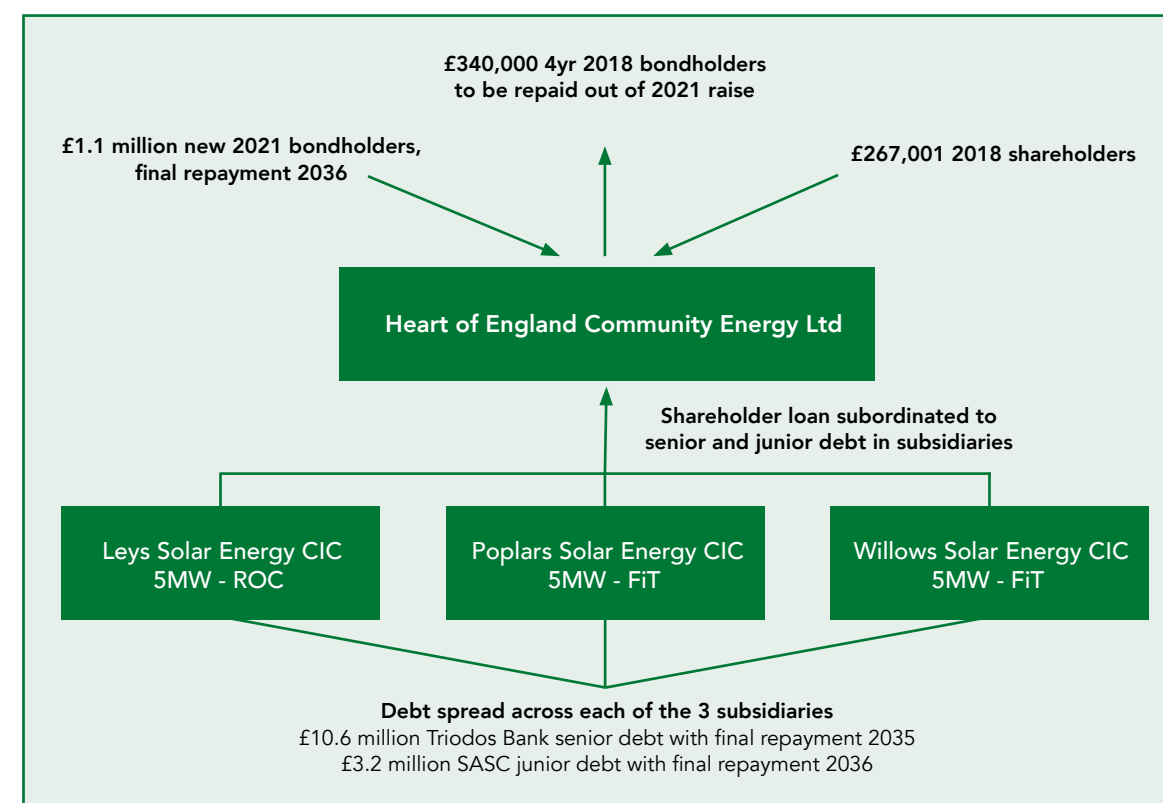
### OWNERSHIP AND FINANCE STRUCTURE

Heart of England Community Energy Limited (HECE) is a community benefit society that was set up to bring three community solar arrays at Drayton Manor Farm near Stratford-upon-Avon into community ownership. HECE is governed by local volunteer directors. It is owned by its Members, of which there are 76 who have '1 member 1 vote' rights in AGM decisions. As a community benefit society, HECE is run primarily for the benefit of the communities of the Heart of England region in accordance with its community objects, rather than for the benefit of its Members. HECE and its subsidiaries are professionally managed by [Communities for Renewables CIC](#). The three solar farms are owned in separate wholly-owned subsidiaries.

HECE has been through a number of refinances to establish a long-term, low-cost finance structure, as illustrated below.

Capital provider and balance	December 2018	December 2019	December 2020	Projected December 2021*
Close Brothers Bank	£ 10,665,942	£ -	£ -	£ -
Triodos Bank	£ -	£ 11,753,155	£ 11,154,091	£ 10,537,000
SASC	£ 5,996,069	£ 4,262,508	£ 4,252,508	£ 3,197,091
2018 Community bonds	£ 339,900	£ 339,900	£ 339,900	£ -
2021 Community bonds	£ -	£ -	£ -	£ 1,099,900
2018 Community shares	£ 267,001	£ 267,001	£ 267,001	£ 267,001
<b>Total</b>	<b>£ 17,268,912</b>	<b>£ 16,622,564</b>	<b>£ 16,013,500</b>	<b>£ 15,204,486</b>

\* assuming completion of Maximum raise under the 2021 Bond Offer





## ABOUT THE SOLAR ARRAYS

HECE's three solar arrays are part of a larger solar farm at Drayton Manor Farm on the outskirts of Stratford-upon-Avon totalling 45MW. The solar arrays were constructed in 2016 by Anesco who provide ongoing services and maintenance services under a long-term contract. HECE acquired the solar arrays into community ownership once they had been constructed. The three solar arrays have a combined installed capacity of 14.7MW (or 56,520 panels) and each year generate enough electricity to power 4,200 homes.



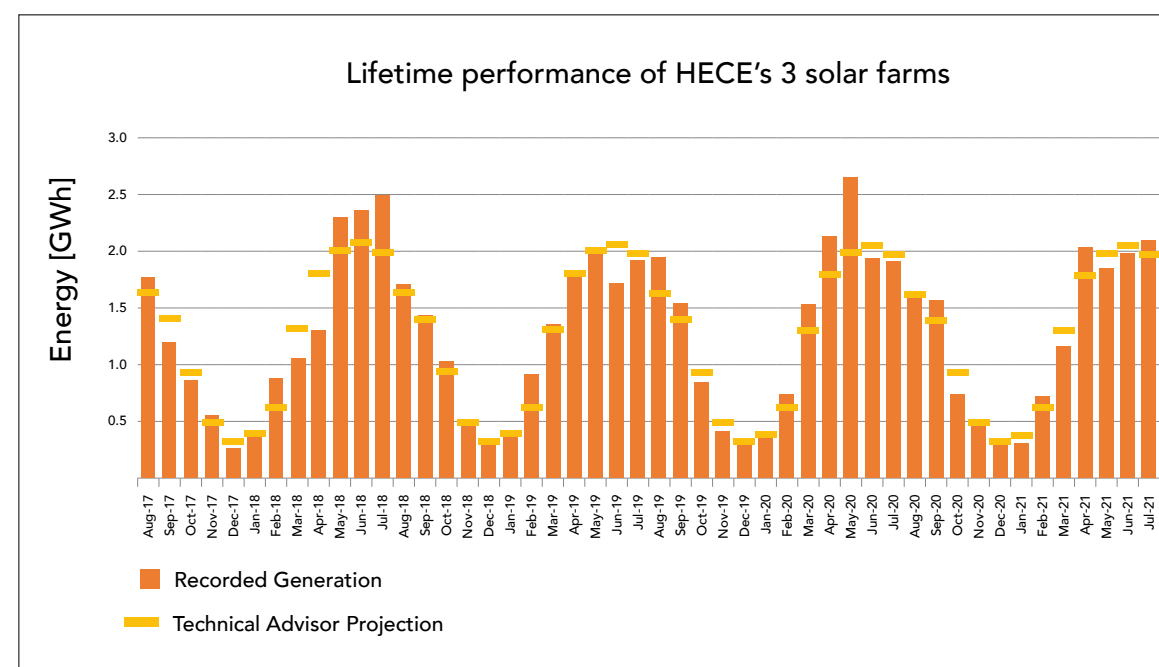
### Heart of England Community Energy's solar arrays

Solar Array	Leys Solar Energy CIC	Poplars Solar Energy CIC	Willows Solar Energy CIC
Rated capacity	4.98MWp	4.98MWp	4.74MWp
Expected annual generation	5,110MWh	5,140MWh	4,880MWh
Subsidy	Renewables Obligation £64/MWh (2021)	Feed-in tariff £57/MWh (2021)	
Power purchase	Contracted at £48-73/MWh (2021-24) with no minimum price guarantee beyond	Contracted at £60-81/MWh (2021-24) with a minimum price guarantee of c.£60/MWh beyond	
Solar panels	Trina TSM260		
Inverters	Huawei SUN2000		
Construction contractor	Anesco		
Service and maintenance contractor	Anesco		
Company and Asset manager	Communities for Renewables CIC		
Land lease	26 years and 6 months (2042)	26 years and 6 months (2042)	26 years and 6 months (2042)
Expected operational life	26 years, or longer if the leases are extended		

## HISTORICAL GENERATION PERFORMANCE

HECE's solar farm has been in HECE's ownership since 2017. Lifetime generation has exceeded long-term 'P50' projections by 3.5%. The P50 projection is the generation forecast that is expected to be

exceeded in 50% of years. Generally, we expect yearly variations of up to 10% above and below the P50 projection.



Each of the three solar farms has a co-located battery storage unit which is owned by an independent battery operator, Zenobe Energy Limited. Each solar farm shares its grid connection with the co-located battery in return for quarterly rental payments which are included in the financial projections. The solar farms and batteries have separate metering and are operated independently of each other.

The land under and around the solar panels is managed to maintain a species rich meadow of grasses, herbs and wild-flowers and encourage wildlife and biodiversity.





## COMMUNITY PURPOSE AND IMPACT

### Heart of England Community Energy's purpose

HECE was set up to bring the benefits of community energy to the Heart of England region. We empower local people and organisations by enabling them to invest in, control and benefit from local renewable energy generation. Each year HECE allocates money to a community fund to support local charities and projects with a positive social and environmental impact. HECE also supports initiatives to tackle climate change and poverty in developing countries.

Over the first 20 years of the solar arrays' operational life, the bulk of the post-operating cost cashflows are needed to cover interest and capital repayment costs to Triodos Bank, SASC and HECE's community share and bondholders. During this time HECE expects to contribute £30,000 per year to the community fund.

However, once all the loan, bond and share capital has been repaid, all the surplus income generated by the solar arrays (after operating costs and reserves) will be used to support HECE's community purpose. Depending on future power prices, HECE could generate up to £3.5million of surplus income by operational year 25.



citizens  
advice

### South Warwickshire

**COMMUNITY RESILIENCE  
IN THE COVID CRISIS**

Citizens Advice South Warwickshire (CASW) is a local charity which offers free, confidential, impartial and independent advice for all members of the South Warwickshire community. Advice available spans multiple areas including money, housing, energy, immigration and legal services.

From July 2020 HECE provided CASW with an ongoing grant of £2,100 every 3 months to support the administration of hardship grants.





**HELPING ISOLATED  
PEOPLE GET OUT AND  
ABOUT**

Harbury E-Wheels is a scheme created by The Harbury Energy Initiative which aims to reduce rural isolation and enable local agencies to delivery their services effectively. They do this by using 2 electric cars, working within a 15 mile radius of Harbury, to provide transport to those in need for vital appointments and opportunities to socialise at community organised events in addition to taking food donated by Harbury residents to the Food Bank at Kineton.

Harbury E-Wheels have provided over 5,000 hours of free transport!

HECE provided Harbury E-Wheels with an £1,800 grant in June 2019 which went towards their running costs between April 2019 – March 2020.



## 3 GOVERNANCE AND MANAGEMENT

HECE is overseen by a board of volunteer directors (**Directors**) who are responsible for key decision making and ensuring the Society is governed in accordance with the Rules. The Board is elected by the members (**Members**) at each annual general meeting (**AGM**). Up to two directors can be co-opted.

HECE and its three wholly owned subsidiaries Leys Solar Energy CIC, Poplars Solar Energy CIC and Willows Solar Energy CIC are professionally managed by Communities for Renewables CIC.



### DIRECTORS

#### John Stott (Chair)

John is a chartered member of the Energy Institute and worked in the electricity generation industry. He is interested in finding ways of minimising climate change and renewable energy is an important part of the solution.



He has invested in over 50 renewable energy projects and is well informed about renewable energy and in particular, the technicalities of solar power. He has helped a community solar project with technical advice and helped a local business to purchase a solar power system. For ten years, he promoted the low carbon message by writing the green column in a local electronic newspaper and is continuing to promote the need and means for a zero carbon society by helping in the development of a Climate Information Centre in Stratford-on-Avon.

#### Susan Juned

Originally trained as an ecologist, Susan gained her Masters and PhD at the University of Birmingham studying biodiversity.



After a research career Susan became the Government Liaison officer for a Defra funded resource management organisation, and founded an organisation that advised and supported local government with commercial waste and sustainability pilot projects. Responsibilities included business planning, liaising with Government on policy and consultation and being an advisory member of the DEFRA Zero Waste project. She was a member of the former West Midlands Regional Technical Advisory Board for waste planning for many years.

Susan has been a local councillor on Stratford-on-Avon district council for over twenty five years and was a former County Councillor. She helped to set up, then chaired, the energy efficiency charity, Act on Energy, and remains a trustee. She is also a trustee of Warwickshire Wildlife Trust.



Before retiring last year, Susan worked on a range of initiatives including advising universities on dissemination strategies for research, working with sustainable development projects and advising businesses on resource management and renewable energy projects. Susan has served on a number of national policy development working groups, mainly on rural and sustainability themes. She has also carried out work looking at the effectiveness of fuel poverty pilots and has been a long-time advocate of community energy and using the benefits for local communities.



#### **Kate Evans**

Kate is founder of Graduate Planet CIC, an award-winning Social Enterprise recruitment agency that reinvests 100% of profit into projects that create environmental sustainability. After 26 years' experience in the recruitment industry, Kate is using her passion for sustainability to create positive social and environmental impact within corporate supply chains and the community.



#### **Eric Appleton (also director of Leys, Poplars and Willows Solar Energy CIC boards)**

Eric works in the Innovator Support Platform at the Energy Systems Catapult, helping small and medium businesses get clean energy innovations to market. He has a keen interest in digital platforms and how these can be used to unlock the potential of local energy systems. Eric has over 20 years' experience in digital technology and telecommunications having previously held senior management positions BlackBerry, AT&T & BT, covering roles responsible for channel sales, software licensing, supplier and partner management, cost optimisation and governance.

*Directors serve on an unpaid basis, but Directors may be reimbursed for reasonable out of pocket expenses.*



#### **Tony McNally**

Tony is the Managing Director of Climate Change Solutions Ltd (est.2003). He jointly organised the first Midlands Environmental Business Conference NEC, from which it was established and continues to date as the MEBC (Club).

He was involved in organising the Pledge to the Planet and Tree of Life campaign, with John Talbot, David Middleton Jonathon Porritt, leading to and featuring in the UN Earth Summit Rio 1992. He also participated in Coventry and Warwickshire Savers as a local Agenda 21 NGO. He is a National Forest Ambassador.

Tony has been invited to give a presentation on the 2030 Climate Emergency - COP 26 Leadership workshop First Division Association for senior civil servants.



#### **Tony Guy (also director of Leys, Poplars and Willows Solar Energy CIC boards)**

In 2002 GMC developed the concept of an electric light commercial vehicle and with London Taxi International built three demonstrators. Tony was then a founder Director of Modec Ltd, and as Sales Director and then Operations Director established Modec as a World Class producer of Electric Vehicles. Tony was awarded the "Green Fleet Lifetime Achievement Award" in 2005 "

In 2016 Tony was Awarded the MBE for "services to scouting and young people in Warwickshire and Blackpool".



#### **Dave Passingham**

Dave was Managing Director of a computer aided design software company. Since retiring he has been involved in running environmental and community projects in South Warwickshire. Dave has had a special interest in Community Energy Companies for the last 10 years and has investments in over 30 such companies. He has a degree in Engineering Design.



## MANAGEMENT AND ADMINISTRATION

Administration of HECE and its three wholly-owned subsidiaries is managed by Communities for Renewables CIC ("CfR") through a services agreement and under supervision of the Board. The Board bear ultimate responsibility to the management and administration of the Society, acting on reports and advice from its advisors and contractors.



SolarAid is an international charity founded in 2006 to combat climate change and poverty. Currently focused on Malawi and Zambia, they do this by providing access to solar lights as a safe, clean and affordable option to alternative lighting options which can be both expensive and dangerous.

HECE have provided SolarAid with grants of £7,500 to date. In June 2021, £2,500 was provided which was immediately utilised to continue SolarAid's work of recruiting, training and long-term business support of 20 female solar entrepreneurs. Through supporting these 20 'Mayi Walas' HECE's impact will be;

- 1,200 people reached with solar light
- £7,500 saved by families by reducing spend on alternative lighting with the savings used for food, school and livelihoods
- 600 people experiencing better health thanks to reduced indoor air pollution
- 120 tonnes of carbon dioxide emissions avoided due to reduced kerosene lamp use\*

\* in total, over lifetime of a solar light

## 4 FINANCIAL INFORMATION

The financials in this section are presented on a consolidated basis for HECE and its three 100% owned subsidiaries Leys Solar Energy CIC, Poplars Solar Energy CIC and Willows Solar Energy CIC (together the Group). Please see Section 2 for more information about the Group's structure.

### CASHFLOW SUMMARY

A summary of consolidated financial projections for the Group is shown below:

Solar farm operation year	6* – 10	11 – 15	16 – 20	21 – 25
£ '000				
Revenue	£ 9,454	£ 10,637	£ 11,751	£ 6,897
Cost of Sales	-£ 735	-£ 918	-£ 1,038	-£ 1,175
Administrative Operating Costs (including maintenance reserve expenditure)	-£ 1,313	-£ 1,450	-£ 1,605	-£ 1,619
Triodos Interest and Capital	-£ 4,350	-£ 4,989	-£ 4,078	£ 0
SASC Interest and Capital	-£ 2,171	-£ 1,649	-£ 1,617	-£ 293
Bond Interest and Capital	£ 536	-£ 330	-£ 681	-£ 463
Community Shares Interest and Capital	-£ 80	-£ 80	-£ 80	-£ 283
Community Payments	-£ 144	-£ 180	-£ 180	-£ 3,135
VAT (to)/from HMRC	-£ 924	-£ 1,000	-£ 1,099	-£ 170
Tax	£ 0	£ 0	-£ 944	-£ 351
Unreserved Opening Cash Balance	£ 522	£ 794	£ 836	£ 1,265
Net Cash Movement	£ 272	£ 42	£ 429	-£ 592
Closing Cash Balance	£ 794	£ 836	£ 1,265	£ 673

\* The solar farms were commissioned in 2016.

**Note:** Forward looking statements are merely unaudited projections based on a number of assumptions and should not be relied upon as indicators of future performance. The projections are subject to the risks described in Section 5 and there is no guarantee they will be achieved.



Forecast income (including VAT) is derived from the sale of electricity generated by the solar farm and payments received through the Feed-in Tariff (FIT) and Renewables Obligation (RO) revenue subsidy.

Operating costs (including VAT) principally include service and maintenance, component replacement reserves, land rent, insurances, electricity imports, business rates and company administration costs (director insurances, book-keeping, annual accounts, bondholder administration and the company and asset management services contract with Cfr).

Finance costs include:

- Triodos Bank interest and capital payments due on the bank loans in HECE's three 100% owned subsidiaries Leys Solar Energy CIC, Poplars Solar Energy CIC and Willows Solar Energy CIC – see Appendix 2 for more details
- Social and Sustainable Capital interest and capital payments due on the junior loans in HECE's three 100% owned subsidiaries Leys Solar Energy CIC, Poplars Solar Energy CIC and Willows Solar Energy CIC – see Appendix 2 for more details
- Bond interest due to Bondholders from this Solar Bond Offer and repayment of Solar Bond capital.
- Share interest and repayment of capital to Members who invested in the 2018 share offer.



## CASH WATERFALL - USE OF GROUP ANNUAL CASHFLOW AFTER OPERATING EXPENSES GENERATED BY THE PROJECT

As is typical for these type of renewable energy projects there are number of different operating and financing costs to be paid in an agreed order of priority from the solar arrays' income. The cashflows generated by the solar arrays will be utilised in accordance with the cash waterfall shown below. This is formalised in the Bond Instrument in Appendix 4.

**Applicants should note that (a) interest on the Bonds can only be paid after items 1-4 in the list below have been paid and (b) Bond capital repayments will only be made after interest payments to the community shareholders who invested in the 2018 share offer.**

Cash waterfall up to project year 20 (2036):

1. Operating costs (includes £30,000 pa community payment)
2. Operating and component replacement reserves
3. Triodos Bank loan interest and capital
4. SASC loan interest and capital
5. Solar Bond interest (current period and any outstanding)
6. Interest to the community shareholders who invested in the 2018 share offer
7. Solar Bond capital repayments up to the cumulative intended repayment profile
8. Any surplus to be allocated at the discretion of the Directors to Member capital repayments, additional Solar Bond capital repayments or payments to the community fund

From project year 21 (2037), assuming all loan, Solar Bond and Member capital has been repaid, the Cash waterfall will be:

1. Operating costs (includes £30,000 pa community payment)
2. Cashflow, component replacement and decommissioning reserves
3. All surplus income to HECE's community purpose



## INTENDED CAPITAL REPAYMENT PROFILE

The Bonds are expected to be repaid over the 15 year term with final instalment payable on 30 September 2036. Repayments will commence from as early as September 2025. An intended

repayment profile is provided below. The actual repayment profile may vary and the Directors will confirm the amount to be repaid each year on the basis of cash available.

Year	2025	2026	2027	2028	2029	2030
Repayment	£25,000.00	£25,000.00	£25,000.00	£25,000.00	£25,000.00	£25,000.00
Closing balance	£1,075,000.00	£1,050,000.00	£1,025,000.00	£1,000,000.00	£975,000.00	£950,000.00

Year	2031	2032	2033	2034	2035	2036
Repayment	£25,000.00	£25,000.00	£25,000.00	£130,000.00	£300,000.00	£445,000.00
Closing balance	£925,000.00	£900,000.00	£875,000.00	£745,000.00	£445,000.00	-

## ASSUMPTIONS

The key assumptions underlying these projections are as follows:

- The Group raises £1,100,000 through the Bond Offer which is used to repay the 2018 Bondholders, part of the SASC loans, associated transaction costs and provide working capital for the Group.
- The solar arrays generate around 14,800 MWh of electricity each year (decreased by 0.4% each year to account for system degradation). This is the long-term average yield as advised by HECE's technical advisers.
- The Poplars and Willows solar arrays receive payments to 2036 through the Feed-in Tariff generation tariff at a rate of £57/MWh (5.7p/kWh) (increased each year in line with RPI)
- The Leys solar array receives payments to 2036 under the Renewables Obligation at the 'buy out' rate of £51/MWh (5.1p/kWh) (increased each year in line with RPI).
- A power price equivalent to £45/MWh (4.5p/kWh) (increased each year in line with RPI) will be achieved by the Leys during the term of the Renewables Obligation subsidy and by all three projects following the expiry of their respective subsidy.
- The Willows and Poplars solar arrays receive payments for exported electricity equivalent to the Feed-in-Tariff export tariff (increased each year in line with RPI) to September 2036.
- Inflation (represented by RPI) averages 2.5%.
- Solar Bond capital is repaid over 12 years starting in 2025, with the final repayment due by 30th September 2036.
- Existing Members from the 2018 share offer receive an annual target share interest payment of 6% (a total interest cost of £16,000).
- Corporation tax is assumed to be 19% to 2023 increasing to 25% thereafter in bands as described in the 2021 Budget.
- A component replacement reserve is built up to cover the cost of replacing all the inverters between operating years 11 and 20. Additional reserves are maintained to cover cash flow needs in a year with lower than average sunshine.

## Triodos Bank Loans

The balance of Triodos Bank loans to HECE's three 100% owned subsidiaries Leys Solar Energy CIC, Poplars Solar Energy CIC and Willows Solar Energy CIC are expected to be £10,537,000 at the end of December 2021. The loans are repaid based on a fixed repayment profile with the final repayment being made in March 2035. The loans bear interest at fixed rates of around 3%. The loans are secured by way of a first ranking fixed charge over the solar assets and are held in the three subsidiaries.

## SASC Loans

The balance of SASC's loans to HECE's three 100% owned subsidiaries (Leys Solar Energy CIC, Poplars Solar Energy CIC and Willows Solar Energy CIC) are expected to be £3,197,000 at the end of December 2021. The loans are repaid based on a sculpted repayment profile with the final repayment being made in March 2033. The loans bear interest at 4.25% (inflated each year with reference to CPI). The loans are secured by way of a second ranking fixed charge over the solar assets and are held in the three subsidiaries.

If the Bond Offer raises more than the Minimum Raise (£340,000), HECE will be able to repay some of the SASC Loans early, which will reduce finance costs. The precise amount that can be repaid will depend on the amount of SASC Loans outstanding at the time the Bond Offer closes and the amount raised by the Bond Offer.

## Late interest penalty and default arrangements

If HECE fails to pay any Bond interest amount when due this will not amount to an Event of Default by HECE, but the unpaid interest will attract a penalty interest rate from the due date until the date of payment. For more details on this and the Events of Default please see the Bond Instrument in Appendix 4.

## Security

The Bonds are unsecured. This means that Bondholders cannot rely on the underlying value of the solar assets in order to cover any failure by HECE to pay capital or interest on the Bonds. It also means that Bondholders rank behind Triodos and

SASC in respect of the payments due to investors from HECE and its subsidiaries, both whilst HECE is operating and in the event that HECE became insolvent. This means the ability for Bondholders to enforce a claim against HECE will be limited whilst the Triodos and SASC debt is outstanding.

However, HECE commits that it will not take on further lending which is secured against the current solar assets.

## Financial commitments

HECE may raise further capital in the future to fund further community-energy activities. Returns to investors in any future capital raises will be linked to revenues from the activities the future capital raises relate to. It is a condition of this Bond Offer that revenues generated by HECE's current activities will be paid to investors in this Bond Offer before being made available to investors in future activities. Similarly, HECE may decide that the returns from future activities should be first available to investors in those future capital raises.

## TRIODOS BANK

Founded in 1980, Triodos Bank has become a frontrunner in sustainable banking globally. As an independent bank that promotes responsible and transparent banking, it does not see any conflict between a focus on people and the planet and a good financial return. Instead, it believes that they reinforce each other in the long-term.

Triodos Bank has banking activities in the Netherlands, Belgium, the UK, Spain and Germany as well as Investment Management activities based in the Netherlands but active globally. Triodos Bank co-founded the Global Alliance for Banking on Values (GABV), a network of 63 sustainable banks. Together these banks want to grow sustainable banking and its impact on the real economy substantially.

[www.triodos.co.uk](http://www.triodos.co.uk)



## 5 KEY RISKS

All investment and commercial activities carry risk, and investors should take appropriate advice and make their own risk assessment when considering this investment. Investing in Bonds is not the same as investing money in a bank account as your capital is at risk and you could lose up to, but no more than, your entire investment.

If you are in any doubt about the contents of this document or the action you should take, you are strongly recommended to consult a professional adviser authorised by the Financial Conduct Authority to advise on investment in unlisted debt and other securities.

The Directors believe the following risks to be the most significant for potential holders of Bonds. However, they do not necessarily comprise all those risks associated with an investment in the Bonds and are not intended to be presented in any assumed order or priority.

### ANESCO

Anesco is a market leader in renewable energy, managing the development, design, construction, maintenance and market optimisation of renewable energy and energy efficiency projects. The company has constructed more than 100 solar farms, while its O&M service is monitoring more than 24,000 sites.

Anesco was the first company in the UK to achieve subsidy-free solar; first to introduce utility-scale energy storage and first to co-locate energy storage with existing solar sites to meet the ROC requirements. To date, the technologies the company has deployed and manage are generating over 1GW of renewable energy.

[www.anesco.co.uk](http://www.anesco.co.uk)



## RELATING TO THE BONDS

### Payment of interest and redemption of bonds

An investment in the Bonds is intended to be a long-term investment and Bondholders should be prepared to hold their investment for up to 15 years. The Directors are committed to managing the business with a view to ensuring that HECE is able to repay the Bonds and the interest due on them in full. However, the payment of interest and repayment of the Bonds is dependent on the Group's ability to achieve its financial forecasts, which is subject to a range of risks. It is therefore not a certainty that the Group will have sufficient funds or access to financial resources to repay the Bonds in full within 15 years, or if there is a serious long-term problem with the Group's financial performance, at all. Triodos Bank and SASC's loan repayments take priority over payments to holders of Bonds.

### Bonds are unsecured

The Bonds are unsecured. This means that Bondholders cannot rely on the underlying value of the solar assets in order to cover any failure by HECE to pay capital or interest on the Bonds. It also means that Bondholders rank behind Triodos and SASC in respect of the payments due to investors from HECE and its subsidiaries, both whilst HECE is operating and in the event that HECE became insolvent. This means the ability for Bondholders to enforce a claim against HECE will be limited whilst the Triodos and SASC debt is outstanding.

### No Access to the Financial Services Compensation Scheme

Investing in the Bonds is not the same as depositing money in a bank account as capital is at risk and an investor may not get back the full amount that they invested. The Bonds are not covered by the Financial Services Compensation Scheme – or any compensation scheme – and in the event of HECE being unable to pay either the capital or interest payments an investor will not be entitled to make a claim against the scheme.

### Bonds are illiquid

Holders of Bonds will have no ability to require HECE to repay their capital before the Repayment Date of September 2036.

The Bonds are transferable and Bondholders wishing to transfer their Bonds will be able to list them on the Ethex Secondary Market exchange platform. However, Ethex cannot guarantee Bondholders will be able to find a willing buyer for their Bonds and agree a price. It may not be possible to transfer or realise the Bonds or to obtain reliable information about the risks to which they are exposed before the end of their term.

In the event of death of a Bondholder or in other exceptional personal circumstances, HECE will consider whether it can repay an individual holder of Bonds early. However, such early repayment will be at HECE's discretion and subject to sufficient cash being available.





## RELATING TO THE SOLAR ARRAYS

### Performance of the solar arrays

The assumptions around long-term average energy generation are based on yield calculations provided by HECE's technical advisors Green Cat Renewables Limited with the latest figures provided in May 2019 as part of Triodos Bank's due diligence process in providing the Triodos Bank Loans to HECE's wholly-owned subsidiaries. The solar arrays have been operating for five years and the energy generation projections used a combination of the actual data and predictions based on irradiance data sets and the design of the solar arrays. The assumptions are based on methodologies commonly used by the industry and include an allowance for efficiency of the solar farm declining over time. The solar panels are covered by a 25-year performance warranty.

Seasonal and inter-annual variation in solar irradiance is expected and factored into the financial planning (e.g. by the Group holding cash reserves). However, long-term changes to weather patterns and/or equipment underperformance may result in lower levels of electricity generation and therefore income.

Climate variability and fluctuating weather patterns could reduce the Group's profitability since its revenues directly relate to the amount of solar irradiance and the performance of the solar arrays.

### Technology failure

Generation of electricity involves mechanical, electrical and electronic processes which may fail under certain conditions and lead to loss of revenues and repair or replacement costs. To mitigate against this, the Group has ensured the site has been developed with, what the Directors consider are, tried-and-tested technologies and equipment backed by warranty and service packages. HECE has insurance to cover damage, breakdown and loss of income in line with standard industry practice.

### Operating risk

There are risks associated with operating facilities where an accident or incident might result in the facility being shut down for investigation and/or repair.

The Group has insurance against loss of revenue caused by major equipment failure.

### Grid connection

The connection agreement allows the Distribution Network Operator to de-energise the site at any time. However there are no specified curtailment restrictions beyond the standard emergency provisions.

## RELATING TO THE MARKET

### Fluctuating market conditions

During the term of the Bonds 42% of the forecast income from the Willows and Poplars solar arrays is expected to come from the FIT generation tariff under the Government-backed Feed-In-Tariff subsidy scheme ("FIT"). The FiT scheme provides a guaranteed payment for each unit of solar electricity generated. The remainder of income (58%) comes from the sale of electricity exported to the grid and battery lease rent payments. For the next 15 years, the Willows and Poplars solar arrays currently have the option to sell exported electricity either for the FIT export tariff, an inflation linked UK Government price or for a market price agreed with a wholesale purchaser. It can make this choice periodically depending on whether the market price or export tariff is more favourable. The financial projections are based on Poplars and Willows receiving the FiT export rate after the expiry of their current contracted Power Purchase Agreements (31/03/2024) with no electricity market up-side assumed.

During the term of the Bonds 57% of the forecasted income from the Leys solar array is projected to come from the Government-backed Renewables Obligation (RO) scheme. The RO scheme provides

a minimum payment for each unit of electricity exported to the grid and can also generate additional payments through a scheme which recycles fines paid by electricity suppliers for non-compliance with the Renewables Obligation. The remainder of the income (43%) comes from the sale of electricity exported to the grid and battery lease rent payments. The RO scheme does not provide a minimum price for electricity. The Leys is currently contracted to sell its electricity at fixed prices through to 31st October 2024. Contracted PPA rates are set out in the tables below. When these PPAs expire, the financial projections assume that the Leys will be able to achieve a power price of £45/MWh (4.5p/kWh) (inflated each year).

There is no guarantee that Leys will achieve the power price assumed in the projections. The price achievable in the future is subject to market forces which are outside of the control of HECE. The HECE board will seek to manage this risk by contracting power purchase agreements where prices are available above the target price in assumptions.

Willows			
PPA period	1 <sup>st</sup> April 2021 to 31 <sup>st</sup> March 2022	1 <sup>st</sup> April 2022 to 31 <sup>st</sup> March 2023	1 <sup>st</sup> April 2023 to 31 <sup>st</sup> March 2024
PPA value	£60 / MWh	£76 / MWh	£80 / MWh
Contract counterparty	Coop and Octopus Energy	Edf Energy	Edf Energy

Poplars			
PPA period	1 <sup>st</sup> April 2021 to 31 <sup>st</sup> March 2022	1 <sup>st</sup> April 2022 to 31 <sup>st</sup> March 2023	1 <sup>st</sup> April 2023 to 31 <sup>st</sup> March 2024
PPA value	£60 / MWh	£76 / MWh	£76 / MWh
Contract counterparty	Coop and Octopus Energy	Edf Energy	Edf Energy

Leys			
PPA period	1 <sup>st</sup> November 2021 to 31 <sup>st</sup> October 2022	1 <sup>st</sup> November 2022 to 31 <sup>st</sup> October 2023	1 <sup>st</sup> November 2023 to 31 <sup>st</sup> October 2024
PPA value	£48 / MWh	£78 / MWh	£71 / MWh
Contract counterparty	Coop and Octopus Energy	Edf Energy	Edf Energy



Following the end of the 20-year FIT and RO periods for the solar arrays in 2036 the sole source of income will be the market price for electricity.

### Government policy towards renewable energy may change unfavourably

Changes in respect of legislation concerning the FIT and RO in relation to renewable energy projects could have a negative impact on the revenues and profits of the Group. However, the UK Government has made commitments to the FIT and RO in primary legislation. To date all UK governments have been consistent in avoiding changes which impact projects retrospectively by adopting a grandfathering policy for operational projects.

### Taxation

Information regarding taxation is based upon current UK taxation legislation and HM Revenue & Customs practice. Tax law and practice is subject to change. Any changes in the level and basis of taxation, in tax reliefs or in HM Revenue & Customs practice may affect the value of an investment in the Bonds and returns to Bondholders.

The full economic impact of the Covid 19 pandemic is not yet known. However given the immediate Government response and scale of fiscal measures delivered to date there is an increased likelihood for further changes to UK taxation legislation.



## COMMUNITIES FOR RENEWABLES CIC

Communities for Renewables CIC (CfR) is a mission-led community interest company which helps to set up local energy enterprises and works with them to develop, finance and manage their own renewable energy generation.

CfR have supported the financing of community solar projects with a capital value of over £60million and its company and asset management team looks after 50MWp of community solar across 7 localities. Over their operational lives, these projects are projected to generate around £20million of surplus income (after operating and finance costs) to support net zero transition, fuel poverty and community projects in their localities.

CfR's contribution to the community energy sector has been recognised through CfR winning of industry awards and, in 2020, CfR was listed in the Natwest SE100 index of top UK social enterprises.

As a Community Interest Company (CIC), any surplus made by CfR is re-invested in supporting further community energy projects.

[www.cfric.co.uk](http://www.cfric.co.uk)

## 6 Q&A

### BONDHOLDER RETURNS

#### When will I receive my capital back?

Bondholders' capital is expected to be repaid within 15-years of issue, with capital repayments commencing from 2025 at the Directors' discretion. The intended capital repayment profile is set out in Section 4. The actual repayment profile may vary and the Directors will confirm the amount to be repaid each year on the basis of cash available. HECE is under no obligation to repay any of the capital until the Bonds reach maturity in 2036.

#### What happens if I need my capital back before the planned repayment dates?

An investment in the Bonds is a long-term investment and Bondholders should be prepared to hold their investment for up to 15 years. If you think you will require a return of your capital before then, you should not invest in this Offer. Bonds are repayable at the Directors' discretion on the death or serious personal health circumstance of a Bondholder, subject to the Society having available cash to do so. For more information on this please see Appendix 4.

### TAX

#### Will I pay tax on my interest payments?

This will depend on each individual Bondholder's personal circumstances. Bondholders who invest through an Innovative Finance ISA will not pay tax on their interest payments. Bondholders resident in the United Kingdom who do not invest through an ISA will still receive their interest payments free of tax but may be liable to pay income tax on that interest depending on their personal circumstances and the availability of the Personal Savings Allowance. For more information see Appendix 3.





### How do I invest in the Bonds through an ISA?

You can invest in the Bonds through an Innovative Finance ISA and receive your interest payments tax free. For the tax year 2021/22 you can invest up to a total of £20,000 in a single ISA or a combination of ISAs. The £20,000 is a total cap across all ISA types. Existing ISA savings can be transferred into an IFISA to invest in the Bonds. This is in excess of the cap, which only applies to new savings in the year.

Ethex use ShareIn Limited as their ISA provider. You can therefore set up an Innovative Finance ISA with ShareIn Limited via Ethex and invest in the Bonds through this. See [www.ethex.org.uk/help](http://www.ethex.org.uk/help) for more detail.

## THE OFFER

### Can I sell my Bonds?

The Bonds are transferrable which means technically they can be sold to a willing buyer. However, there is no guarantee that you will be able to find a buyer nor what price they might be willing to pay. Bonds must be transferred in multiples of 100 Bonds.

### What is the Ethex Secondary Market?

This bulletin board service, run by Ethex, connects buyers and sellers of shares and bonds that have previously been issued. It is also known as a 'Secondary Market'. This service provides a useful potential liquidity option for those bondholders

who, for whatever reasons, may wish to dispose of their bonds before the maturity date.

If a bondholder is interested in selling some or all of their bonds, they complete an online selling form, where they set a prospective price. This offer is then added to the list of bonds for sale and given a reference number. Those interested in buying the bonds can then bid against these offers by completing their own respective online buyers form, ensuring that the reference number is included in their application. Buyer's offers are then passed onto the seller to accept or decline. If accepted, then Ethex will organise the necessary paperwork and payment. Please note that there is no guarantee that a willing buyer will be found for bonds listed on the secondary market.

### What happens if the Minimum Raise target of £340,000 is not reached?

The Minimum Raise has been set at £340,000 as this is the amount required by the Group to repay the existing short term-bondholders in full by April 2022. If the Minimum Raise target is not reached by 1 March 2022, funds will be returned to investors. Application funds will be held by ShareIn Limited, the Ethex platform provider, in a separate bank account and, if the Minimum Raise has not been achieved by the end of the offer period, the Offer will be withdrawn and the Application Funds refunded without interest. ShareIn Limited is authorised and regulated by the Financial Conduct Authority (603332).

# APPENDIX 1 – Definitions

**Act:** the Companies Act 2006

**AGM:** Annual general meeting

**Anesco:** Operations and maintenance contractor for the three sites. Company registration number 07443091. The head Office of the company is Anesco Ltd, The Green, Easter Park, Benyon Rd, Reading, Berkshire RG7 2PQ. <https://anesco.co.uk/>

**Bonds:** the bonds issued by HECE under the terms of the Bond Instrument

**Bond Instrument:** the bond instrument made by way of a deed and dated on or before the Closing Date in the form attached at Appendix 4

**Bondholder or holder of Solar Bonds:** an investor who subscribes for and holds Bonds

**Bond Offer or Offer:** the invitation to qualifying investors to subscribe for Bonds, as described in this Offer Document

**Communities for Renewables or CfR:** Communities for Renewables CIC. Company registration number 07934268. The head office of the Company is Redruth House, Cornwall Business Park West, Scorrier, Cornwall TR16 5EZ. [www.cfric.co.uk](http://www.cfric.co.uk)

**CPI:** consumer prices index is a measure of inflation published monthly by the Office for National Statistics which measures the change in the cost of a representative sample of consumer goods

**Directors or the Board:** the current directors of the Society, at the date of this document

**FCA:** The Financial Conduct Authority

**FIT:** Feed-in Tariff. A revenue support mechanism under which generators of renewable energy receive payments funded by the Government

**First Allocation Date:** the date on which the first tranche of bonds will be issued, which will be on or after the date that the Offer has raised the Minimum Raise, as determined by the Directors

## TACKLING FUEL POVERTY IN WARWICKSHIRE

Act-on-Energy (AoE) is a charity based in Warwickshire which offers free and impartial advice to householders and small businesses in Warwickshire, Worcestershire, Coventry, Solihull and the surrounding local areas to encourage energy conservation.

HECE and Stratford Town Trust have worked together to provide £24,500 per year for a period of 3 years to support AoE's work. In the year 2020-2021 this funding helped AoE achieve:

- 4,000 households contacted in the Stratford District offering general advice on Priority Services Register, warm home discount and interventions
- 360 households given energy advice through a free phone advice line
- 111 energy efficiency measures installed including 25 boilers replaced, 40 lofts insulated and 46 homes getting cavity wall insulation
- 121 front line team members engaged with at online meetings
- 96 households referred to other agencies to help them access energy-related benefit payments and other social services





**Group:** Heart of England Community Energy Ltd and its three 100% owned subsidiaries Leys Solar Energy CIC, Poplars Solar Energy CIC and Willows Solar Energy CIC

**Heart of England Community Energy Ltd or HECE:** Community benefit society with registration number RS007232. Registered office: Redruth House, Cornwall Business Park West, Scorrier, Cornwall TR16 5EZ

**IFISA:** Innovative Finance Individual Savings Account

**Leys Solar Energy CIC:** A wholly-owned subsidiary of HECE. Community interest company number 09660160. Registered office: Redruth House, Cornwall Business Park West, Scorrier, Cornwall TR16 5EZ

**Member:** a shareholder of the Society with 1 member 1 vote rights who invested in the 2018 share offer

**Minimum Raise:** the minimum raise under the Bond Offer of £340,000

**MW:** Megawatt, a unit for measuring electricity power output of a project and the equivalent of 1,000kW (kilowatt hours)

**MWh:** the amount of energy consumption (or generation) at a constant rate of 1 Megawatt (MW) per hour

**Offer Document:** this document, which describes the terms of the Offer

**Poplars Solar Energy CIC:** A wholly-owned subsidiary of HECE. Community interest company number 09646963. Registered office: Redruth House, Cornwall Business Park West, Scorrier, Cornwall TR16 5EZ

**PPA:** a power purchase agreement, the agreement between a supplier of electricity and a generator of electricity regarding the price that will be paid for the energy purchased

**RPI:** retail prices index is a measure of inflation published monthly by the Office for National Statistics which measures the change in the cost of a representative sample of retail goods and services

**Second Allocation Date:** the date on which Applications for the second and final tranche of

Bonds closes, which will be the earlier of (a) the date the Offer reaches the Maximum Raise and (b) a date decided by the Directors (but which must be no later than 30 April 2022).

**Social and Sustainable Capital or SASC:** Social and Sustainable Capital LLP. Partnership number OC378659. Registered address: 4th Floor, Reading Bridge House, George Street, Reading RG1 8LS. Authorised and regulated by the Financial Conduct Authority (FCA number 588445)

**Society:** Heart of England Community Energy Ltd

**Special Resolution:** a resolution passed at a meeting of the Bondholders held in accordance with the provisions of the Bond Instrument and carried by a majority consisting of 75% of the persons voting at such meeting, or a resolution in writing passed by a majority of 75% of Bondholders (whether by value of Solar Bonds held or by number).

**Triodos Bank:** Triodos Bank UK Limited. Registered Office: Deanery Road, Bristol, BS1 5AS. Registered in England and Wales No. 11379025. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under registration number 817008.

**Willows Solar Energy CIC:** A wholly-owned subsidiary of HECE. Community interest company number 09646946. Registered office: Redruth House, Cornwall Business Park West, Scorrier, Cornwall TR16 5EZ



## APPENDIX 2 – General Information

### RESPONSIBILITY

This Offer Document is issued by HECE and has been prepared on behalf of its directors. The Directors (whose names appear in Section 3) and HECE accept responsibility for the information in this Offer Document. To the best of the knowledge of HECE and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Offer Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

### REGULATOR

Heart of England Community Energy Limited was formed established under the Co-operative and Community Benefit Societies Act 2014 and registered with the Financial Conduct Authority (FCA) as a community benefit society with registered number RS007232 on 29 October 2015. The principal legislation that applies to HECE is the Co-operative and Community Benefit Societies Act 2014. The FCA's role as registrar of co-operatives and community benefit societies is separate to its role as financial regulator.

### MEMBERS OF THE SOCIETY

There are currently 76 individual Members of the Society. HECE raised £267,001 of capital from its Members through a share issue in 2018. These shares have a target share interest payment of 6% each year. The shares have a nominal value of £1 and are not transferable but are withdrawable. Members are able to participate in general meetings and each Member has one vote regardless of the number of shares they hold.



## MATERIAL CONTRACTS

### Asset management agreements

HECE's three 100% owned subsidiaries (Leys Solar Energy CIC, Poplars Solar Energy CIC and Willows Solar Energy CIC) have appointed Communities for Renewables CIC to provide company administration, asset management and secretarial services.

The scope includes day to day management of the business, performance monitoring of the solar arrays, incident response, bank and funder reporting, loan administration, bookkeeping, contract monitoring and renewals, board support and reporting.

### Operations and maintenance (O&M) agreements

Leys Solar Energy CIC, Poplars Solar Energy CIC and Willows Solar Energy CIC have appointed Anesco to provide operations and maintenance services to the three solar arrays under a long-term (25 years from 2015) contract. The contract stipulates a guaranteed technical availability of 99.0%.

### Lease of land

Leys Solar Energy CIC, Poplars Solar Energy CIC and Willows Solar Energy CIC have signed a lease with the landowner giving the right to construct and operate the solar project for a period of 26 years and 6 months (which expires in January 2042) in return for an agreed rent in line with market rates.



### Asset and company insurances

The Group carries appropriate asset and company insurances.

The following warranties are in place for the major equipment used for the three solar arrays.

Equipment	Expiry Date	Warranty details
PV Modules	23/02/2026	10 year product warranty on materials and workmanship. 25 year performance warranty maximum 0.4% decline in power output per year.
Inverters	17/01/2026	Warranty assignment letter from Huawei.
Mounting Structures	01/01/2041	25 year warranty.

### Battery share agreement

Leys Solar Energy CIC, Poplars Solar Energy CIC and Willows Solar Energy CIC each have a grid sharing agreement with its respective battery owning company; BESS Leys Limited, BESS Poplars Limited and BESS Willows Limited. The battery companies are part of the Zenobe Energy Limited group of companies.

The battery sharing agreements allow the batteries to connect to the electricity network through the solar farm's grid connections in return for quarterly rental payments. The metering for the batteries is separate to the solar farms and they are operated independently of each other.

## LOAN FACILITIES

The Group has loan facilities totalling £10,640,000 million (as of December 2021) in place with Triodos Bank. These were fully drawn in September 2019

and will be repaid in quarterly instalments over 16.5 years to March 2035. The loans are made directly to HECE's wholly-owned subsidiaries and are secured against the assets of the subsidiaries by a first ranking share charge and debenture.

The Group has loan facilities totalling £3,197,000 million (as of December 2021) in place with Social and Sustainable Capital (SASC). The loans are made directly to HECE's wholly-owned subsidiaries and are secured against the assets of the subsidiaries by a second ranking share charge and debenture.

HECE has entered into Intercreditor Agreements with Triodos, SASC and each respective subsidiary of HECE in relation to the priority of debt held in each subsidiary. The effect of the Intercreditor Agreement, together with the other finance documents, is that Bondholders will rank behind Triodos and SASC whilst Triodos and SASC have outstanding debt and there are consequential restrictions on the payments that HECE and its subsidiaries can make to Bondholders.

It also means that if HECE fails to meet the conditions of the Bond Instrument, allowing Bondholders to demand repayment of their capital and accrued interest, this claim could only be made by HECE if it would mean no default on its obligations to Triodos and SASC. **As any such claim is likely to significantly impact on HECE's ability to repay Triodos and SASC, Bondholders options to effectively enforce such a claim whilst Triodos and SASC remain lenders is limited.**

## OTHER INFORMATION

The Offer is conditional upon the Minimum Raise being achieved. The subscription monies will be held by ShareIn Limited, the Ethex platform provider, in a separate bank account and, if the Minimum Raise has not been achieved by the Closing Date, the Offer will be withdrawn and the subscription monies refunded without interest. ShareIn Limited is authorised and regulated by the Financial Conduct Authority (603332).



## SOCIAL AND SUSTAINABLE CAPITAL

Social and Sustainable Capital (SASC) is an FCA authorised and regulated fund manager and social enterprise providing finance to charities and social enterprises. SASC offers flexible finance to charities and social enterprises that enables them to tackle society's most pressing challenges. SASC's investment helps to make an organisation more resilient, allowing them to grow their social impact and improve the lives of disadvantaged people across the UK.

Since its inception in 2014, SASC has backed community renewables projects across the UK. SASC firmly believes that social outcomes are inextricably linked to the environment and so makes sure that each project allocates a portion of its revenue to funding local charitable projects such as tackling fuel poverty and retrofitting community buildings.

[www.socialandsustainable.com](http://www.socialandsustainable.com)



## APPENDIX 3 – Taxation



The precise tax treatment of a Bondholder will depend on their individual circumstances and the law and practice in force at the relevant time and may therefore be subject to change in the future. If Applicants are in any doubt about their tax position they should consider taking appropriate financial and other advice from a suitably qualified professional.

The comments below do not constitute advice and are of a general nature, based on current United Kingdom law and practice. They relate only to the United Kingdom tax treatment of interest payable on the Bonds to individual Bondholders who are the absolute beneficial owners of the bonds.

### INCOME TAX ON BOND INTEREST

HECE is not required to withhold tax on interest payments paid to someone whose usual residence is in the United Kingdom, and so Bondholders who meet this requirement will be paid interest without any tax deduction.

If Bonds are held within an Innovative Finance ISA (“IFISA”), no tax is due to be paid on interest payments. See further information below regarding IFISAs.

If Bonds are not held within an IFISA, then tax is payable, but Bondholders may be able to use their Personal Savings Allowance (“PSA”) against that tax. If you are a basic rate (or 20%) taxpayer, the PSA allows you to earn up to £1,000 in interest (from the Bonds and any other sources of interest income such as savings accounts) in a tax year free from tax. If you are a higher rate (or 40%) tax payer, the PSA allows you to earn up to £500 interest in a tax year free from income tax. The PSA does not apply to additional rate taxpayers.

Interest payments to Bondholders will be administered by Ethex. At the same time as making

the interest payment each Bondholder will receive a statement confirming the interest paid, which Bondholders should retain for the purposes of completing a self-assessment tax return.

### CAPITAL GAINS TAX

If Applicants wish to sell their Bonds (including via the secondary market bulletin board service provided by Ethex) they should consider how such a sale may be affected by capital gains tax considerations. The starting point is that the Bonds will constitute “qualifying corporate bonds” and as a result, a disposal by a Bondholder will not give rise to a chargeable gain or an allowable loss for the purposes of United Kingdom taxation of chargeable gains.

### INHERITANCE TAX

Generally, the value of the Solar Bonds will fall into the Bondholder’s estate for inheritance tax purposes. However, if the Bondholder is not domiciled or deemed to be domiciled in the United Kingdom at the time of death or when a gift is made, then different rules may apply, and Prospective Bondholders to whom this may be of significance should consult their own professional advisers.

### INNOVATIVE FINANCE ISA

The Innovative Finance ISA (“IFISA”) is a third class of ISA (after cash and stocks and shares ISAs), which was introduced in 2016 by HMRC in recognition of the role peer-to-peer lending and other disruptive forms of financing play in helping to fund UK businesses. Individuals in the UK can now open 1 IFISA in each tax year, alongside their cash and stocks & shares ISAs, to invest into unlisted debt-based securities. Individuals who are resident in the UK have an annual limit of £20,000 for new investment into ISA accounts for the current tax year. Individuals may choose to spread their £20,000 allowance across their different types of ISA or may wish to invest the entire amount into their IFISA.

Using an IFISA will mean that Bondholders will not have to pay income tax on their Bond interest. This may be an advantage to Applicants who do not wish to use their Personal Savings Allowance.

Ethex offers an IFISA for the Bonds, so Applicants can choose whether or not to use an ISA to hold their Bonds. Further information on the IFISA offered by Ethex can be found at [www.ethex.org.uk/help](http://www.ethex.org.uk/help)









## APPENDIX 4 – Bond Instrument

DATED: 16th November 2021

BOND INSTRUMENT

constituting

UP TO £1,100,000 4% FIXED RATE  
UNSECURED BONDS 2036

in

HEART OF ENGLAND COMMUNITY  
ENERGY LIMITED



# CONTENTS

1	DEFINITIONS AND INTERPRETATION	50
2	AMOUNT OF BONDS	52
3	DESCRIPTION OF BONDS	52
4	STATUS OF BONDS	52
5	ISSUE OF BONDS	52
6	PAYMENTS - GENERAL	53
7	REPAYMENT OF CAPITAL	53
8	PAYMENT OF INTEREST	53
9	UNDERTAKINGS	54
10	RESTRICTIONS ON PAYMENTS	54
11	CERTIFICATES	54
12	REGISTER	54
13	DEFAULT	55
14	ACCELERATION	56
15	DECISIONS OF BONDHOLDERS	56
16	TRANSFER OF BONDS	56
17	TRANSMISSION OF BONDS	56
18	REPORTING	57
19	ENFORCEMENT	57
20	MODIFICATION	57
21	NOTICE TO BONDHOLDERS	57
22	NOTICE TO HECE	58
23	GOVERNING LAW AND JURISDICTION	58
	SCHEDULE 1 - RULES OF INTERPRETATION	59
	SCHEDULE 2 - PROVISIONS FOR DECISIONS OF BONDHOLDERS	61
	SCHEDULE 3 - CASH WATERFALL	66



**THIS INSTRUMENT is made by way of Deed Poll on 16th November 2021 by**

**HEART OF ENGLAND COMMUNITY ENERGY LIMITED**, a community benefit society registered with the Financial Conduct Authority (registration number RS007232) and whose registered office is at Tremough Innovation Centre, Tremough Campus, Penryn, Cornwall, TR10 9TA (**HECE**).

**BACKGROUND**

HECE has, by resolution of its board of directors passed on 3/11/21, resolved to create up to a maximum nominal amount of £1,100,000 4% Fixed Rate Unsecured Bonds 2036 of £1 each, to be constituted in the manner set out below

**TERMS OF BOND INSTRUMENT****1. DEFINITIONS AND INTERPRETATION**

1.1 The definitions in this clause and the rules of interpretation in Schedule 1 apply in this instrument.

<b>Applicant</b>	means those who apply for the Bonds via the Website.
<b>Bondholder</b>	each person for the time being entered in the Register as a holder of any Bonds.
<b>Bonds</b>	up to £1,100,000 4% Unsecured Bonds 2036 of £1 each constituted by this instrument or, as the case may be, the amount of such bonds for the time being issued and outstanding.
<b>Business Day</b>	a day other than a Saturday, Sunday or public holiday in England when banks in London are open for business.
<b>Cash Waterfall</b>	the priority of payments to be made by HECE until the Repayment Date, as set out in Schedule 3.
<b>Default Interest Rate</b>	means 6% per annum (comprising the Interest Rate plus 2%).
<b>Directors</b>	the board of directors of HECE for the time being.
<b>Event of Default</b>	any of those events specified in clause 13.
<b>Existing Security</b>	the Security granted to the Senior Lenders in respect of the Subsidiaries and the assets held by the Subsidiaries existing at the date of this instrument and any further Security arising from the Senior Lender Finance Agreements.
<b>First Allocation Date</b>	a date falling on or after the date that the Offer has raised the Minimum Raise, as determined by the Directors.
<b>First Issue Date</b>	means 14 calendar days following the First Allocation Date.
<b>Group</b>	HECE and any of its subsidiary undertakings.
<b>Insolvency Event</b>	means any of the following: <ul style="list-style-type: none"> <li>(a) HECE stops or suspends payment of any of its debts, or is unable to, or admits its inability to, pay its debts as they fall due;</li> <li>(b) a moratorium is declared in respect of any indebtedness of HECE;</li> </ul>

(c) any action, proceedings, procedure or step is taken for:

- (i) the suspension of payments, a moratorium of any Indebtedness, winding up, dissolution, administration or reorganisation (using a voluntary arrangement, scheme of arrangement or otherwise) of HECE; or
- (ii) the composition, compromise, assignment or arrangement with any creditor; or
- (iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of HECE or any of its assets;

(d) HECE commences negotiations, or enters into any composition, compromise, assignment or arrangement, with one or more of its creditors with a view to rescheduling any of its indebtedness (because of actual or anticipated financial difficulties).

<b>Interest Payment Date</b>	[30 September] in each calendar year up to the Repayment Date, beginning on 30 September 2022.
<b>Interest Rate</b>	4%.
<b>Maximum Raise</b>	one million, one hundred thousand pounds (£1,100,000).
<b>Minimum Raise</b>	three hundred and forty thousand pounds (£340,000).
<b>New Indebtedness</b>	any indebtedness incurred by HECE or the Subsidiaries following the date of this instrument that is not contemplated or incurred under the Senior Facility Agreements.
<b>Register</b>	the register of Bondholders kept and maintained by or on behalf of HECE in accordance with clause 12.
<b>Registrar</b>	means Ethex Investment Club Ltd of The Old Music Hall, 106-108 Cowley Road, Oxford OX4 1JE registered with company number 7432030.
<b>Repayment Date</b>	30 September 2036.
<b>Second Allocation Date</b>	the earlier of: <ul style="list-style-type: none"> <li>the date the Offer reaches the Maximum Raise; or</li> <li>a date decided by the Directors at their sole discretion, but which must be no later than 30 April 2022.</li> </ul>
<b>Second Issue Date</b>	14 calendar days following the Second Allocation Date.
<b>Security</b>	any mortgage, charge (whether fixed or floating, legal or equitable), pledge, lien, assignment by way of security or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.
<b>Senior Finance Agreements</b>	the facility agreements and associated security documents entered into by HECE and the Subsidiaries with the Senior Lenders (in their form existing as at the date of this instrument).



<b>Senior Lenders</b>	Triodos Bank UK Limited, The Community Investment Fund LP and The Third Sector Investment Fund LLP
<b>Subsidiaries</b>	Leys Solar Energy CIC (company number 09660160), Poplars Solar Energy CIC (company number 09646963) and Willows Solar Energy CIC (company number 09646946).
<b>Special Resolution</b>	(a) a resolution passed at a meeting of the Bondholders duly convened and held in accordance with the provisions of this instrument and carried by a majority 75% or more; or  (b) written notice to HECE submitted with the approval of 75% or more of the total number of Bondholders or with the approval of those holding 75% or more of the Bonds then outstanding.
<b>Website</b>	the website at <a href="http://www.ethex.org.uk">www.ethex.org.uk</a> , or such other replacement service as duly notified to the Bondholders from time to time by the Registrar.

## 2. AMOUNT OF BONDS

The principal amount of the Bonds is limited to £1,100,000.

## 3. DESCRIPTION OF BONDS

The Bonds shall be known as 4% Fixed Rate Unsecured Bonds 2036 of £1 each and shall be issued in integral multiples of £1 by HECE.

## 4. STATUS OF BONDS

The Bonds when issued shall rank pari passu equally and rateably without discrimination or preference among themselves and as an unsecured obligation of HECE.

## 5. ISSUE OF BONDS

- 5.1** The Bonds shall be issued either on the First Issue Date or the Second Issue Date, subject to clause 5.4.
- 5.2** Applicants who apply in accordance with the terms set out on the Website by 12:00 on the First Allocation Date shall be issued their Bonds on the First Issue Date and interest on those Bonds shall accrue from the First Issue Date.
- 5.3** Applicants who apply thereafter in accordance with the terms set out on the Website but before 12:00 on the Second Allocation Date shall be issued their Bonds on the Second Issue Date and interest on those Bonds shall accrue from the Second Issue Date.
- 5.4** Applicants who are existing bondholders of HECE and have elected to acquire Bonds in lieu of repayment of their existing bonds shall have Bonds issued to them on 1 May 2022 and interest on those Bonds shall accrue from that date.
- 5.5** Subject to clause 5.4, on the First Issue Date or Second Issue Date (as applicable) Applicants' subscription amounts shall be automatically transferred by the Registrar into the account specified by HECE.

- 5.6** If the Offer raises more than the Maximum Raise, the Applicant which takes the total amount raised over the Maximum Raise will be reduced by the amount required to reach the Maximum Raise.
- 5.7** If the Offer does not raise the Minimum Raise prior to [1 March] 2022, all subscription amounts will be returned by the Registrar to the relevant Bondholder as soon as possible after that date.
- 5.8** The amount of the proposed investment by any individual Bondholder must be a minimum of £100.

## 6. PAYMENTS - GENERAL

- 6.1** Where any payment to a Bondholder, whether of principal or interest, is due in accordance with the terms of this instrument on a day that is not a Business Day, payment shall take place on the next succeeding Business Day.
- 6.2** All payments of principal, interest or other moneys to be made by HECE shall be made after any deductions or withholdings for or on account of any present or future taxes required to be deducted or withheld from such payments.
- 6.3** No repayment or prepayment of any part of any Bonds shall result in the issue of a new certificate to the relevant Bondholder.
- 6.4** Payments to Bondholders shall be made via the Registrar.

## 7. REPAYMENT OF CAPITAL

- 7.1** Subject to clause 6.1, on the Repayment Date, HECE shall redeem the outstanding principal amount of the Bonds.
- 7.2** HECE intends to make voluntary additional repayments of capital before the Repayment Date according to the repayment profile described in the Offer Document (**Voluntary Overpayment**). The amount (if any) of any Voluntary Overpayment shall be determined by HECE at its absolute discretion and shall be subject always to the Cash Waterfall.
- 7.3** From 30 September 2025 and subject always to the Cash Waterfall, HECE may, at any time up to the Repayment Date at its sole discretion redeem the whole or part of the Bonds.
- 7.4** In addition, HECE may at its absolute discretion, at any time following the death, critical illness or other exceptional circumstances of any Bondholder, redeem the whole or part of the Bonds held by such Bondholder.
- 7.5** Any redemption of the Bonds under this clause 7 shall reduce the amount of principal outstanding in respect of the Bonds and will be paid:
- 7.5.1** pro rata amongst each of the Bondholders to be repaid; and
- 7.5.2** together with all accrued and unpaid interest (less any tax required by law to be deducted or withheld from such payment) accrued on the relevant Bonds up to (and including) the date of such repayment by HECE.

## 8. PAYMENT OF INTEREST

- 8.1** Until the Bonds are repaid, interest on the principal amount of the Bonds outstanding from time to time shall accrue at the Interest Rate and shall be payable annually on each Interest Payment Date (subject to clause 6.1 and the Cash Waterfall).



- 8.2** HECE shall pay accrued interest due to persons who were registered as Bondholders at the close of business on each Interest Payment Date in cash in arrears to the Registrar.
- 8.3** If (subject to clause 6.1) HECE fails to pay any interest on the relevant Interest Payment Date in accordance with this instrument, the amount of such unpaid interest shall itself attract interest at the Default Interest Rate until paid by HECE. Any such payment must include the unpaid interest and the further interest accrued.
- 8.4** Interest shall be calculated on the basis of the actual number of days elapsed in the relevant period and a 365 day year.
- 8.5** Interest on any Bonds repaid by HECE in accordance with this instrument shall cease to accrue as from the date of such repayment.
- 8.6** For the avoidance of doubt, HECE's failure to pay interest on an Interest Payment Date will not be an Event of Default.

## 9. UNDERTAKINGS

- 9.1** HECE undertakes that, until Bondholders are fully repaid:
- 9.1.1** it shall not create or permit to subsist any Security (other than the Existing Security) over the Subsidiaries or any of the assets owned by the Subsidiaries.
- 9.1.2** if any New Indebtedness is incurred, income derived from the Subsidiaries shall be paid to Bondholders in preference to any repayments required under the New Indebtedness.

## 10. RESTRICTIONS ON PAYMENTS

- 10.1** HECE shall make payments under this instrument in accordance with the Cash Waterfall in Schedule 2.
- 10.2** Where in any 12 month period commencing on an Interest Payment Date HECE and/or the Subsidiaries have not made the payments set out in paragraph 1 to 7 inclusive of the Cash Waterfall, HECE shall not pay or allow to be paid any of the payments or items set out in paragraph 8 of the Cash Waterfall.

## 11. CERTIFICATES

- 11.1** HECE shall ensure that each certificate for Bonds shall:
- 11.1.1** bear a denoting number;
- 11.1.2** be issued electronically to a Bondholder to download from the Website.
- 11.2** Each Bondholder shall be entitled to access a copy of the certificate for the Bonds registered in his or her name which shall be available to the Bondholder on the Website.
- 11.3** HECE shall not be bound to register more than one person as the holder of any Bonds.
- 11.4** When a Bondholder transfers or redeems part only of his or her Bonds, other than as a result of repayments of capital, the old certificate shall be cancelled and a new certificate for the balance of such Bonds shall be issued without charge and shall be available to download from the Website.

## 12. REGISTER

- 12.1** Each Bondholder acknowledges to HECE that the Registrar will maintain an electronic Register which shall contain the following details:
- 12.1.1** the names and addresses of the Bondholders for the time being;
- 12.1.2** the principal amount of the Bonds held by each Bondholder;
- 12.1.3** the date of issue of each Bond; and
- 12.1.4** all transfers and changes of ownership of the Bonds.
- 12.2** Subject to the Registrar properly and accurately maintaining such a register, HECE shall recognise as absolute owner the registered holder of any Bonds. Neither HECE nor the Registrar shall (except as ordered by a court of competent jurisdiction) be bound to take notice or see to the execution of any trust (whether express, implied or constructive) to which any Bonds may be subject. The receipt of the registered holder for the time being of any Bonds for the principal payable in respect of such Bonds and for the interest from time to time accruing due in respect of such Bonds or for any other moneys payable in respect of such Bonds shall be a good discharge by HECE notwithstanding any notice it or the Registrar may have (whether express or otherwise) of the right, title, interest or claim of any other person to or in such Bonds, interest or moneys. Neither HECE nor the Registrar shall be bound to enter any notice of any express, implied or constructive trust on the Register in respect of any Bonds.
- 12.3** Neither HECE nor the Registrar shall be bound to register more than one person as the holder of any Bonds.
- 12.4** A change of address or other details can be made by any Bondholder through the Website. A change of name by any Bondholder shall be notified to HECE and the Registrar through the Website or via email to registry@ethex.org.uk.
- 12.5** No person may be registered as a holder of Bonds (including on a transfer of Bonds) unless they are registered on the Website.
- 12.6** Each of HECE and the Bondholders acknowledges and accepts that the Registrar shall act as agent for the Bondholders and facilitator in respect of the Bonds.

## 13. DEFAULT

- 13.1** The following are Events of Default:
- 13.1.1** Non-payment: HECE fails to repay the principal or interest outstanding on the Bonds in each case on the Repayment Date.
- 13.1.2** **Breach of Undertaking:** HECE is in breach of the undertakings set out in clause 9.1 or clause 10.
- 13.1.3** **Insolvency:** HECE enters into an Insolvency Event and such position has not been remedied within 20 Business Days of the commencement of that Insolvency Event.
- 13.1.4** **Winding-up:** HECE takes any corporate action or other steps are taken or legal or other proceedings are started for its winding-up, dissolution or re-organisation (other than for the purposes of a members' voluntary liquidation, or a bona fide, solvent scheme of reconstruction or amalgamation) or for the appointment of a receiver, administrator, administrative receiver, liquidator, trustee or similar officer of it or of all or a substantial proportion of its assets.



- 13.1.5 Charge enforceable:** any mortgage or charge on or over the assets of HECE is enforced.
- 13.1.6 Cessation of business:** HECE ceases to carry on its business.
- 13.1.7 Illegality:** it is or becomes or will become unlawful for HECE to perform or comply with any of its material obligations under this instrument, or any such material obligation is not or ceases to be a legal, valid and binding obligation of HECE under this instrument.
- 13.2** No Event of Default shall occur under clause 13.1.1 where the failure to make the payment is caused solely by an administrative error where such administrative error has been remedied within 10 Business Days of first receipt by HECE of notice of that administrative error.
- 13.3** No Event of Default shall occur under clause 13.1.2 where the breach of undertaking has been remedied within 10 Business Days of first receipt by HECE of notice of that breach.

#### 14. ACCELERATION

If, at any time and for any reason, any Event of Default has occurred, the Bondholders may by Special Resolution at any time while such Event of Default remains unremedied and has not been waived by a Special Resolution, direct that the principal amount of all Bonds, all unpaid accrued interest and any other sum then payable on such Bonds shall become due and payable immediately. If the Bondholders give such a direction under this clause, then the principal amount of all Bonds, all unpaid accrued interest and any other sum then payable on such Bonds (in each case less any applicable taxes) shall be immediately due and payable by HECE and HECE shall immediately pay or repay such amounts to the Bondholders.

#### 15. DECISIONS OF BONDHOLDERS

The provisions for decisions of the Bondholders set out in Schedule 1 shall be deemed to be incorporated in this instrument and shall be binding on HECE and the Bondholders and on all persons claiming through or under them respectively.

#### 16. TRANSFER OF BONDS

- 16.1** The Bonds are transferable by instrument in writing in the usual common form (or in such other form as the Registrar may approve) in amounts and multiples of £100. There shall not be included in any instrument of transfer any Bonds other than the Bonds constituted by this instrument.
- 16.2** Every instrument of transfer shall be duly signed by or on behalf of the transferor and the transferor shall be deemed to remain the owner of the Bonds to be transferred until the transferee's name is entered in the Register in respect of such Bonds.
- 16.3** Every instrument of transfer shall be left for registration with the Registrar, together with such other evidence as the Registrar may require to prove the title of the transferor or his right to transfer the Bonds and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person to do so. All instruments of transfer which are registered shall be retained by the Registrar.
- 16.4** No fee shall be charged by HECE for the registration of any transfer or for the registration of any confirmation, probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any Bonds.

#### 17. TRANSMISSION OF BONDS

- 17.1** The executors or administrators of a deceased Bondholder (not being one of several joint registered holders) and in the case of the death of one or more of several joint registered holders the survivor or survivors of such joint registered holders, shall be the only person(s) recognised by HECE or the Registrar as having any title to such Bonds.
- 17.2** Any person who becomes entitled to any of the Bonds as a result of the death or bankruptcy of any Bondholder, or of any other event giving rise to the transmission of such Bonds by operation of law may, upon producing such evidence of the entitlement or capacity in respect of which he proposes to act or of his title as HECE or the Registrar shall think sufficient, be registered himself as the holder of such Bonds or, may transfer such Bonds.

#### 18. REPORTING

- 18.1** HECE shall send to the Registrar (who will make the same available to Bondholders on the Website) in each year until the Repayment Date a copy of the Group's annual report (**Financial Report**), within 9 months after the end of HECE's financial year. The Financial Report shall include detail of payments to the community benefit fund, how this money has been spent and the impact the payments have had.
- 18.2** HECE shall invite Bondholders to attend annual general meetings of HECE. Bondholders may address the meeting at the invitation of the Directors but do not have voting rights.

#### 19. ENFORCEMENT

- 19.1** From and after the date of this instrument and so long as any amount is payable by HECE in respect of the Bonds, HECE undertakes that it shall duly perform and observe the obligations on its part contained in this instrument.
- 19.2** The Bonds shall be held subject to and with the benefit of the provisions of this instrument, and the schedules (all of which shall be deemed to be incorporated in this instrument). All such provisions shall be binding on HECE and the Bondholders and all persons claiming through or under them respectively, and shall endure for the benefit of all Bondholders.
- 19.3** Except as expressly provided in clause 19.4, a person who is not a party to this instrument shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this instrument.
- 19.4** This instrument and the Bonds are enforceable under the Contracts (Rights of Third Parties) Act 1999 by each Bondholder.

#### 20. MODIFICATION

The provisions of this instrument and the rights of the Bondholders may from time to time be modified, abrogated or compromised in any respect (including in any manner set out in Schedule 1) with the sanction of a Special Resolution and with the consent of HECE.



**21. NOTICE TO BONDHOLDERS**

Any notice or other document may be given or sent to any Bondholder by sending the same by email to the email address of the Bondholder as currently held by the Registrar. Notice may be given to the persons entitled to any Bonds as a result of the death or bankruptcy of any Bondholder by giving notice in the manner in which it would have been given if the death or bankruptcy had not occurred.

**22. NOTICE TO HECE**

Any notice or other document may be given or sent to HECE either by sending the same by post in a prepaid, first-class letter addressed to HECE at its registered office address from time to time (or such other address that HECE notifies to the Bondholders in writing).

**23. GOVERNING LAW AND JURISDICTION**

**23.1** This instrument and the Bonds and any dispute or claim arising out of or in connection with any of them or their subject matter or formation (including non-contractual disputes or claims) shall be governed by, and construed in accordance with, the law of England and Wales.

**23.2** The courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this instrument or any Bond or their subject matter or formation (including non-contractual disputes or claims).

**This instrument has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.**

**Schedule 1 RULES OF INTERPRETATION**

1. Any reference in this instrument to:
  - 1.1 The **assets** of any person shall be construed as a reference to all or any part of its business, undertaking, property, assets, revenues (including any right to receive revenues) and uncalled capital;
  - 1.2 An **encumbrance** shall be construed as a reference to a mortgage, charge, assignment, pledge, lien (save as arising in the ordinary course of business), hypothecation, trust arrangement for the purpose of and having a similar effect to the granting of security, or other security interest of any kind;
  - 1.3 **Indebtedness** shall be construed as a reference to any obligation for the payment or repayment of money, whether as principal or as surety and whether present or future, actual or contingent;
  - 1.4 This **instrument** or to any other instrument, agreement or document shall, unless the context otherwise requires, be construed as reference to this instrument or such other instrument, agreement or document as the same may from time to time be amended, varied or, supplemented, in each case, in accordance with its terms;
  - 1.5 A **person** includes a natural person, corporate or unincorporated body (whether or not having separate legal personality) and that person's personal representatives, successors and permitted assigns;
  - 1.6 **Repayment** includes redemption and vice versa and the words **repay, redeem, repayable, redeemed** and **repaid** shall be construed accordingly;
  - 1.7 A reference to a **holding company** or a **subsidiary** means a holding company or a subsidiary (as the case may be) as defined in the companies act 2006;
  - 1.8 **Tax** shall be construed so as to include any present and future tax, levy, impost, deduction, withholding, duty or other charge of a similar nature (including, without limitation, any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same);
  - 1.9 The **winding-up, dissolution** or **administration** of a person shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such person is incorporated or of any jurisdiction in which such person carries on business; and
  - 1.10 **£** denotes the lawful currency of the United Kingdom.
2. References to any statute or statutory provision:
  - 2.1 Shall be construed as a reference to it as it is in force as at the date of this instrument; and
  - 2.2 Shall include all subordinate legislation made as at the date of this instrument under that statute or statutory provision.
3. In construing this instrument general words introduced by the word **other** shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things and general words followed by the word **including** shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words.



4. All the provisions of this instrument are severable and distinct from one another and the illegality, invalidity or unenforceability of any provision of this instrument under the law of any jurisdiction shall not affect its validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision.
5. References to the **Bonds** include references to all and/or any of the Bonds.
6. Clause, Schedule and paragraph headings shall not affect the interpretation of this instrument.
7. References to **clauses** and **Schedules** are to the clauses of and Schedules to this instrument and references to paragraphs are to paragraphs of the relevant Schedule.
8. The Schedules form part of this instrument and shall have effect as if set out in full in the body of this instrument. Any reference to this instrument includes the Schedules.
9. Any reference to **writing** or **written** includes email but not fax.

## Schedule 2 PROVISIONS FOR DECISIONS OF BONDHOLDERS

1. Special resolutions at a meeting or in writing
  - 1.1 Bondholders may make decisions either at a meeting or by written resolution, each made in accordance with this schedule. HECE acknowledges that it is likely that Bondholders are likely to make decisions by written resolution.
2. **Calling of Meetings**
  - 2.1 HECE may at any time, and shall on the request in writing signed by either (a) any registered holder of not less than 10% of the Bonds for the time being outstanding or (b) any 20 registered holders of the Bonds for the time being outstanding, convene a meeting of the Bondholders to be held at such place as HECE shall determine, including via an online meeting.
  - 2.2 Any meeting of the Bondholders requested by a Bondholder or Bondholders together under paragraph 2.1 above, shall only be convened by HECE if and to the extent such meeting is specially provided for under this instrument.
3. **Notice of Meetings**

At least 14 clear days' notice specifying the place, day and hour of the meeting shall be given to the Bondholders of any meeting of Bondholders. Any such notice shall specify the general nature of the business to be transacted at the meeting thereby convened but, except in the case of a resolution to be proposed as a Special Resolution, it shall not be necessary to specify the terms of any resolutions to be proposed. The omission to give notice to any Bondholder shall not invalidate any resolution passed at any such meeting.
4. **Chair of Meetings**

A person nominated by HECE shall be entitled to take the chair at any such meeting and if no such nomination is made, or if at any meeting the person nominated shall not be present within 30 minutes after the time appointed for holding the meeting, the Bondholders present shall choose one of their number to be Chair. The Directors and the Secretary and legal advisers of HECE and any other person authorised in that behalf by the Directors may attend at any such meeting.
5. **Quorum at Meetings**

At any such meeting convened for any purpose, other than the passing of a Special Resolution, a person or persons holding or representing by proxy one-tenth in nominal value of the Bonds for the time being outstanding shall form a quorum for the transaction of business. At any meeting convened for the purpose of passing a Special Resolution persons (at least two in number) holding or representing by proxy a clear majority in nominal value of the Bonds for the time being outstanding shall form a quorum. No business (other than the choosing of a Chair) shall be transacted at any meeting unless the requisite quorum is present at the commencement of the meeting.



**6. Absence of Quorum**

If within 30 minutes from the time appointed for any meeting of the Bondholders a quorum is not present the meeting shall, if convened upon the requisition of the Bondholders, be dissolved. In any other case it shall stand adjourned to such day and time (being not less than 14 days and not more than 42 days thereafter) and to such place as may be appointed by the Chair and at such adjourned meeting three Bondholders or 5% of the total number of Bondholders (whichever is greater) present in person or by proxy and entitled to vote, whatever the principal amount of the Bonds held by them, shall form a quorum.

**7. Adjournment of Meetings**

The Chair may with the consent of (and shall if directed by) any such meeting adjourn the same from time to time and from place to place. No business shall be transacted at any adjourned meeting other than business that might lawfully have been transacted at the meeting from which the adjournment took place.

**8. Notice of Adjourned Meetings**

Notice of any adjourned meeting at which a Special Resolution is to be submitted shall be given in the manner provided for in this instrument. Such notice shall state that two Bondholders present in person or by proxy and entitled to vote at the adjourned meeting whatever the principal amount of the Bonds held by them shall form a quorum.

**9. Resolution on Show of Hands**

Every question submitted to a meeting of Bondholders shall be decided in the first instance by a show of hands. In case of an equality of votes the Chair shall not have a casting vote.

**10. Demand for Poll**

At any meeting of Bondholders, unless (before or on the declaration of the result of the show of hands) a poll is demanded by the Chair or by one or more Bondholders present in person or by proxy, a declaration by the Chair that a resolution has been carried or carried by a particular majority or lost or not carried by any particular majority shall be conclusive evidence of the fact.

**11. Manner of Taking Poll**

If at any such meeting a poll is so demanded it shall be taken in such manner as the Chair may direct. The result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.

**12. Time for Taking Poll**

Any poll demanded at any such meeting shall be taken at the meeting without adjournment. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

**13. Persons Entitled to Vote**

The registered holders of any of the Bonds shall be entitled to vote in respect thereof either in person or by proxy.

**14. Instrument Appointing Proxy**

Every instrument appointing a proxy shall be in writing, signed by the appointor or his attorney or, in the case of a corporation, under its common seal, or signed by its attorney or a duly authorised officer and shall be in such form as the Directors may approve. Such instrument of proxy shall, unless the contrary is stated thereon, be valid both for an adjournment of the meeting and for the meeting to which it relates and need not be witnessed. A person appointed to act as a proxy need not be a Bondholder.

**15. Deposit of Instrument Appointing Proxy**

The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority shall be deposited with HECE at the address where the Register is maintained for the time being (as referred to in clause 12.1 of this instrument) or at such other place as may be specified in the notice convening the meeting before the time appointed for holding the meeting or adjourned meeting or the taking of a poll at which the person named in such instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument of proxy or of the authority under which the instrument of proxy is given or transfer of the Bonds in respect of which it is given unless previous intimation in writing of such death, insanity, revocation or transfer shall have been received by HECE at the address where the Register is maintained for the time. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution.

**16. Votes**

On a show of hands every Bondholder who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative (not being himself a Bondholder) or by proxy shall have one vote (provided that a proxy appointed by more than one member should only have one vote or, where the proxy has been instructed by one or more of those members to vote for the resolution and by one or more other of those members to vote against it, such proxy shall have one vote for and one vote against the resolution). On a poll every Bondholder shall have one vote for every £1 in nominal amount of the Bonds of which he is the holder. A Bondholder (or a proxy or representative of a Bondholder) entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

**17. Power of Meetings of Bondholders**

**17.1** In addition to any other powers it may have, a meeting of the Bondholders may, by Special Resolution:



- 17.1.1** Sanction any compromise or arrangement proposed to be made between HECE and the Bondholders;
- 17.1.2** Sanction any abrogation, modification or compromise or any arrangement in respect of the rights of the Bondholders against HECE or its property whether such rights shall arise under this instrument or otherwise;
- 17.1.3** Sanction any scheme for the reconstruction of HECE or for the amalgamation of HECE with any other company;
- 17.1.4** Sanction any scheme or proposal for the sale or exchange of the Bonds for, or the conversion of the Bonds into, cash or shares, stock, debentures, debenture stock or other obligations or securities of HECE or any other company formed or to be formed, and for the appointment of a person with power on behalf of the Bondholders to execute an instrument of transfer of the Bonds held by them in favour of the person to or with whom the Bonds are to be sold or exchanged (as the case may be);
- 17.1.5** Assent to any modification or abrogation of the provisions contained in this instrument that shall be proposed by HECE and authorise HECE to execute an instrument supplemental to this instrument embodying any such modification or abrogation; and
- 17.1.6** Give any authority or sanction which under the provisions of this instrument is required to be given by Special Resolution.
- 17.2** No resolution that would increase any obligation of HECE under this instrument or postpone the due date for payment of any principal or interest in respect of any Bond without the consent of HECE shall be effective.

**18. Special Resolution Binding on All Bondholders**

A Special Resolution shall be binding on all the Bondholders and each of the Bondholders shall be bound to give effect to such Special Resolution accordingly. The passing of any such resolution shall be conclusive evidence that the circumstances justify the passing of such Special Resolution.

**19. Resolutions in Writing**

A resolution in writing signed by 75% or more of the total number of Bondholders or with the approval of those holding 75% or more of the Bonds then outstanding shall for all purposes be as valid and effectual as a Special Resolution passed at a meeting. Such resolution in writing may be contained in one document or in several documents, electronic or otherwise, signed or otherwise authenticated by one or more of the Bondholders.

A resolution in writing may be proposed by HECE or by (a) any registered holder of not less than 10% of the Bonds for the time being outstanding or (b) any 20 registered holders of the Bonds for the time being outstanding.

A resolution in writing proposed but not passed within 56 days of its circulation shall lapse.

**20. Minutes of Meetings**

Minutes of all resolutions and proceedings at every such meeting of the Bondholders shall be made and duly entered in books to be from time to time provided for that purpose by HECE. Any minutes which purport to be signed by the Chair of the meeting at which such resolutions were passed or proceedings held or by the Chair of the next succeeding meeting of the Bondholders shall be conclusive evidence of the matters contained in such minutes. Unless the contrary is proved, every such meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly convened and held and all resolutions passed at such meetings to have been duly passed.



**Schedule 3 CASH WATERFALL**

HECE shall ensure that payments by HECE in relation to any Interest Payment Date and in the twelve (12) month period following that Interest Payment Date are made in the following order, with each subsequently numbered payment only being permissible if the preceding numbered payment has been made (acknowledging that each of the items in sub-paragraphs (a) to (d) of paragraph 8 rank equally, any or all of which can be made by HECE at its discretion provided that all payments due under paragraphs 1 to 7 inclusive have been made).

1. Operating costs and expenses incurred in the normal course of business (including component replacement and prudent reserves (for example for decommissioning))
2. Fixed £30,000 community benefit fund payment
3. Any amounts due under the Senior Facility Agreements
4. Any overdue interest payments relating to the Bonds
5. Any current interest payments relating to the Bonds
6. Interest on the shares issued in the 2018 share offer
7. Bond capital repayments (Voluntary Overpayments) according to the intended repayment profile described in the Offer Document:
  - (a) Firstly, any unpaid amounts intended to be paid in previous periods.
  - (b) Secondly, payments intended for the current period.
8. Further payments:
  - (a) Additional Bond capital repayments above the intended repayment profile described in the Offer Document.
  - (b) Repayment of members' share capital.
  - (c) Additional community benefit fund payments.
  - (d) Retained cash in year.



Executed as a deed by  
**HEART OF ENGLAND COMMUNITY ENERGY LIMITED**  
 acting by two directors:

Signature of director: \_\_\_\_\_

Name: John Stott (Chair)

Signature of director: \_\_\_\_\_

Name: Tony McNally, Director

## APPENDIX 5 – Accountants Letter

The Directors  
Heart of England Community Energy Limited  
Redruth House  
Cornwall Business Park West  
Scorrier  
TR16 5EZ

Dear Sirs,

We report on the Financial Projections comprising the projected income & expenditure account of Heart of England Community Energy Limited (“the Company”) and its subsidiaries, Willows Solar Energy CIC, Poplars Solar Energy CIC and Leys Solar Energy CIC (together “the HECE Group”) for the 20 years ending 2041 (the “Financial Projections”). The Financial Projections, and the Key Assumptions on which they are based, are set out on pages [ ] of the document issued by the Company on [ ] (the “Document”). This report is given for the purpose of enabling compliance with the Financial Conduct Authority’s Conduct of Business Rules (the “Conduct of Business Rules”) and for no other purpose.

### **Responsibilities**

It is the responsibility of the Directors of the Company to prepare the Financial Projections in accordance with the requirements of the Conduct of Business Rules.

It is our responsibility to form an opinion as to the proper compilation of the Financial Projections and to report that opinion to you to enable compliance with the Conduct of Business Rules.

### **Basis of Preparation of the Financial Projections**

The Financial Projections have been prepared on the basis stated in the Financial Information section of the Document.

The Financial Projections are required to be presented on a basis consistent with the accounting policies of the Company.

This report is made solely to the Company’s Directors, as a body, in accordance with our engagement letter dated [ ]. Our work has been undertaken so that we might state to the Company’s Directors those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company’s Directors, as a body, for our work, for this report, or for the opinions we have formed.



**Basis of Opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included evaluating the basis upon which the Financial Projections have been prepared and considering whether the Financial Projections have been properly computed based upon the disclosed assumptions and the accounting policies of the HECE Group. Whilst the assumptions and the accounting policies upon which the Financial Projections are based are solely the responsibility of the Directors, we considered whether anything came to our attention to indicate that any of the assumptions adopted by the Directors, which in our opinion are necessary for a proper understanding of the Financial Projections, have not been disclosed, or if any material assumption made by the Directors appears to us to be unrealistic.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Financial Projections have been properly compiled on the basis stated.

Since the Financial Projections and the assumptions on which they are based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the Financial Projections and differences may be material.

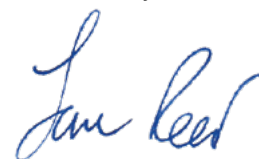
**Opinion**

In our opinion, the Financial Projections have been properly compiled on the basis of the assumptions made by the Directors and the basis of accounting used is consistent with the accounting policies of the HECE Group.

**Declaration**

We have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Yours faithfully



Sam Reed,  
Westerly Chartered Accountants,





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c/o CFR CIC  
Redruth House  
Cornwall Business Park West  
Scorrier  
TR16 5EZ

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