



SHARE OFFER

Become a member of Test Source Community Energy

Share Offer:

250,000 shares at £1 a share

Closing Date:

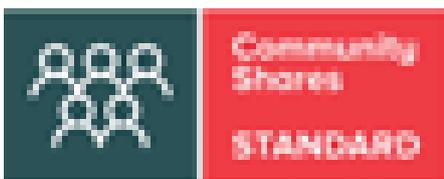
31st December 2021

TSCE IS A COMMUNITY BENEFIT SOCIETY REGISTRATION NUMBER 8714



BECOME MEMBER OF TEST SOURCE COMMUNITY ENERGY AND HELP:

- > Maximise community renewable energy as part of a decentralised and decarbonised energy system
- > Improve community understanding of energy cost and supply
- > Increase local local benefits and engagement
- > Build a sense of “we are all in this together”



The Community Shares Standard Mark is awarded by the Community Shares Unit to share offers that meet national standards of good practice.

For more information about Community Shares, the Community Shares Standard Mark and the Community Shares Unit please visit: www.communityshares.org.uk

DECLARATION

The information contained in this Share Offer has been prepared under the supervision of the directors of TSCE, who take responsibility for its contents. To the best of their knowledge, all information in this share offer is accurate and is not misleading.

This TSCE share offer is exempt from the Financial Services and Markets Act 2000 or subsidiary regulations; this means you have no right of complaint to the Financial Ombudsman Service.

A community benefit society is registered with, but not authorised by, the Financial Conduct Authority and therefore the money you pay for your shares is not safeguarded by any depositor protection scheme or dispute resolution scheme.

An investment in the shares offered in this Share Offer carries risks and you may lose the whole value of your investment.

Please consider it carefully in the context of this complete share offer document and related information and, if needed, seek independent advice.

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CHAIR'S WELCOME

I'm delighted to be able to offer an opportunity to become a member of Test Source Community Energy (TSCE). This is our first share offer for what we plan to become an established, Hampshire-focused, community energy business. This project originated from the Sustainable Overton energy group, and all the hard work put in by our team of volunteers who have brought us to this point. This is particularly impressive given that we have come this far in only 18 months, and also during a pandemic. This is just one part of Sustainable Overton, with our ever-growing team of dedicated volunteers who over the last 2 years have already brought you many initiatives already such as the Overton Cup, the Repair Cafe, Energy Champions, Food Waste Champions and the Nappy Library. Also a huge thank you to Basingstoke and Deane Borough Council who supported us in this project, Community Energy South who have mentored us, Overton Parish Council for supporting us, and RenewEV who worked with us as our consultants on our feasibility study.

This fundraising is for £250,000 that will enable us to install and operate solar PV panel at Southley Farm Overton.

By purchasing shares you will:

- Become a member of TSCE with exciting plans around energy supply as well as community renewables
- Help ensure that the Southley farm installation is developed community ownership
- Participate in the ownership of local renewable energy resources
- Support the re-investment of surplus profits into a local community fund to support local projects
- Earn interest on your investment - our target is to pay our members 4% interest per annum
- Help reduce the impact of climate change, strengthen local energy supplies and improve energy security

Withdrawable shares in TSCE are valued at £1 each and you may invest between £100 and £25,000. Each investor will receive one vote regardless of the amount invested. At all times withdrawal of shares will be at the discretion of the directors.

This is an excellent opportunity to get involved in the move towards a more sustainable energy system, one step at a time. I hope you will give this offer serious consideration. Help us lay the foundation for a move into local energy supply and re-invest surplus profits back into local communities.

KEY SHARE OFFER FACTS

Target interest rate	4% per annum subject to risk outlined in the “Risk Factors” section
Interest payment	Interest will accrue from the issuance of shares and will be paid out annually upon approval of the members at the AGM as long as funds are available.
Rights	Purchase of shares entitles the holder to full member rights as outlined in TSCE’s Rules which are available at www.testsource.org.uk
Withdrawal	Shares are withdrawable, subject to funds being available and at the discretion of the Members and Board of TSCE. Shares are neither transferable nor redeemable.
Minimum investment per applicant	£100
Maximum investment per applicant	£25,000
Minimum sum to raise	£200,000
Maximum sum to raise	£250,000
Purpose	To fund the installation for projects which will result in 330 kWp of renewable energy and generate funds to help the community decarbonise.
Tax relief	You should seek further advice from a financial advisor or accountant on tax matters as appropriate.
Timeline	16 December 2021 to 31 January 2022. The Directors may extend the offer period at their discretion.
Eligibility	Anyone over the age of 16 may apply for shares. Co-operatives, community benefit societies, companies and other incorporated associations may also apply for shares.
How to apply	Applications can be made by going to testsource.org.uk and clicking the Buy Shares button or by mailing the completed form at the end of this document.

Investors should note that any decision to invest in the shares should be based on consideration of the Share Offer Document as a whole.

OUR SOCIETY

As a Community Benefit Society, we are radically different from an ordinary company in that our aims must be to benefit the wider community rather than our own members or shareholders.

Our aims, as defined in our Rules, are to use energy projects to help create a resilient community by addressing energy related challenges. Our focus at present is in Overton and the surrounding areas.



The main features of TSCE are:

- Membership of TSCE is based on shareholding which is open to anyone aged 16 or over who supports our aims.
- We pay our members interest on their shares. This is not a distribution of profits but is regarded by the Financial Conduct Authority (FCA), our registering body, as a cost on the business.
- Members are invited to participate in the running of the Society, for example by attending general meetings, or standing for election to the board, and to engage with the work of the organisation.
- Shares are valued at £1 each. The maximum shareholding is £25,000, per member.
- TSCE is run democratically. Members have one vote regardless of the number of shares they own. One Member = One Vote.
- Membership is governed by our Rules which are available for download from our website: www.testsource.org.uk.
- We are registered with the FCA. Our registration number is 8714.

OUR TEAM

We have an experienced and diverse team that has been working closely together to develop this share offer and project. We are committed to community energy and the power it has to bring people together to address climate change, whilst also generating significant local community and economic value.

Our team has:

- A successful track record in the delivery of community projects.
- Expertise in renewable energy and energy efficiency projects.
- Entrepreneurial zeal.
- Electricity contracting and negotiation experience.
- Business experience.
- Accounting, financial and legal expertise.
- History of working on community projects in Overton and surrounding areas.

Our initial board of directors is made up of the founder members. Going forward, any Member aged 18 or over is eligible to stand for election to the board as a non-executive director, and elections are held at each AGM. We have drawn on a range of freelance consultants to deliver project development support as and when needed.



ALISON ZARECKY

As well as her position as chair of TSCE, Alison is also chair of Sustainable Overton and a Project Manager for SOEG. In the past, Alison has worked at a senior level in Marketing for Aviva/Norwich Union, as well as in a number of direct marketing agencies over a range of client accounts. She has been a transition coach for the last 18 years. She joined Overton Parish Council in July 2019.

Her strengths are enthusiasm, collaboration, creativity, strategic thinking, project management, facilitation, presenting, teamwork and liaison skills. She was a founding member of Sustainable Overton which she helped initiate in September 2019.

MARTIN BAKER

Martin is a chartered electronics engineer, who was the Managing Director and owner of a local electronics company. He has a wide range of management and marketing skills having developed sales of high-tech solutions to blue chip companies around the world.

Martin was a founder member of Overton SeLF (Sustainable Living Forum, a predecessor of Sustainable Overton) about 10 years ago. He has always had an interest in all forms of renewable energy technologies.

Martin was the site assessment group Chair for the Overton Neighbourhood Plan, which helped to develop an intimate knowledge of the land around Overton, which has proved very helpful in identifying potential solar PV sites in the village.

CLAIRE MITCHELL

Claire is a Civil Servant at the Department for Business Energy & Industrial Strategy, leading the team of lawyers advising on climate change, COP26 and renewable energy. This involves oversight and regulation of the major renewable energy programmes. Her team also leads the EU negotiations on climate change, and oversee the delivery and substance of COP26, the UK's international climate finance portfolio and carbon capture power work. She has a Degree in Law, postgraduate diploma in legal studies, and is a solicitor enrolled in the Courts of England and Wales. She chairs the Sustainable Overton Energy Group.

LAURA HARLEY

Clerk to Overton Parish Council,
Administrative support for SOEG

Laura has been the Overton Parish Council Clerk for nearly 25 years with a Certificate in Local Council Administration. She gained an HND in agriculture from Seale Hayne College, has a work background in accountancy and is a member of the Chartered Institute of Management Accountants.

TANIA BRIDGE

Tania is a Chartered Accountant with over 25 years of experience including quarterly and annual financial and management reporting for a FTSE 100 company. She helped set up the local community pool as a charity and was part of the team that secured a lease with Hampshire County Council to enable the charity to run independently. She has been a parent governor at Overton Primary School and Testbourne Community School. These roles have provided experience of community support, local government working practices, fundraising opportunities and financing requirements within a governance structure.

STEVEN GOUGH

DSO Technical Authority, Scottish and Southern Electricity Networks

As an electrical engineer who's has worked for two separate Distribution Network Operators over 12 years, Steven brings a detailed knowledge of the electricity industry and the technical aspects of connecting generation to the network. He has previously project managed a variety of networks innovation projects, including with community energy focus and subsequently helped with broader community energy engagement activities. More currently, he is leading development of data and digitalisation within SSEN. He has been a member of Sustainable Overton since August 2020.

BOB DENNAY

Bob enjoyed a full career as an aerosystems engineer officer in the Royal Air Force with subsequent adventures as a pilot flying and managing corporate jet aircraft initially in the USA and then worldwide. He feels it is now time to redress the carbon footprints of his previous careers. After retirement he returned to the UK and lives in Overton. Bob is curious, passionate and optimistic about all aspects of renewable energy and technology to address climate change. He has been a volunteer with Sustainable Overton for a year.

TOM HALL

Tom is a Business development Manager in the Heating, Ventilation and Air Conditioning (HVAC) sector for major manufacture of energy efficient AC systems including residential and commercial heat pumps, Mechanical Ventilation with Heat Recovery (MVHR) systems / Air Handling Units and chillers. He was a previous Air Conditioning Sales engineer (contractor) and adds experience in construction, business management and communications and marketing.



Board Practices

All Directors are unpaid and, beyond reimbursement of expenses, receive no other benefits.

Conflicts of Interest

Claire has declared appropriately managed potential conflict which her employers is aware of. Other than that the board is not aware of any actual or potential conflicts of interests between directors and their employers or any of it's partners.

Legal Proceedings

There have been no governmental, legal or arbitration proceedings relating to TSCE and none are pending or threatened which could have a significant effect on the financial position or profitability of TSCE.

Disclosure

None of the directors of TSCE have, for at least the past five years, received any convictions (for any fraudulent offence or otherwise), or been involved in any bankruptcies or receiverships, or received any public recrimination or sanction by a statutory or regulatory authority or designated professional body, or been disqualified from any function by any court.

4. OUR PURPOSE



THIS SHARE OFFER WILL HELP US TO ACHIEVE, AND BUILD ON, THE FOLLOWING:

CARBON REDUCTIONS

Our primary purpose is to mitigate climate change by helping to reduce carbon emissions caused by electricity generation. We are pleased to say that our projects will generate over 300,000 kWh per year, enough electricity to meet the equivalent annual electricity demand from nearly 100 typical UK homes¹ and reduce carbon dioxide emissions by the equivalent of the full carbon footprint of nearly 25 local residents². In addition this share offer will generate funds to allow us to install more solar PV and ground mount systems and household batteries and to further reduce carbon dioxide emissions.

ENCOURAGING BEHAVIOUR CHANGE

Mitigating climate change is about more than just replacing fossil generation with renewable generation.

To achieve the required levels of carbon reduction, we need to reduce and modify our usage too. This means encouraging people to use energy more efficiently and to be flexible enough to use renewable generation when it is available. We believe that community ownership of local renewable energy projects helps raise the profile of energy use and where it comes from. From experience of engaging with the local Community it seems highly likely that being a Member of TSCE will encourage a significant proportion of our membership to talk more to people about climate change and community energy and to take action to reduce their carbon footprint.

GENERATING COMMUNITY BENEFIT

We see community benefit from all the activities above, helping us to reduce our carbon emissions and build community resilience by taking important local assets like renewable energy generation equipment into community ownership.

Community benefit also derives from a focus on recycling value back into the local economy. For example, by paying interest to local investors, creating local jobs, supporting local suppliers wherever possible or distributing surplus cash via our local community fund which we expect to earmark 2% to 3% of the annual revenue generated from the projects.

From this community fund, we are looking to distribute grants of at least £5,000 in total annually to small local groups and individuals for local community projects which promote carbon reduction or alleviate fuel poverty. Other more general community projects will also be considered where they enhance the Community.

Notes

1 Assumes 3,100 kWh per year consumed by a typical home without electric storage heaters. From Ofgem <https://www.ofgem.gov.uk/gas/retail-market/monitoring-data-and-statistics/typical-domestic-consumption-values>

5. OUR BUSINESS



Take a share in your local energy

Invest in renewables. Build community. Cut carbon.

TSCE was incorporated 16 September 2021, with the aim of creating a financially sustainable community enterprise delivering community owned to power the local area.

This share offer will start the process of raising the funds necessary to:

- Increase local benefits and engagement by creating a community fund.
- Maximise community renewables by investigating potential sites in the local area.
- Improve community understanding of energy cost and supply to change user behaviour through workshops.
- Build a sense of collective purpose by educating the community and promoting membership of TSCE and identifying how much power the local area uses.

TSCE is a not-for-profit organisation and surpluses generated from our projects will be used to:

- Give members a return on their capital;
- Make a contribution to the Community Fund; and
- Pay for the operating costs of TSCE, mainly insurance and professional fees.

Community Fund

TSCE anticipates about £5,000 each year will be put into the Community Fund for the community to apply for grants which promote sustainability within the community. Members will decide annually who these grants will be awarded to.

Such awards could be to:

- Create a Community Garden to support mental well being.
- Plant trees in communal areas and new build sites to increase carbon absorption.
- Install LED lighting in community buildings.
- Assist those in fuel poverty with housing insulation and cheaper fuel suppliers.
- Provide training for “Green” skills
- Provide Electric Vehicle charge points



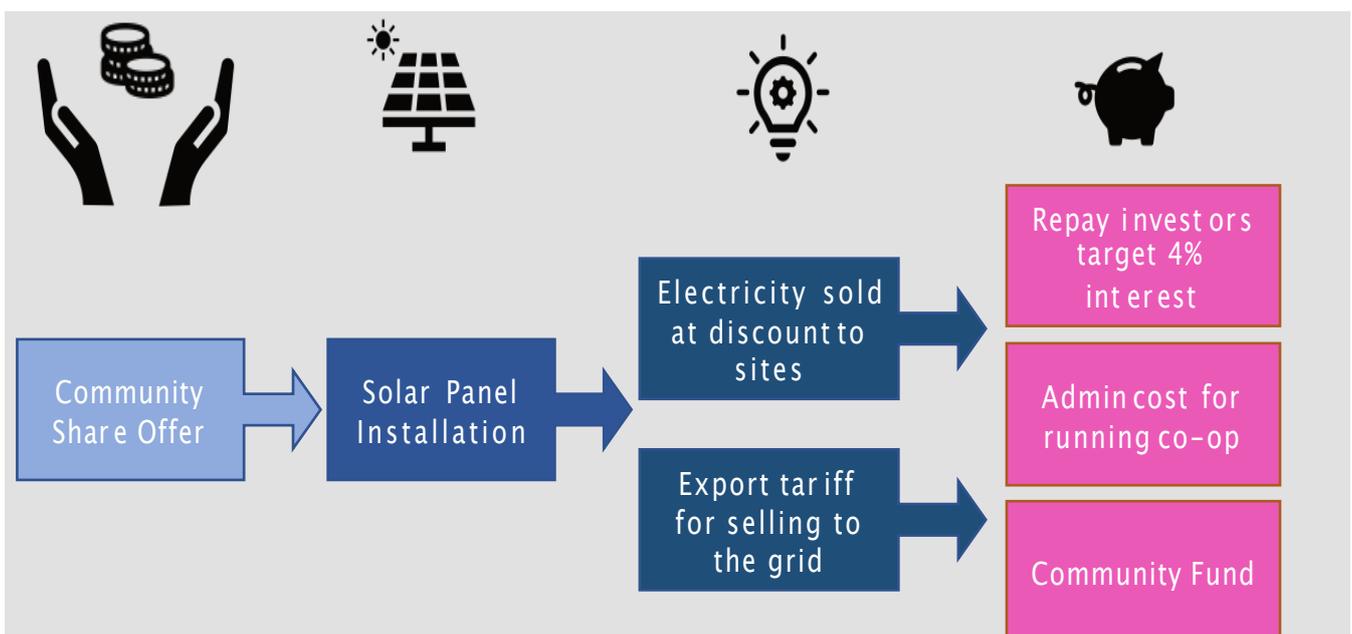
OUR FINANCIAL MODEL

Our models have a 20-year lifetime (at the end the solar panels can be transferred to the site). The income is mainly generated from the sale of electricity to the site at a discount to the tariff they are currently paying their supplier. Any generated electricity not used by the site is sold back to the grid.

The sale of electricity to the site is forecasted by analysing its historical consumption data and a full feasibility study is carried out.

WITH THE INCOME FROM THE SALE OF ELECTRICITY WE AIM TO:

- > PAY FOR THE OPERATIONS, ASSET MANAGEMENT AND MAINTENANCE
- > REPAY OUR MEMBERS' CAPITAL OVER THE LIFE OF THE PROJECT
- > PAY OUR MEMBERS SHARE INTEREST
- > PUT MONEY INTO THE COMMUNITY FUND
- > INVESTIGATE FURTHER INVESTMENT OPPORTUNITIES



Our Financial Model

6. FINANCIAL INFORMATION



The Proceeds of this share offer will be used primarily to install solar PV at Southley Farm. Current quotes for panels, inverters and required cables and mounts total £135,000, with installation costs of £65,000. This £200,000 is reflected in the minimum capital required from the share offer.

Installation is expected in the first half of 2022 and be operational by Q3 2022 when revenue generation and site maintenance will commence.

As interest is paid annually, after being agreed at the AGM the first interest payment will be in 2023.

	YEARS 0-5	6 - 10	11-15	16 - 20	TOTAL
INCOME (£)					
Site Revenue	307,444	301,031	348,682	403,874	1,361,031
Grid Revenue	7,329	6,805	7,508	8,285	29,927
Total Revenue	314,773	307,836	356,190	412,159	1,390,958
Operating costs	(127,342)	(174,990)	(164,107)	(192,057)	(658,496)
Net Revenues	187,431	132,846	192,083	220,102	732,462
Use of TSCE Funds					
Member Interest Payments	59,288	43,782	34,782	15,032	152,884
Member Capital Payments	18,750	31,250	75,000	125,000	250,000
Community Fund Payments	30,019	25,016	25,016	25,016	105,067
Total use of TSCE Funds	108,057	100,048	134,798	165,048	507,951
Surplus for period to use for future projects	79,374	32,798	57,285	55,054	224,511

KEY ASSUMPTIONS

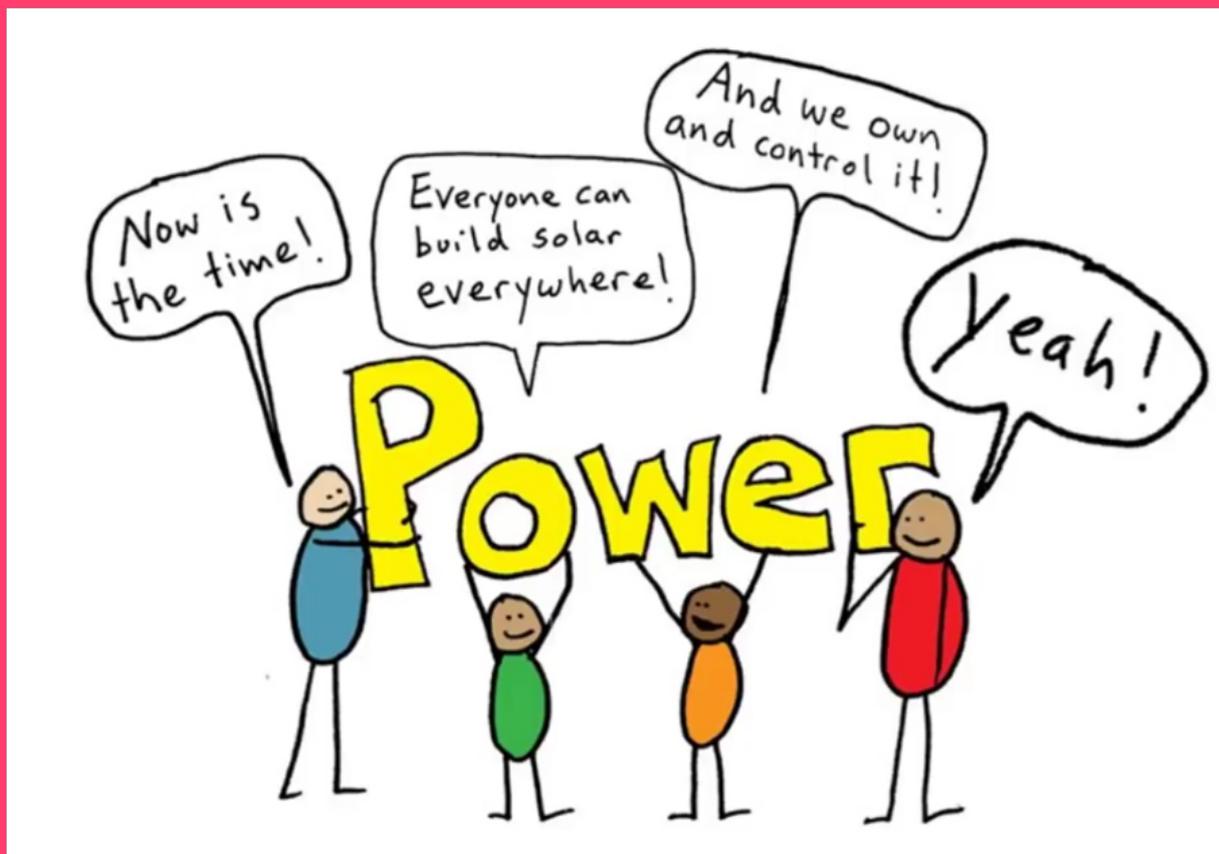
- The total cost to complete the project covered by this share offer is expected to be around £250,000 and includes construction, legal, technical and fund-raising costs and will be met by a combination of the equity fundraise outlined in this share offer and grant money from the Rural Community Energy Fund.
- The solar farm is expected to have an annual yield of 857 kWh/kWp.
- Income from electricity sales increases in line with accepted industry projections (less than RPI in the short term, and more than RPI in the long term).
- Maximum degradation in solar panel performance is at 0.5% per year in line with normal industry expectations.
- The project is insured for risks and loss of income should the system be off-line for an extended period. An operation and maintenance agreement has been agreed with Bright Renewables and the costs included in the figures above.
- The model assumes that the inverters are replaced after 10 years.
- Member interest payments are based on 4 % of the member capital balance in each year. Therefore, as member capital is repaid, member interest payments decline over time.
- Member capital repayments commence in Year 3 at 2.5% of total capital. This repayment % increases over time.
- The financial projections outlined above and the assumptions on which they are based relate to the future and may therefore be affected by unforeseen events. Actual performance may not correspond to these projections.
- The Retail Price Index (RPI) used is 2.5% per annum (in line with the long-term average).

SURPLUS FUNDS

The provision of significant local community benefits is central to TSCE's vision. It is projected that over the course of the project at least more than £100,000 will be paid from surpluses generated into an independent community fund. Additional surpluses will be used for future projects which meet the objectives of TSCE. Whilst primary criteria for eligible projects supported through the community fund will include carbon reduction and reducing fuel poverty, other community projects will be considered if there is a benefit to the community in some capacity.

Allocation of the yearly contribution to the Community Fund will be subject to a vote by members at the AGM.

7. SHARE OFFER



Up to 25,000 shares will be issued each with a par value of £1 on acceptance of a valid application on the Terms and Conditions of this offer document and subject to the board rights also outlined. The shares, which will not be traded on any stock exchange, have been created under the Co-operative and Community Benefit Societies Act 2014.



TARGETS

Our target is to issue 250,000 shares and raise £250,000. The minimum below which shares would not be issued is £200,000, in which instance all funds will be returned.

Between £200,000 and £250,000 the project can commence and additional funds sort if required. All valid applications up to the maximum of £25,000 will be converted into shares.

If the offer is oversubscribed then all applications will be scaled back proportionally. The board reserves the right to increase this target if the purposes as outlined in this offer document require further funds.

OFFER TIMETABLE

The share offer will open 16 December 2021 and close the earlier of, when the target is reached, or 31 January 2022. TSCE retains the right to pause and restart acceptance of new applications according to the need that TSCE has for capital at any point in time.

SHARE ALLOCATION

Shares will be allocated from 1 February 2022. Successful applicants will receive share certificates and their details and holdings will be recorded in a share register managed by Share Energy on our behalf.

Although marketing will be concentrated within our local area, there is no geographical restriction on share ownership and we welcome applications from the UK and beyond.

If there is a prospect that we will raise more share capital than we can profitably use in the immediate future, prior warning that the offer will be suspended will be given on our website.

If this happens, all valid applications received before the date of suspension will be accepted and if necessary share allocations will be proportioned to reflect the investment required.

The board reserves the right to accept or reject applications received after the suspension date. If applications are rejected, the monies will be returned within one month of the date of rejection, without interest. The applicant will be notified if and when the share offer is re-opened and will be invited to send a new application.

ELIGIBILITY

Membership is open either to any individual (at least 16 years of age), or to any incorporated organisation (an organisation with a registration number from either Companies House or the FCA) that supports the aims of the Society.

Where an incorporated organisation applies to become a Member, the application needs to include the name of a nominated representative, but the nominated representative can be changed in the future by appropriate notification to TSCE by the member organisation.

There is no provision for joint membership or for membership of unincorporated organisations. You can buy shares on behalf of a child. (see below).

PURCHASING ON BEHALF OF CHILDREN

Providing you are at least 16 years of age, you can purchase shares on behalf of a child. To do this, you must indicate your intention on your application form by ticking the checkbox provided.

We will register the shares initially in your name. When the child reaches 16, you should confirm to us that you still wish to see the shares held in the child's name. If this is the case, we will obtain consent from the child that they wish to become a Member, cancel the requested number of shares from your allocation and create the same number of shares with identical rights in the child's name.

PROVISION FOR SHARE WITHDRAWAL

Members may request the withdrawal of their shares, subject to board approval.

The board of TSCE will seek to ensure that requests for withdrawal can be accommodated. This cannot be guaranteed but if new share capital can be accessed by the Society then it may be possible for us to grant requests for withdrawal of existing share capital.

Applications for share withdrawal are processed once each year by the board at the first board meeting after the AGM, except in exceptional circumstances. The board will act in line with our share withdrawal policy, available on our website at www.testsource.org.uk under Resources/TSCE Documents.

Our financial strategy provides for the situation where all members are able to withdraw their shares within the 20 year life of our projects, and we fully believe that the Society will be in a position to do so. There is, however, no obligation on members to withdraw their shares by any date.

INTEREST PAYMENTS

All Members are entitled to share in interest subject to an annual surplus. A Member with say, 1,000 shares has a single vote but will receive interest on all 1,000 shares.

All interest payments are paid annually after the AGM, usually held in March following the year ending the previous September. Share

interest will be paid on the balance of each Member's account at rates reflecting annual financial performance. Proposals for Member interest will be made by the board each year and will be voted on by Members at the AGM.

The first time that shares receive a distribution of interest, the interest they receive will be calculated from the date of Allocation.

TAXATION ON INTEREST PAYMENTS

Interest payments will be made gross and members will be responsible for declaring this income on their tax returns.

Shares are not eligible for the Enterprise Investment Scheme tax relief or Social Investment Tax Relief. Shares will normally be exempt from inheritance tax providing they are held for two years. You should seek further advice from a financial advisor or accountant on tax matters as appropriate.

Provisions on death of a Member in accordance with the Society's Rules, on the death of a Member of the Society, their personal representative can apply for withdrawal of the share capital or for transfer of the shares to another person. Return of share capital under this provision will be prioritised by the board over any other return of Members' capital.

APPLICATION PROCEDURE

Before completing an application, you should consider taking appropriate financial and other advice. In completing your application you are making an irrevocable offer to enter into a contract with the Society.

Under Money Laundering Regulations, our receiving agent, Share energy, will need to complete basic identity checks. Full details are provided in the application form at the end of this offer document. Non-UK residents must take responsibility for ensuring that there are no laws or regulations in their own country that would prevent them from investing in or receiving income from a UK Society.

Applications can be made online, helping us to minimise costs and speed the application process, via www.testsource.org.uk/invest.

If you are unable to apply online there is an application form at the end of this offer document. All applications will be handled by our receiving agent, Share Energy, who also maintain our share registry.

By making an application an applicant offers to subscribe, on these Terms and Conditions, for the number of shares specified, or such lesser number as may be allocated. An applicant who receives shares agrees to automatic membership of TSCE and to be bound by its Rules.

An application once made cannot be withdrawn.

The price of each share is £1. The minimum number is 100. The maximum per applicant is 25,000, subject to an overall maximum holding in TSCE of 25,000 shares. Multiple subscriptions will be accepted providing that they do not result in a Member holding more than the maximum.

PROCEDURES ON APPLICATION RECEIPT

All payments whether by cheque, bank transfer or debit card will be presented on receipt. Please make your application online in order to utilise payment via debit card.

Surplus application monies may be retained pending clearance of cheques.

Applications may be rejected in whole, or in part, or be scaled down.

Monies in respect of any rejected or scaled-down applications shall be returned no later than one month after they have been rejected.

No interest is payable on submitted application monies which become returnable. Incomplete or inaccurate application forms may be accepted as if complete and accurate.

Monies received as share applications will be lodged in a TSCE client account until shares are issued. This money will be ring-fenced and the Society will not access or make use of it until shares are issued. In the event that shares are not issued, all application monies will be returned to the applicant.

PRICING, TRADING AND DEALING ARRANGEMENTS

Shares are offered at their par value of £1. The value of each share cannot rise, but could fall if the net value of the Society's assets falls below zero. Shares are not tradable or transferable except on the death or bankruptcy of a Member.

PAYMENT

Payments may be made by bank transfer (details can be found on the application form), debit card (only via the online application form) or cheque. All payments must be in pounds sterling and drawn on a UK bank account in the name of the applicant and will be immediately presented for payment.

ASSET LOCK

The Society does not have a formal asset lock incorporated in our Constitution as, in some instances, this could limit the work we want to do in the future. However, TSCE exists to benefit the community which means that in the event of the Society being wound up, any proceeds would be used to repay share capital to shareholders at up to a maximum of £1 per share. Any surplus above this amount would be put back into the community.

PRIVACY

You can view our privacy policy on our website at www.testsource.org.uk/privacy.

8. RISK FACTORS



Investing in TSCE should be seen as more of a social than a financial investment. We cannot guarantee a safe haven for your money or even that you will ever receive back all the money you invest or receive interest payments.



THE DIRECTORS HAVE IDENTIFIED THE FOLLOWING RISKS:

LIABILITY

When you invest in this share offer you are investing in, and becoming a Member, of the TSCE. As TSCE has been incorporated with limited liability, the liability of its Members will be limited to their current shareholding. This means you may lose some or all of your capital.

LOSS OF CAPITAL

The value of your shares will never increase and may reduce. Do not invest any funds that you cannot afford to be without.

INCOME

Our predicted income is based on a number of assumptions built into our financial and business models. The actual income generated by projects may differ from that anticipated by our financial modelling. Factors affecting income include, but are not limited to, the following:

- Projects may be delayed or incur additional costs due to technical, financial, or legal matters, or other factors such as Brexit and pandemics.
- Costs associated with the management and maintenance of the projects may increase beyond the rate of inflation currently allowed for within our financial modelling.
- Other assumptions that we have built into our financial modelling relating to energy price inflation, RPI, proportion of electricity sold to host organisations, and export levels may prove to be inaccurate.
- Local weather conditions affecting the amounts of electricity generated from renewable energy projects.
- Reduction in generation due to mechanical failure, unplanned maintenance, vandalism, and unforeseen restrictions imposed by National Grid or District Network Operator.
- Reduction in usage by host due to change in energy requirements.
- Unforeseen policy or regulatory changes.

TECHNOLOGY

Technological failure of equipment such as panels, inverters, or any other part of the system and maintenance may cause interruptions to generation and affect income.

The solar PV systems are covered by a number of warranties and will be insured against third party damage and theft, and for loss of income.

For example, for our roof-mounted arrays, these include:

- A 10-year manufacturer's warranty and 25 year manufacturer's performance guarantee on the solar PV panels, guaranteed to 80% of nominal performance and panel degradation, is built into our financial modelling.
- Inverters are covered by a minimum two-year manufacturers' warranty, and we are building in a fund to enable all inverters to be replaced once within the 20-year period.

The Directors expect that regular ongoing output monitoring of all projects carried out by the TSCE and our contractors will identify unexpected drops in performance which will in turn trigger a check-up of the system and any necessary maintenance. However, there may be interruptions to generation of electricity caused by mechanical/electrical failure of equipment or poor installation, or during maintenance of the roofs on which the solar panels are mounted.

INTEREST RATE PAYMENTS

TSCE is permitted to pay interest on your shares, but according to FCA regulation we cannot offer an excessively generous interest rate and may pay no interest at all. The interest rate we offer must reflect the fact that the Society's primary purpose is community benefit. Financial performance is based on assumptions which are subject to variation outside the control of TSCE and cannot be guaranteed. The timing of interest payments and rate of interest will be determined by the TSCE Board of Directors.

We have set a target interest rate based on our assumptions about the income earned from the projects we support with the invested capital.

Our ability to pay out the interest rate depends on the surplus generated by the projects and the overall financial health of TSCE.

RISKS TO DELIVERY OF OUR ENVIRONMENTAL AND SOCIAL BENEFIT

The environmental and social benefits delivered by the projects depend on the performance of the installations themselves and the performance of community projects supported by TSCE. In particular:

- CO₂ reduction targets for the installations may not be met if green electricity generation or energy efficiency saving is lower than predicted.
- We may not generate sufficient profits to be able to provide the level of financial and other support to community-led environmental and social projects.
- Community-led projects supported by the TSCE may not deliver the expected carbon and environmental savings.

LIQUIDITY OF YOUR INVESTMENT

Our ability to fulfil requests to withdraw capital is entirely dependent on the availability of funds at the time and our ability to attract new investment.

We anticipate projects returning capital to TSCE over their lifetime. The timetable for capital return will vary between projects and is usually modelled over many years. For example, our new solar PV financial models anticipate that the total capital invested in rooftop projects is released over a 20 year project lifetime. Capital begins to be released a short time into each project's operating lifetime and increases over time as cashflow increases. The profile of capital release is primarily sculpted dependent on the demands of debt service for each individual project.

We anticipate it will be harder to facilitate equity withdrawal from released capital during the early years of the Society. If there is insufficient capital released from our projects to fulfil requests to withdraw equity, we can also facilitate equity release by attracting in new investment to replace it.

However, we cannot guarantee that we will be successful in attracting sufficient new investment to facilitate all requests to withdraw equity.

We aim to prioritise the allocation of new equity to facilitate the withdrawal of funds by existing Members that has been held for more than four years. Equity up to the value of 10% eligible for withdrawal in TSCE will be made available, unless to do so would jeopardise the financial sustainability of the TSCE. That means that for each £10,000 invested in the Fund that is eligible for equity withdrawal, we aim to meet a minimum of £1,000 of equity withdrawal requests. We intend to make more available if we can.

Ultimately, we cannot guarantee that we will be able to fulfil all requests to withdraw equity and equity withdrawal remains at the discretion of the Directors who have an obligation to put the overall financial wellbeing of TSCE first.

GENERAL INVESTOR RISKS

As a result of the risks to the projects identified above, investors should be aware of the following risks:

- Shares in TSCE are unquoted securities and may be considered to be riskier than quoted securities and shares.
- There is no prospect of shares in the Society ever being worth more than their nominal value. Investors may receive back less than their original investment and may not get back their original investment.
- Withdrawal of share capital is entirely at the discretion of the Directors, and investors may not be able to withdraw their capital promptly in the event that projects fail.
- The financial performance projections set out in this Share Offer Document are based on assumptions which TSCE considers reasonable but are subject to variation and are not guaranteed. Investors may receive lower returns than those projected.

Information, opinions, and quotations in this Share Offer Document are correct at the time of writing and may change without notice. We are under no obligation to ensure that such updates are brought to the attention of any recipient of this material.

This Share Offer Document is issued by TSCE. None of the TSCE Members, its Directors or officers, gives or offers any investment advice to potential investors in relation to the application for investment in the Society. Nor do they provide advice as to whether such an investment is appropriate for a potential investor.

9. FREQUENTLY ASKED QUESTIONS



Can I get my money back if I need it?

Yes, but it may not be immediate. Requests for withdrawals have to be agreed by Directors, who need to confirm that the Society has sufficient cash. You may have to wait for TSCE to raise share capital from other shareholders to pay you back.

What happens if you do not reach the target?

If we do not raise £250,000 but do raise £200,000, even after extending the share offer, then we will still proceed, and allocate shares to Members as requested. We will seek alternative financing for the balance of the funding required and will prioritise repaying this as soon as possible.

What happens if too many people want to invest?

If we reach our maximum target of £250,000, we will close the offer, with 48 hours' notice. We may scale down individual applications from new applicants if needed.

Can I keep my money in TSCE for a long time?

The PV solar panels will be generating electricity and giving an income for 20 years, but the directors intend to gradually repay capital to shareholders, so your shareholding will decrease. It is likely that the Directors will authorise further share offers to repay other members, so you might be able to invest more money in future.

Is the return guaranteed?

No – we are set up to benefit the community, so that has to come first. Our long-term target is a 4% return to shareholders. If TSCE's income is reduced, then the return payments may be lower than our target level for longer than this. But all our forecasts show that the long-term interest rate should be 4%.

Does TSCE have an asset lock mean?

TSCE is a Community Benefit Society registered with the FCA, with the specific intention that it must benefit the community.

It is democratically run by its Members and set up to make the community a better place. People making investments become Members, with an equal say in how the business runs. Membership is primarily for the community and any return on investment that members make from investing is secondary to that. TSCE does not have a formal asset lock in our constitution as, in some instances, it could limit the work that we may want to do in the future. However, we exist to benefit the community and residual funds will be put back into the community.

How does 'one member, one vote' work?

In line with co-operative principles, a Registered Society operates on the democratic basis of 'one shareholder, one vote', so all shareholders have equal say regardless of the size of their investment.

10. TERMS AND CONDITIONS OF THE OFFER



ELIGIBILITY

This Share Offer is open to individuals over 16 years of age and to organisations that support the objects of the Co- operative.

MINIMUM AND MAXIMUM HOLDINGS

The minimum number of Shares which can be applied for is 100 and the maximum is 25,000. Shares cost £1 each. You may apply as a group to meet the minimum threshold of £100, for example 5 people can contribute £20 to a consortia that has a membership to the Co-operative. The maximum possible shareholding is £25,000. Applications can be received at the office of TSCE or downloaded online from TSCE's website until the Directors declare the offer closed.

APPLICATION PROCEDURE

Read the Share Offer Document and ensure you understand the risks involved in making this investment. If necessary, seek independent financial advice before applying.

Read the Rules of TSCE set out at www.testsource.org.uk. If you receive Offer Shares and hence Membership of the Co- operative, you are deemed to have agreed to be bound by its Rules.

Complete the Application Form and follow the instructions for transferring the money.

Once an application has been made it cannot be withdrawn.

OVER-SUBSCRIPTION

The number of Shares you apply for will not necessarily be the number of Shares you will receive. If the Share Offer is over-subscribed the Board will determine whether the Share Offer will be extended and how to allot Shares. Your application may be scaled down, or even rejected in its entirety.

GOVERNING LAW

The Terms and Conditions of the Share Offer are subject to English law.

MONEY LAUNDERING

Under Money Laundering Regulations, you may be required to produce satisfactory evidence of your identity and it is a condition of this Share Offer that you do so as requested.

PAYMENT

To save costs and paper, we would prefer investors to apply and pay for Shares online. You can also pay by cheque or banker's draft, drawn on a UK bank or building society and made payable to Test Source Community Energy Ltd, for the exact amount shown in the box under 'Amount to invest'. If there is a discrepancy between the two, or if the cheque is not honoured on presentation, your application may be rejected. If you wish to apply by post, please send the application form to TSCE,ADDRESS. Alternatively you can pay directly through the banking system into TSCE's bank account. Please quote your surname and date of birth as a reference and pay to account number: XXXXXXXXX Sort Code: XXXXXX. You will receive acknowledgement of your application.

USE OF EMAIL AND BACS

As a member you will receive various communications from us. We kindly request that you agree to be contacted by email to minimise the cost and environmental impact. Please tell us your email address and advise us if you change it. Interest will be paid to you by electronic transfer by BACS so please inform us if the details of your bank account changes.

EXTENSION OR REDUCTION OF OFFER PERIOD

The initial offer period runs until 30th November 2021, but may be closed early upon achievement of the Maximum Capital. The directors reserve the right to extend the Offer Period at their discretion. The Directors may increase the Maximum Capital if during the Offer Period a customer enters into an agreement with the Co-operative for a project to be developed.

SALE or WITHDRAWAL of SHARES

Shares in TSCE can not be sold to a third party or traded and there is no prospect of them ever being worth more than their nominal value of £1.

You may seek to withdraw your shares after three years from the date of issue. Such a withdrawal is at the discretion of the directors of TSCE and will be in line with our share withdrawal policy, available on our website at www.testsource.org.uk under Resources/TSCE Documents.

Although shares in TSCE are withdrawable at the discretion of the directors, you may not be able to withdraw the full price you pay for them if TSCE does not have sufficient funds available at the time you want to withdraw your shares.

Interest will be paid on all shares held in TSCE until they are withdrawn.

SHARE APPLICATION FORM



GO GREEN ENERGY

AMOUNT TO INVEST

£

I wish to invest a total amount of

in Withdrawable Shares in Test Source Community Energy Limited, under the Terms and Conditions set out in the Share Offer Document, at the price of £1 per Share. By investing in these shares, I also become a Member of the Co-operative and agree to be bound by its Rules.

You may invest no less than £100 nor more than £25,000 (please refer to Terms and Conditions on maximum holding per Member). Please send a cheque for the amount of your investment, drawn on a UK bank account and made payable to Test Source Community Energy Ltd, along with this form to: TSCE, Parish Office, Overton Comunity Centre, High Street, Overton, Basingstoke, Hampshire RG25 3HB

Forename(s)	
Surname	
Date of birth	
Address	
City	
Postcode	
Previous address (if less than 3 years at current address)	
Daytime telephone	
Email address	

We prefer to save paper as far as possible by communicating electronically.

Please tick if you are willing to receive future communications solely by email.

ALL APPLICANTS PLEASE SIGN AND DATE THE FORM

I confirm that:

- I have read the Share Offer Document, including the Risk Factors.
- I agree to be agree to become a member of Test Source Community Energy Limited.
- I agree to be bound by the Terms and Conditions included in the Share Offer document and the Rules of the TSCE (available at www.testsource.org.uk).
- I understand that the Board of Directors of TSCE may reject my application, and are not obliged to tell me why.
- I am are not making an application that would result in an aggregate holding of more than 25,000 shares.
- I consent to receiving formal notices by email and links to formal documents on the TSCE website.
- I consent to the use of my personal data in accordance with the terms and conditions stated below.
- I am are not relying on any information which is not included in the Share Offer Document.

Signature:

Date:

TERMS and CONDITIONS

To ensure compliance with the Money Laundering Regulations 2003, TSCE may, at its absolute discretion, require verification of the identity of any person seeking to invest.

All applicant funds will be help in escrow in an account in the name of TSCE, and will ring-fenced to protect applicants money from any liabilities associated with our day-to-day financial activities.

In the event that the offer is unsuccessful, then all monies will be returned to applicants

DATA PROTECTION

The personal data provided by you on this form will be stored by TSCE in an electronic database and in accordance with GDPR. The data will only be used by TSCE in relation to the governance of the Society and to communicate the activities of the Society to you. Your personal data will not be disclosed to any third party for any body having a statutory right of inspection.

For more information about how we treat your personal data please read our privacy notice on our website www.testsource.org.uk

£250,000
330kW
SAVE MORE THAN
50,700
TONNES OF CO₂
4% INTEREST