



COMMUNITY ENERGY FUND Share Offer Document 2021

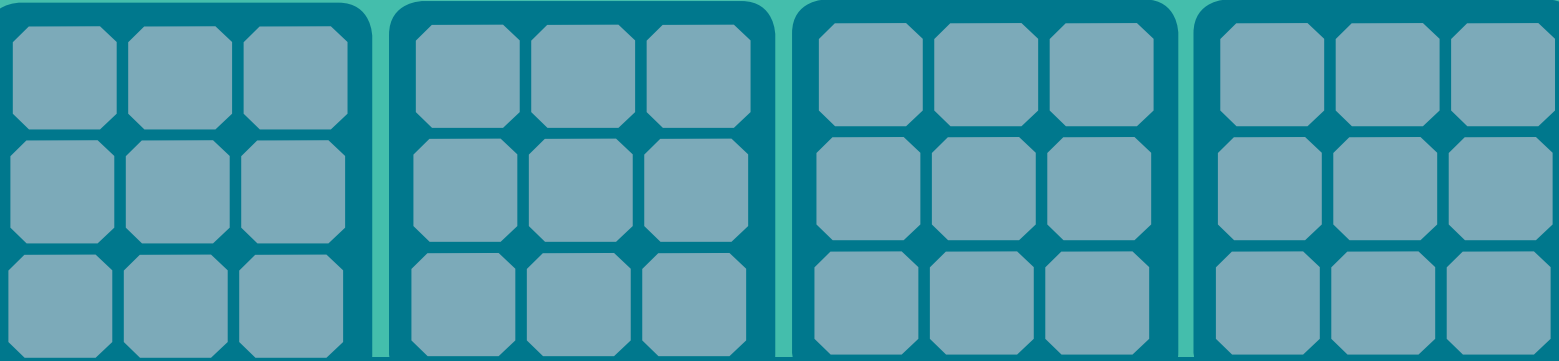
Deadline:
31 March 2021

Target: £3 million
£1.5 million by 31 March 2021
£1.5 million by 1 November 2021

**5% annual target
interest rate***

Ray Valley Solar

Own your share of the UK's largest
community-owned solar park

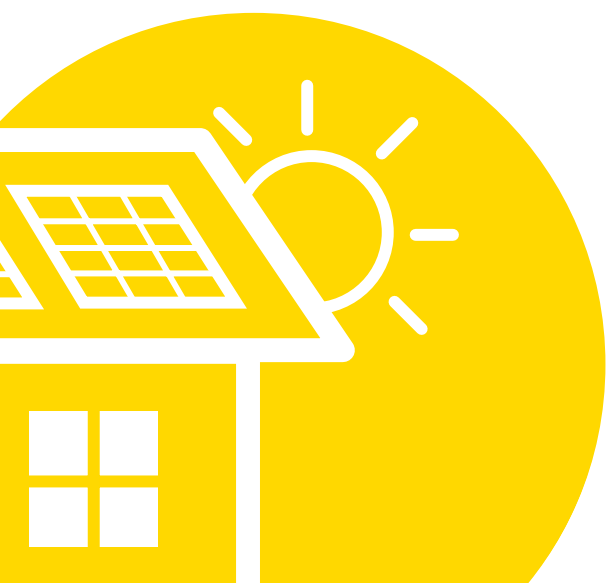


*Capped at 4% for the first
four years of investment

www.lowcarbonhub.org/invest

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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR CAREFUL ATTENTION.

This document sets out in detail an invitation to subscribe for shares in the Low Carbon Hub IPS Limited, a Registered Society, run for the benefit of the community.

It should be read in conjunction with the following documents:

- *Community Energy Fund Guidelines*
- *Rules of the Low Carbon Hub IPS Limited*
- *Low Carbon Hub Business Plan*
- *Low Carbon Hub IPS Limited Accounts*

These are all available on request or online at www.lowcarbonhub.org/invest

This document should be read in its entirety. If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant, or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (FSMA), or from another appropriately authorised independent financial adviser.

Reliance on this document for the purposes of engaging in investment activity may expose an individual to a significant risk of losing all the money they have invested. You may lose all or some of your money. Do not invest money you cannot afford to be without.

In any event, investors should appreciate that any investment they make is an acknowledgement of their support for the development of community energy and, accordingly, a subscription for shares in the Low Carbon Hub IPS Limited should primarily be regarded as an investment for social and environmental purposes rather than one which will produce a significant financial return. It should also be noted that members of Registered Societies do not have access to the Financial Ombudsman Service (FOS) or the Financial Services Compensation Scheme (FSCS).

Nothing in this document constitutes investment, tax, legal, or other advice by the Low Carbon Hub IPS Limited, its Directors, or advisers.

1 November 2020

A glossary of terms is available at:
www.lowcarbonhub.org/invest

YOUR INVITATION TO INVEST

Will you help create a clean, green energy future?

The Low Carbon Hub's Community Energy Fund is your opportunity to set your money to work, accelerating the transition to an energy system that's fossil fuel free. It may sound like an ambitious aim, but the Low Carbon Hub, in collaboration with our Project Local Energy Oxfordshire (LEO) partners, has the opportunity to do just that. But we need your help to make it happen.

Invest – and grow community energy generation

As a first step we need investment to significantly grow our portfolio of community-owned renewable generation. In autumn 2020 we secured the opportunity to build and own a 19 MW ground mount solar array, Ray Valley Solar. This will be the UK's largest community-owned solar park and result in a five-fold increase in the Low Carbon Hub's annual green electricity generation.

Invest – and catalyse innovation

The solar park will provide an important 'anchor generation load' for Project LEO. This collaborative partnership is one of the most ambitious, wide-ranging, innovative, and holistic smart grid trials ever conducted in the UK. It is an incredible opportunity to fundamentally change the way the UK energy system works.

Invest – and unlock funding for trials

Crucially, your investment will unlock matched grant funding from Innovate UK. This will enable our renewable energy portfolio to sit at the heart of a £40 million real-world trial, taking us a step closer to the decentralised energy system we envision for the future, providing electricity, heat, and a clean transport system, all powered by renewables.

Invest – and fuel a powerful carbon-cutting feedback loop

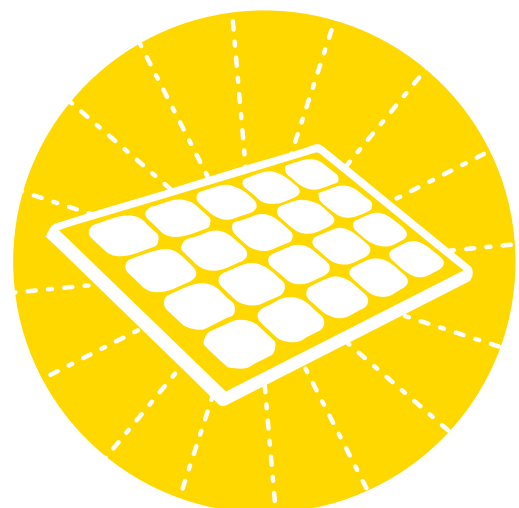
All financial surpluses from our electricity generation are reinvested in further projects. Helping businesses to cut their energy use, funding green innovation, and backing further community energy projects. We make every pound work hard to bring our vision of the future energy system to life: homes, schools, businesses, and communities generating their own clean energy, becoming more energy efficient, and working together to balance their energy needs.

We're already at the heart of a growing partnership of people and organisations across Oxfordshire, working together, for a low carbon future. And this success means we can do even more. It's a virtuous circle and a game changer.

We want to make Oxfordshire an example for the world – to show how the right investment, used in the right way, can rapidly create the new energy system we need in communities everywhere.

With your investment we can make an energy system that works for all of us, and for the planet, a reality.

Join us – and make it happen.



ABOUT THE COMMUNITY ENERGY FUND

Join over a thousand investors and put your money to work tackling climate change.



Climate change is a global crisis that needs local solutions. We invite you to invest in the Community Energy Fund and become part of the solution.

Barbara Hammond MBE
CEO, Low Carbon Hub

- Earn up to 5% interest on your investment
- Help fund more community energy projects across Oxfordshire
- Keep money in the local economy through community ownership
- Support local action to tackle the global climate crisis
- 100% of surpluses support further local action on climate change.

The Community Energy Fund is the investment opportunity that puts your money to work delivering local projects to tackle climate change and pays you interest in return for your support.

We use the money invested in the Fund to strengthen and grow our portfolio of community energy projects. As a result we generate more green energy, a sustainable income stream for our carbon-cutting community work, and can deliver ground-breaking collaborative partnerships to accelerate the transition to a zero carbon energy system.

Since its inception in 2018, we've already raised over £3 million through the Community Energy Fund, bringing the total amount invested by our thousand strong membership to over £7 million. Together, they are supporting over 40 community energy projects across Oxfordshire.

The urgency of the climate crisis means we want – and need – to achieve so much more. We want to be ready to move quickly on robust new ideas, so that the local community can play its proper part in catalysing and funding the energy system of the future. Thanks to the Community Energy Fund, we are better placed than ever to do just that. Please take this opportunity to join us in our fight against climate change.



In 2021 our target is to raise £3 million of new investment and continue to grow our portfolio of renewable energy generation projects, including our first solar park.

See page 6 for more details.

The investment we raise through the Fund is used for three key purposes:

1 Fund energy projects that directly reduce CO₂ emissions and generate a profit that supports further action on climate change.

These could include:

- Rooftop solar PV arrays
- Other renewable energy generation projects
- Energy efficiency projects
- Energy balancing and smart grids
- Energy storage
- Energy-related products and services which can generate a profit whilst reducing carbon emissions
- Investing in innovative energy projects that further our aims, that are developed by third parties or in partnership with others.

Projects are assessed on a case-by-case basis by our Investment Committee, factoring in the likely financial return, CO₂ savings, project risks, and other benefits such as innovation and learning.

2 Replace debt with equity in existing projects

Debt funding, such as the short-term loan from Oxford City Council, has proved invaluable in enabling us to access funding as and when we need it, to make the most of opportunities as they arise. However, this debt facility is only available to us in the short term and needs to be replaced. Putting energy projects into community ownership is an important part of our vision, so we strive to keep the total level of debts associated with our projects at no more than 50% of asset value.

3 Facilitate equity withdrawal

We hope our Members will be able to support us for the long term, but we appreciate that people's financial circumstances change, and so investors may wish to withdraw their investment. The Community Energy Fund gives us an opportunity to raise new equity to help us meet equity withdrawal requests. The process for equity withdrawal has been built into this share offer.

In return for your investment, we aim to offer you:

A target interest rate of 5%

(capped at 4% for the first four years of investment)

The Fund has a target interest rate of 5% for each year following the fourth anniversary of your investment, and 4% per annum before that.

An equity withdrawal mechanism

While we hope you will wish to invest in us for the long term, the Community Energy Fund will provide an annual opportunity for investors to request the return of capital after the fourth anniversary of their investment. Please note our ability to fulfil requests to withdraw capital is entirely dependent on the availability of sufficient funds at the time and is in no way guaranteed.

Regular feedback on the impact achieved by the Fund and plans for future activity

Investment raised through the Community Energy Fund is ring-fenced with the Fund acting as a special purposes fund. We will give you regular updates about the specific projects you are supporting, and report on the social and environmental impact they deliver, and their financial performance.

An annual opportunity to invest in community energy

The Community Energy Fund will be used to raise the equity we need to continue to deliver new energy projects in the future. We plan to open up the Fund to new investment each year, providing a regular opportunity to increase your support of community energy.

See Terms and conditions (p.38) for further details. In particular it is important to note that the target interest rate is not guaranteed, and that we may not be able to fulfil all requests to withdraw capital each year.

LATEST INVESTMENT OPPORTUNITIES

The Community Energy Fund is your opportunity to put your money to work tackling climate change. With your help we can put community energy at the heart of the transition to a zero carbon energy system.

In 2021, we want to raise £3 million of new investment into the Community Energy Fund to support the following key funding needs.

1 Grow our portfolio of renewable energy generation projects

Develop ground mount solar PV sites to support Project LEO

Planning permission has been secured for Ray Valley Solar, a 19 MW ground mount solar park situated near Arncott, three miles south east of Bicester. The site neighbours an MOD logistics site, HM Bullingdon prison, and two existing solar parks. Planning permission has also been secured for significant battery storage on site. The final project design is in development but is anticipated to comprise 45,000 solar panels on an 80-acre site. We aim to:

- Build the largest community-owned solar park in the UK
- Generate 18 GWh of clean green electricity every year, enough to power over 6,000 homes
- Keep £2.6 million worth of energy spend in the local economy each year
- Provide £13 million community benefit funding over the project lifetime.

As part of Project LEO (see page 19 for more information), we are developing a virtual power plant in Oxfordshire (see page 11). We need to significantly increase the amount of renewable energy generation we have available to connect to it. To this end, we have secured our first ground mount solar project, Ray Valley Solar. It will provide an important 'anchor load' for the trial and thereby enable us to:

- Run trials to test the system and demonstrate the potential a smart and co-ordinated use of local generation, storage, and demand has in decarbonising the energy system as a whole
- Test innovative local long-term Power Purchase Agreements (PPAs) that would harness local power consumption to make community-owned energy projects financially viable without the need for subsidies such as the Feed-in Tariff
- Future-proof the project with significant potential for battery storage on site
- Create replicable business models for community energy projects at this scale.

In our post-subsidy world, we urgently need these business models to unlock other projects. Our participation in Project LEO enables us to make use of grant funding to help establish viable new business models. These in turn can help reinvigorate the community energy community, and help local energy generation and flexibility services accelerate the transition to a zero carbon energy system.

2 Continue to grow our portfolio of roof-mounted solar PV arrays

Although the discontinuation of the Feed-in Tariff has made it extremely challenging to find sites where community solar is financially viable, we continue to seek out and explore opportunities to install roof-mounted solar PV arrays on buildings across Oxfordshire. We have a number of potential projects under discussion ranging from 10kW to 1.5MW. We have included a provisional target raise of £500,000 for 2021 towards the delivery of this pipeline.



COMMUNITY ENERGY FUND: KEY FACTS

Year of inception: 2018

Existing investors: 714

Investment: £3,056,729

Projects supported:

Supporting Solar 2016

The CEF has a 62% stake (£1.3 million) in the Low Carbon Hub 2016 Solar PV portfolio, replacing short-term debt, so the entire portfolio is now funded by the community. The portfolio has a total installed capacity of 1.868 MW, which generated 1,571,151 kWh of electricity in 2019/20.

- 13 Solar Schools.

Rooftop Solar PV Arrays

The Community Energy Fund contributed £231,571 towards the capital costs of the solar rooftop PV arrays below. They have a total installed capacity of 321 kW, giving an annual predicted generation of 282,000 kWh.

- Sonning Common Primary School
- Longfields Primary and Nursery School
- Brookside Primary School
- West Witney Primary School
- Langford Village Community School
- Thames Travel – the first renewable project to ‘plug in’ to Project LEO
- CTG extension.

Loan to Sandford Hydro Ltd

£200,000 inter-company loan to Sandford loan to replace the original 7.5% short-term loan.

Capital available for deployment

£1,299,173 available for projects in pipeline.

2019/20 financial results:

- Investment declared per £ invested (before fourth anniversary) 4%
- Investment declared per £ invested (post-fourth anniversary) n/a
- Total interest paid out £82,176.

When you invest in the
Community Energy Fund
you help us deliver:



Local action to tackle the global issue of climate change

More investment means we can deliver more energy projects that reduce CO₂ emissions and reinvest the profits in energy-related community action.

Lower energy bills for schools and organisations

Our host organisations can benefit from lower electricity bills, thanks to buying discounted clean electricity from us, and getting practical support to improve their energy efficiency.

Long-term funding to support further carbon-cutting activity in our community

All our surpluses are put to work encouraging community energy initiatives to flourish in Oxfordshire and beyond, supporting increased renewable energy generation and delivering energy efficiency measures to reduce energy demand.

Additional funding from external funders

Your investments, and the projects they support, enable us to secure loans and leverage grant funding, enabling us to scale up our activities, delivering more carbon savings, more community action and driving innovation.

Flexible funding to seize new opportunities as they arise

Because the funding raised isn't tied to a single fixed portfolio of projects, it enables the Low Carbon Hub to support new projects as they arise. What's more, as a project returns capital, we are able to reinvest this in new projects, rather than automatically returning it to investors.

Innovative solutions

The projects that we deliver and the profits that they generate can be used to trial local energy approaches to accelerate the transition to a zero carbon energy system.

RAY VALLEY SOLAR FACT FILE

Total installed capacity: 19 MW

Annual generation: 18 GWh

Annual CO₂ savings: 4,200 tonnes

Project lifetime: 40 years

Land lease length: 41 years

Timeline

- December 2020** Agreement of full construction contract
- January 2021** Final design signed off
We exercise our option and take a 40 year lease on the land
- March 2021** Construction starts on site
- Autumn 2021** Installation is commissioned and starts generating

Ownership

The solar park will be owned by Ray Valley Solar Limited, a Special Purpose Vehicle (SPV) which is 100% owned by the Low Carbon Hub IPS Limited.

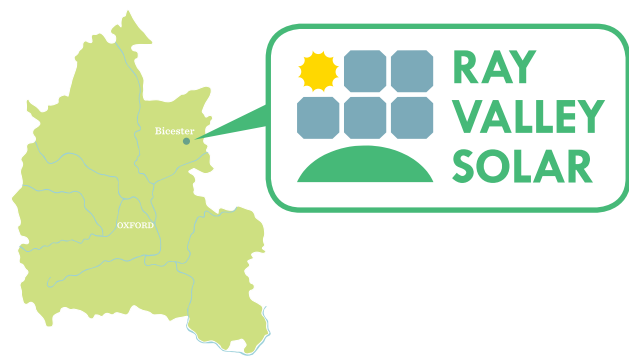
Project development

The project is already fully consented with planning permission and accepted grid connection offer in place. The option and lease have passed legal due diligence.

The original project was taken through planning by specialist developer Low Carbon Limited. Given the scale of the project, we have taken a cautious approach to project development. We have retained the services of Low Carbon Limited to act as project managers until commissioning, as they are an experienced and specialist developer of this scale of project.



Low Carbon Limited has a strong track record in delivering successful large-scale solar projects having realised projects powering over 100,000 homes to date. As a B Corp certified organisation they are similar in ethos to the Low Carbon Hub and our deal is structured with incentives to ensure their interests are aligned with the long-term performance of the project.



Anticipated project costs

The project costs and financial forecast in this document reflect the proposal approved by our internal Investment Committee in September 2020. The finalised design and its accompanying costs may vary.

Capital expenditure	£9,498,000
Project management and financing costs	£240,000
Contribution to working capital	£347,000
Interest during construction	£15,000
Total project expenditure	£10,100,000

Financing

The project will be paid for through a combination of equity, loans, and grant funding. Our ability to secure both the grant funding and loans is reliant on us providing our own funding, which is why capital raised through the Community Energy Fund is so important to the success of the project.

Grant funding

The Low Carbon Hub IPS is owned by its Members, and as a Registered Society our assets and our profits are under an ‘asset lock’, protected for the benefit of the community. Innovate UK funding contributes 45% of the Low Carbon Hub’s capital expenditure in Project LEO. This grant funding means that we can use the Low Carbon Hub’s generation assets to participate in the innovative trials described above, without putting our Members’ investment or our long-term community benefit at risk.

Short-term loans

Our Oxford City Council 12-month revolving loan facility of £2.3 million will help cash flow the project through development.

Long-term loans

We have a detailed, firm offer from Triodos Bank for a £2 million loan structured over 15 years. We aim to reach financial close on this by the end of January 2021.

Equity

We anticipate the total long-term investment required through our Community Energy Fund for the project, will be £3.8 million. This is based on the financial model set out on page 30.

Thanks to our 2020 Community Energy Fund share raise we already have £1.3 million of funding available for the project, which has enabled us to secure the rights to the project and begin pre-development work.

We need to raise at least £1.5 million of additional investment by 31 March 2021 to trigger the release of the Triodos loan in time for the main construction to take place.

We will then need to raise an additional £750,000 by December 2021 in order to replace the short-term loan.

Should the final design result in project costs increasing, we will only raise additional equity to cover these additional costs, should there also be sufficient upside from the design to warrant these changes. We will base the decision to raise additional equity on whether any revised project design and associated financial model will deliver an internal rate of return that is at least as good as that in the original model set out in this document.

Post-construction financial forecast

The table on page 30 sets out our long-term financial forecast for Ray Valley Solar Limited, based on the financial model which was approved by our Investment Committee in September 2020. This is based on our indicative costs, and assumes a conservative PPA price due to market volatility observed last summer. The market is now showing signs of stability and higher energy prices; however, we have decided to continue to model the project using those conservative assumptions, which we hope will prove a ‘worst case’ scenario.



DEVELOPING BEST PRACTICE IN GROUND MOUNT SOLAR

We are facing a climate emergency, which demands that we transition to zero carbon as soon as possible. Energy plays a huge part in this.

How we achieve this is still under debate – but it's clear that we must:

- Reduce energy demand through energy efficiency measures
- Increase renewable energy generation to meet energy demands without relying on fossil fuels
- Explore innovative solutions to reduce the strain put in the electricity network at times of peak demand, increase the network capacity for more renewable generation, and create room for zero carbon transport and heat.

The Low Carbon Hub is working on each of these. In terms of 'powering up' and increasing generation of renewables we're primarily focused on solar installations, due to Oxfordshire's geography.

So far, the Low Carbon Hub has been installing solar on Oxfordshire's rooftops. We'd love to do more rooftop installations, but it's becoming difficult to find suitable buildings which are financially viable.

Indeed, half of our solar energy will need to come from ground mounted PV solar by 2030, as outlined in the Oxfordshire Low Carbon Economy report.* So, if we want to increase our renewable generation, then we must also look at ground mounted solar installations, also known as solar parks. And if ground mount is an inevitable part of the renewable transition, then at Low Carbon Hub we want to ensure that these installations are designed, delivered, and managed in a way that benefits the local community and environment.

Community ownership models would mean communities have a greater say in how the installations are created and managed. It would also mean that the income made from selling the energy can benefit the local economy, keeping more of the £1.5 billion we spend on energy each year in Oxfordshire in the county.

We're already learning from successes, such as Westmill Solar and Southill Solar, about how we can do ground mount solar in the right way, and we want to learn more.

As a first step towards this, we surveyed our members and stakeholders to gather their views on the role of ground mount solar as part of the transition to a zero carbon energy system. The 80 responses were overwhelmingly positive, with the vast majority highlighting the importance of increasing solar energy generation in reducing carbon emissions and taking local action against the climate crisis.

The survey has helped underline the importance of considering the wider sustainability of any proposed site, such as that:

- The land used is actively managed to enhance biodiversity and create new habitats for wildlife in the local area, such as seeding wildflowers beneath the panels
- The end-of-life restoration of the land is put into place to ensure the land is returned in the same (or even, better) condition at the end of the project's life
- The sites are carefully chosen to ensure the best use of land available in the county
- The possibility of sharing the land with other activities is considered, such as for grazing animals.

We want to ensure that the solar park will have a positive impact on biodiversity in the area. At Ray Valley Solar, once established, we plan for the site to provide additional habitat for a range of species, including, reptiles, amphibians, mammals and other small animals. Examples of what we hope to look into include new native species hedges, ponds, aquatic vegetation, new trees and shrubs, and the creation of wildflower grassland.

* lowcarbonoxford.org/reports/oxfordshires-low-carbon-economy/

What is a virtual power plant?

To help solve the climate emergency, we need to change to a zero carbon energy system, which will be done in the following ways:

- **Power up:** increasing the availability of renewable energy
- **Power down:** reducing the energy we need by improving efficiency
- **Decarbonise heat and transport:** switching to renewable energy sources
- **Match supply and demand:** using storage and flexibility so we have enough energy available at any time to meet needs.

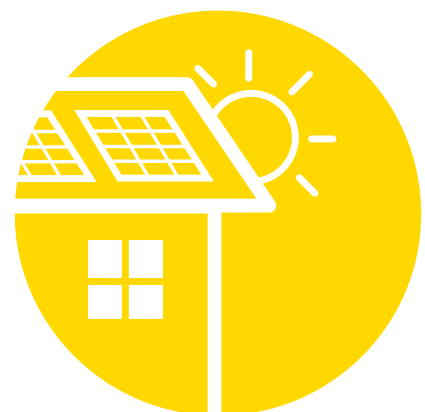
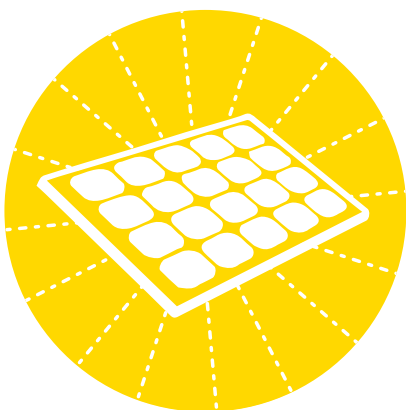
Key to this new system will be the ability to know in real time what energy is being generated or used in the network, so this information can be used to harmonise supply and demand. This already happens in the transmission network. We want to do it in the distribution network, or network edge, close to where demand takes place – by doing so we will be creating the conditions for more local generation and storage as well as investment in energy efficiency.

The virtual power plant enables us to do just this. Starting with our Low Carbon Hub generation installations we'll then add in batteries and heat pumps to provide flexible storage and demand to the system. Through this we will learn how to use raw data about the generation or energy needs of any part of the electricity network to optimise the whole system. This will help us make the most of local generation and make more efficient use of our existing energy infrastructure, so making room in the system for the electrification of heat and transport.

We also want to demonstrate that the virtual power plant isn't just theoretically possible, we want to provide proof that it can work in the real world, by creating a utility grade system that reduces network constraints and demonstrates we can meet our energy needs using renewable energy.

In order to achieve this we need a sufficiently large amount of renewable generation – an anchor load – to enable us to work at a scale that allows us to carry out meaningful trials and is financially viable.

As we develop the system we will be guided by our core values of inclusivity, collaboration, and community. We want to put communities right at the heart of the new energy system, putting power in the hands of local people.



YOUR INVESTMENT

You are invited to invest in the Low Carbon Hub IPS Limited.

Minimum investment: £100

Maximum investment: £100,000

**Investment target for this round:
£3 million**

Spring 2021 timetable

Application deadline:

Round 1: Midnight on 31 March 2021

Round 2: Midnight on 1 November 2021

Share type

We are offering 'A' shares. These are 'withdrawable' shares that cannot be sold, traded, or transferred between Members, unlike the 'transferable' shares typical of a limited company, and only the Low Carbon Hub IPS Limited can buy them back.

Who can invest?

Individuals over the age of 16, charities, and other organisations may invest in this offer. You can also buy and hold shares on behalf of children. We are in the process of changing our Rules so children can hold shares in their own right. The change has been voted on and approved by our Membership and we are in the process of registering this Rule change with the Financial Conduct Authority (FCA), but it is not yet in force.

How much can I invest?

We are offering £1 shares with a minimum investment of £100 and maximum investment of £100,000. The maximum £100,000 includes any existing investment you may hold in the Low Carbon Hub IPS Limited, including any held on behalf of children.

How do I invest?

Ethex is managing the share administration of this share offer. It is a not-for-profit investment platform, based in Oxford, which makes positive investing easy to understand and easy to do. You can either:

- Invest online at **www.lowcarbonhub.org/invest**. This will take you through to the Ethex website where our share offer is listed. This paperless process is our preferred mechanism and is the most efficient method for investing. If you have any problems, or need help, then please call 01865 403304.
- Or, if you would prefer, you can send a cheque with a paper application to Ethex and they will process your investment. (See application form at the end of this document for more details.)

If you would like to apply for and hold shares on behalf of children, you will need to submit a paper application accompanied by the additional *Holding shares on behalf of children* form at the end of this document. Unfortunately, we do not have the facilities to accept this form online. This must be done at the time of application and cannot be done retrospectively.

What are the benefits?

The biggest benefit you receive as an Investor Member is the knowledge that your funds are being used to support local action to tackle the global issue of climate change and, through that, you are making a tangible difference to the future of your community. In addition, we offer:

- Membership of the Low Carbon Hub IPS Limited
- A stake in a successful community energy enterprise with a proven track record
- Delivery of environmental and community projects resulting in local action on climate change
- Democratic voting rights, with one member, one vote, at our AGM
- Opportunity to elect the Board who govern the Low Carbon Hub IPS Limited
- The Fund has a target interest rate of 5% for each year following the fourth anniversary of your investment, and 4% per annum before that
- Interest accrued from the day your investment is accepted by the Low Carbon Hub IPS Board
- The right to apply to withdraw your capital from the fourth year of investment
- A regular opportunity to increase your support for community energy.

Can I get tax relief?

Personal Allowance: You can use your Income Tax Personal Allowance to earn interest tax-free if you have not used it up on your wages, pension, or other income.

Starting rate for savings: You may also get up to £5,000 of interest tax-free. The more you earn from other income (for example your wages or pension), the less your starting rate for savings will be.

Personal Savings Allowance: The interest we pay counts as savings income. This means the interest you receive from your investment may qualify for tax relief under the Personal Savings Allowance. If you're a basic rate taxpayer you can earn up to £1,000 a year in savings income tax-free. Higher rate taxpayers can earn up to £500.

Inheritance Tax benefit: If a Member dies more than two years after investing, the shares may qualify for 100% relief under Business Relief for Inheritance Tax because the shares are unlisted.

All information correct at the time of writing. Go to www.gov.uk for more information on any of these, as we cannot provide tax advice.

Is my investment safe?

You can be sure that your funds will make a positive difference to local initiatives tackling climate change but there is no guarantee of receiving a financial return on your investment. Investors may receive back less than their original investment and may not get it back at all. Please do not invest funds that you cannot afford to lose. You can read more about the risks of investing in the Risks section (p. 35).

What if the projects do not go ahead, or go ahead at a smaller scale?

We have secured the option to buy the Ray Valley Solar project, and we anticipate that the final design will be agreed by 31 January 2021, which will in turn enable us to finalise the project budget. Should the Ray Valley project not proceed, we are continuing to develop our pipeline of rooftop solar and other ground mount projects, and we will continue to raise the investment required to enable us to deliver that pipeline.

In the unlikely event we discover that overall capital required is significantly lower than anticipated after investment has been accepted, we may have to take the decision to return some, or all, the capital raised in this share raise. In the unlikely event that this arises we will:

- Notify all shareholders of our intention to return some, or all, of the capital invested during this share raise that we were not able to utilise.
- Return capital to investors in order of share raise, such that investment raised in the most recent raise is returned first.
- Return capital to each shareholder proportionate to the amount invested in this share raise. For instance, if we are unable to utilise 50% of the capital invested, we will return 50p for each £1 invested.

Will the value of my shares ever increase?

No, unlike company shares co-operative and community benefit society shares cannot go up in value, but they can go down meaning that you could lose some or all of the money you invest.

Why do I get an interest payment, not a dividend?

Due to our structure as a Registered Society our shareholders can receive interest payments on their investment (rather than dividends) and these are limited under legislation to what is necessary to attract and retain the investment.

What is a 'target' interest rate?

We set a target interest rate for investment held in the Fund; this is the rate we will strive to deliver, based on the anticipated performance of our projects. The Fund has a target interest rate of 5% for each year following the fourth anniversary of your investment, and 4% per annum before that. The interest rate paid is at the director's discretion, who have to consider the overall financial stability of the Society.

Can I withdraw my capital?

We strongly encourage investors to view their investment as a long-term commitment to the Low Carbon Hub, generating long-term financial benefits to you and sustained environmental and social benefit to the community.

However, investors in the Community Energy Fund whose investment has been in the Fund for a minimum of four years have the right to request the return of some or all of their capital. Although we cannot guarantee to fulfil all requests, we commit to making funding available each year to facilitate some requests.

This is a significant change from our early share raises. Capital invested in earlier share raises is gradually returned to investors over the 20-year project lifetime, rather than on request.

How do I apply to withdraw capital?

Investors can apply to withdraw equity that has been held in the Fund for at least four years. There will be an annual process by which investors can apply to withdraw some or all of their equity, up to a maximum of £20,000 in any one year.

Investors should submit application requests by 15 December each year by email, to **members@lowcarbonhub.org**. We will confirm if your application has been successful the following April, with successful applicants having their capital returned within 180 days of notification of their success.

To cover administration costs, successful applicants will forfeit 90 days of interest.

A full description of the process and a worked example can be found in the Community Energy Fund Guidelines available from our website.

Because the Low Carbon Hub does not hold large cash reserves, requests to withdraw capital will be met either out of our ongoing project income or by raising new equity to replace it. The timetable set out for replacement reflects the time it may take to raise the necessary capital.

Ultimately equity withdrawal remains at the discretion of the Directors who have an obligation to put the overall financial wellbeing of the Low Carbon Hub IPS Limited first.

How will you prioritise equity withdrawal requests?

Should the total equity withdrawal requests in any one year exceed the available capital, we will prioritise requests as follows, with each of the four stages being applied sequentially:

Personal hardship

This could include:

- a) Critical illness or death (affecting the investor or their immediate family)
- b) Redundancy or loss of employment by the investor or their immediate family that results in a significant change in household income
- c) Any other significant, unpredictable changes in circumstances, considered on a case-by-case basis.

Unless exceptional circumstances can be explained, it is unlikely that retirement, the arrival of a new baby, or moving to a new house would be considered grounds for personal hardship prioritisation.

The return of capital for hardship cases would usually follow the annual withdrawal timetable. However, in exceptional circumstances, and when funds allow, the Directors may consider requests for the immediate return of capital.

2 Fulfilment of unsuccessful applications from previous rounds

Any requests that were unfulfilled in the previous year will be next in line for consideration, which we will endeavour to meet.

3 Length of investment

Remaining requests will be fulfilled with priority given to funds that have been invested in the Community Energy Fund for the longest period of time.

4 Amount requested

In the event that we lack sufficient capital to meet all the requests relating to funds with the same investment anniversary, we will endeavour to meet the first £250 of every request and then meet an equal proportion of the remaining withdrawal request.

When equity withdrawal is part-funded by new equity, we may be in a position to return some equity more quickly and we would offer some investors their equity back sooner, using the same prioritisation rules.

We cannot guarantee you will be able to withdraw your capital. Please do not invest funds that you cannot afford to be without.

When else might capital be returned?

The financial models we use for our renewable energy projects anticipate the gradual repayment of capital over the project lifetime. By using this released capital, combined with new equity, we hope to fulfil capital withdrawal requests.

If the sum total of requests to withdraw capital is lower than the capital to be returned, we may have to proactively return capital to investors. The decision to return capital will be made by the Directors.

Can I hold shares on behalf of children?

Members must be at least 16 years of age. You have the option of holding shares on behalf of someone who is under 16. Following that person's 16th birthday they may become a Member of the Society and those shares can be passed on to them. If you would like to hold shares on behalf of children, complete the *Holding shares on behalf of children* form at the end of this document. Unfortunately, we do not have the facilities to accept this form online. Please complete a paper application and return it to Ethex. Due to the minimum age restriction on the Ethex platform requiring people to be 18 or over to make an investment you should also use this form if you are buying shares on behalf of someone aged 16-17. Once the shares have been allocated by Low Carbon Hub anyone aged 16 or 17 will become members and the shares transferred to their ownership by the Society.

Can we hold shares in joint names?

We have historically had very few people applying to hold shares in joint names, so we have decided to not offer this option at this stage.

What happens to my shares if I die?

If a Member dies, the repaid value of the shares will normally be added to the estate for probate purposes. The simplest way to ensure your shares will be transferred in line with your wishes is to complete and return a *Nomination of shares on death* form to the Low Carbon Hub. This will be sent out with share certificates and can also be downloaded from the Low Carbon Hub website 'Invest' page.

If a Member dies more than two years after investing, the shares may qualify for 100% relief under Business Relief for Inheritance Tax because the shares are unlisted.

What happens to my investment if you develop more projects?

Your return will be based on the performance of the total portfolio of energy projects developed and supported by the Community Energy Fund. This will change over time as new projects are developed or mature projects reach the end of their life. Each year we will report on the financial, social, and environmental performance of the projects where the capital invested in the Fund is currently deployed.

Where can I find further details about the way the Community Energy Fund will operate?

The *Community Energy Fund Guidelines* document sets out how the Fund will be managed and operated.

What is the minimum target for this round of investment?

There is no minimum target for the share offer.

What is the maximum target for this round of investment?

Our target for this round of investment is £3 million, £1.5 million by 31 March, the remainder by 1 November 2021. Should we receive more than £1.5 million in applications for the first round, we will accept additional investment, up to the £3 million target. Should we have sufficient new solar PV projects confirmed to enable us to quickly make use of additional equity, we may increase the annual £3 million target to enable us to attract the equity needed to cover their costs.

What happens if the share offer is oversubscribed?

Should the offer be oversubscribed, we will accept additional investment so long as we have sufficient confirmed energy projects in the pipeline to quickly make use of the additional capital. Should this not be the case, we will not exceed the target in order to avoid overcapitalisation. In which case, we will prioritise investment in order of receipt of application.

What happens if the share offer is undersubscribed?

If we fail to meet our targets by the deadline we propose to:

- Process applications received by the deadline, to the timetable outlined in this Share Offer Document.
- Set a new application deadline to enable us to continue to accept the investment needed to meet our capital requirements.
- Cover any shortfall with short-term debt, until we are able to secure sufficient investment.



This share offer has been awarded the Community Shares Standard Mark

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

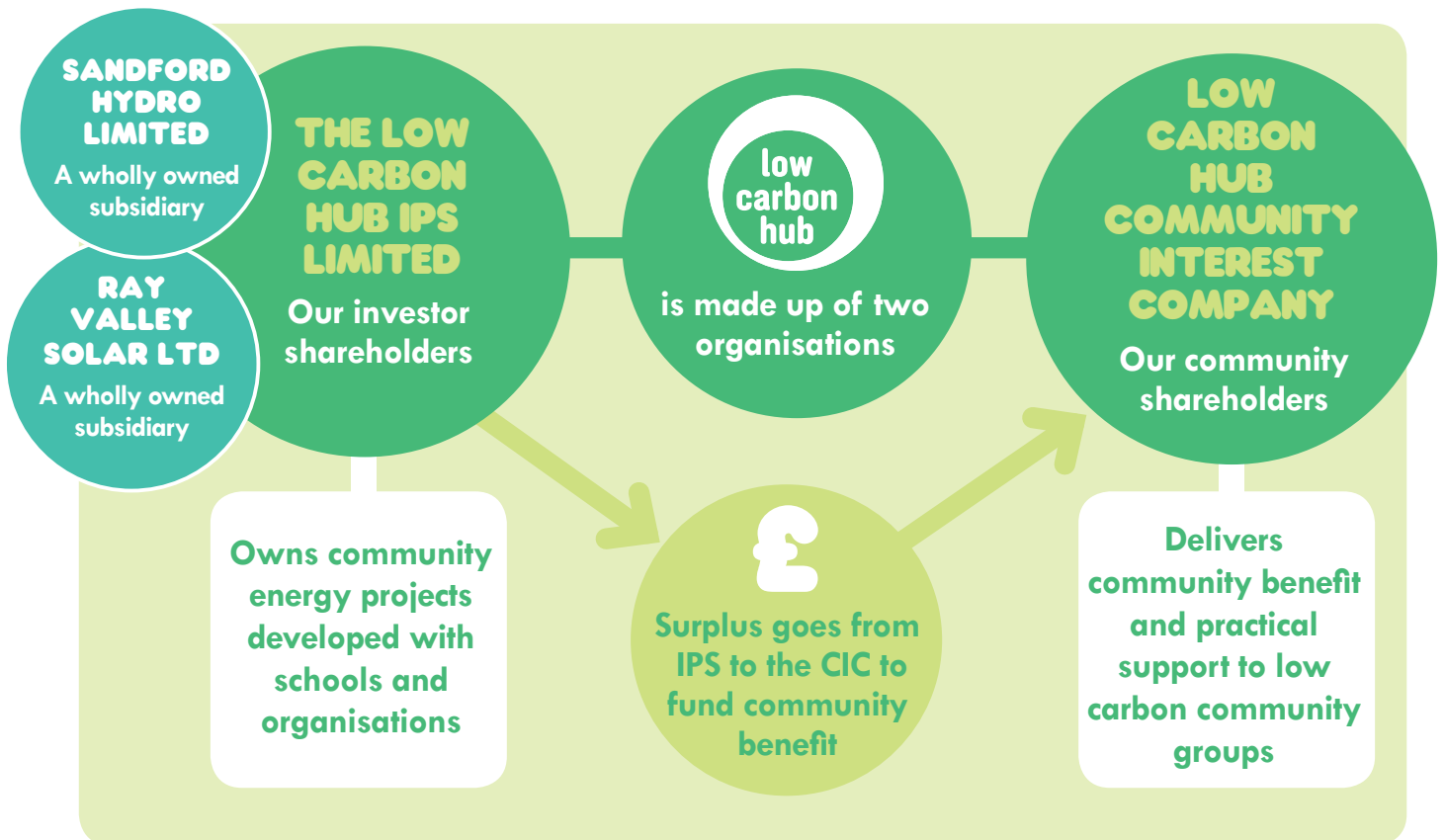
- The offer document and application form are easy to understand
- You are provided with all the facts you need to make an informed decision
- The facts are supported by the annual accounts and/or business plan for the society
- Nothing in the documents is purposefully incorrect, confusing, or misleading
- Societies are asked to sign a code of practice requiring them, among other things, to give the public a right of complaint to the Community Shares Unit.

For more information about community shares, the Community Shares Standard Mark, and the Community Shares Unit, go to: www.communityshares.org.uk

ABOUT THE LOW CARBON HUB

OUR STRUCTURE

Low Carbon Hub is a social enterprise that's out to prove that we can meet our energy needs in a way that's good for people and for the planet. It's made up of two organisations: the Low Carbon Hub IPS Limited (a Registered Society) and the Low Carbon Hub CIC (a Community Interest Company).



LOW CARBON HUB IPS LIMITED

Low Carbon Hub IPS Limited is a Registered Society, a business owned by our Investor Members and run for the benefit of the community.

The Low Carbon Hub IPS Limited develops, delivers, owns, and manages renewable energy projects with local schools, businesses, and community groups – we currently own and manage over 40 renewable energy projects across Oxfordshire.

We're able to do this because over 1,000 Investor Members have invested in share offers just like this one – giving us the capital we need to build these projects. In turn these projects deliver:

- Reduced carbon emissions through the generation of clean, green electricity
- Lower energy bills and carbon savings for schools and organisations hosting our solar PV arrays
- Interest payments to the investors whose capital funds our projects
- Long-term funding to support further carbon-cutting activity in our community.

Take a look at some of our renewable energy projects on pages 22-23.

LOW CARBON HUB CIC

100% of the surplus we make from selling renewable energy is donated to the Low Carbon Hub Community Interest Company (CIC), to be used for community benefit, supporting community action on climate change.

There are 33 low carbon community groups across Oxfordshire who have chosen to become CIC Community Members, and have a shareholding in the CIC. This ensures that our operation is totally transparent and is guided by those it is set up to serve.

We offer:

- Grants and loans to help community energy enterprises flourish
- Funding, help, and advice to support grassroots carbon-cutting activity
- Energy efficiency support to reduce Oxfordshire's energy demands
- Catalysing and driving partnerships that support the transition to a zero carbon energy system.

Find out more about our community benefit work on pages 20-21.



💧 The Low Carbon Hub supports communities around Oxfordshire to make this work on climate change possible. 💧

Mim, Low Carbon West Oxford

Working in partnership

Alongside the income from our renewable energy projects, we also work to secure grants and contracts to deliver other projects and programmes. Often this involves working in partnership with other organisations. Our current collaborations include:



Project LEO, a £40 million project trialling local energy solutions to accelerate the transition to a zero carbon energy system.

More information on page 19.



Cosy Homes Oxfordshire, a home retrofit service to improve energy efficiency in homes, reducing carbon emissions and improving comfort.



OxFutures, boosting the low carbon economy in Oxfordshire through providing energy audits to local businesses and grants to support innovation in the sector.



Low Energy Sustainable Schools

LESS CO₂, an energy efficiency programme for schools to give staff the knowledge and confidence to reduce their school's energy usage.



Energy Solutions Oxfordshire, the complete energy efficiency service helping organisations lower their energy use while saving time and money.

ABOUT PROJECT LEO

Project LEO (Local Energy Oxfordshire) is one of the most ambitious, wide-ranging, innovative, and holistic smart grid trials ever conducted in the UK.



This £40 million project is a unique collaboration between commercial and public partners, academics and communities. Together we are conducting real-world trials to understand the role local energy can play in accelerating the transition to a zero carbon energy system.

Project LEO aims to demonstrate how the electricity system of the future can work, and so to grow an evidence base that can inform how we manage the transition to a smarter electricity system. Decarbonisation, decentralisation, and digitalisation are all fundamentally changing the way we interact with energy and creating new opportunities and challenges.

Project LEO will help us better understand how this shift changes the role of the distribution network operators (DNO) as they become distribution service operators (DSO), how markets can be unlocked and supported, create new investment models for community engagement, and support the development of a skilled community positioned to thrive and benefit from a smarter, responsive, and flexible electricity network.

As well as the technical challenges we'll face, the shift to the new system is going to create another key challenge: that of fairness, and part of our work will be to explore how we can transition to a new energy system from which everyone can benefit and no one is left behind.

Project LEO partners:

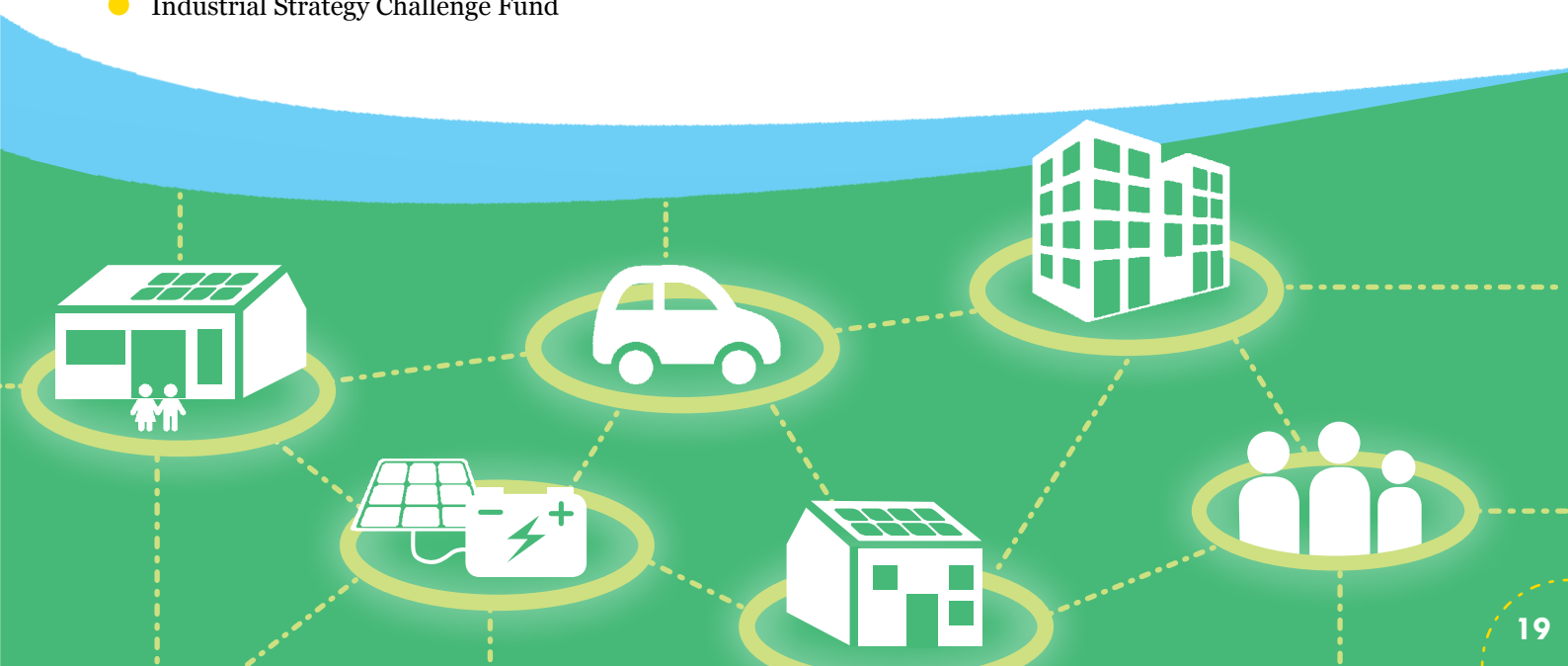
- EDF Energy
- Low Carbon Hub
- Nuvve
- Oxford Brookes University
- Oxford City Council
- Oxfordshire County Council
- Piclo
- Scottish & Southern Electricity Networks
- University of Oxford

Funder:

- Industrial Strategy Challenge Fund

“This project will transform new thinking in the future of energy systems to a reality.”

Professor Malcolm McCulloch,
University of Oxford



DELIVERING COMMUNITY BENEFIT



Powering down

We're working to power down and reduce energy demand across Oxfordshire. This means improving the energy efficiency of buildings and encouraging behaviour change. Our work in this area includes:

- Funding energy audits and energy efficiency measures to help businesses, schools, and communities increase the energy efficiency of their buildings, reducing CO₂ emissions and energy bills
- Working with schools to bring climate change and energy into the school curriculum
- Providing a one-stop-shop for home retrofit measures through Cosy Homes Oxfordshire.
- Helping organisations lower their energy use while saving time and money through Energy Solutions Oxfordshire.



Supporting innovation

We are supporting innovation by providing grants and loans to communities and companies at the early stage of developing innovative, low carbon projects. Recent examples include:

- Providing grant funding to Oxford-based startup EcoSync through OxFutures, to develop technology so that only occupied rooms in a building are heated, vastly reducing energy consumption
- Giving a community grant to Hook Norton Low Carbon to kick-start a community-led housing project to develop energy efficient, affordable, and community-focused housing for local people
- Developing the People's Power Station, an online interactive map showcasing projects across Oxfordshire which reduce our reliance on fossil fuels.



Catalysing system change

We are catalysing system change in Oxfordshire and beyond: moving away from an energy system reliant on fossil fuels by focusing on local energy solutions to manage and fulfil energy demand.

Central to this is our involvement in Project LEO, a £40 million project trialling local energy solutions to accelerate the transition to a zero carbon energy system. Our role is to utilise our existing renewable energy installations to trial local generation and demand projects, as well as growing our portfolio of installations – including those which will be funded by this share offer.



Providing help and support

We offer help, advice, and support to groups and individuals across Oxfordshire and beyond on all things related to community-owned renewable energy, through the Low Carbon Hub Helpdesk.



Community Grants Programme

We give grants to support the work of low carbon community groups across Oxfordshire. Over the last financial year (2019/20) we awarded a total of £30,805 in 10 grants, including:

Transition Eynsham (GreenTEA): Inspiration Panel



Low carbon group GreenTEA were concerned that large-scale housing developments in the area were not responding adequately to the climate emergency.

They used a grant from the Low Carbon Hub to put together an 'Inspiration Panel' of local practitioners and experts to help communities to hold developers to account through the planning process and ensure the acceleration to net zero carbon we need.

Low Carbon West Oxford and West Oxford Community Renewables



Following an OxFutures energy audit, two low carbon groups teamed up to apply for a small grant to go towards the cost of improving the energy efficiency of Hogacre Common Eco Park pavilion, a community hub in West Oxford. The grant will help fund insulation and other renovation work that will make the pavilion both more comfortable for users, as well as reducing its overall energy use.

Low Carbon Oxford North: Coalition for Healthy Streets and Active Travel (CoHSAT)



Low Carbon Oxford North are leading this coalition of 11 organisations striving for efficient, active, and low carbon travel in Oxfordshire. Thanks to a Low Carbon Hub grant they are working on a range of travel initiatives including promoting active travel in schools and working towards a car-free Broad Street.

As part of their work, in Summer 2020 CoHSAT were part of a group of organisations to set up a pop-up shop in Ship Street, Oxford, in which the public were invited to imagine just how different the streets could be without congested traffic.

In 2019/20 the community benefit we delivered included:

65
energy
audits

10
community
grants

28
energy
efficiency
grants for SMEs

15
schools signed
up for energy
efficiency
programmes

277
hours of
helpdesk
support

£1,408,752
total spend

OUR RENEWABLE ENERGY PROJECTS

We create and manage renewable energy projects in collaboration with businesses, schools, and communities across Oxfordshire. These are made possible thanks to the investment provided by our Members.



☀️ It's helped us to save money on our energy bills, but also the students in our school have learnt more about the environment now that the solar panels are installed.☀️

Jason, *Teacher*

1 Sandford Hydro



The largest community-owned hydro on the Thames

- 440 kW installed capacity
- Generating 1.6 GWh a year
- Enough to power 500 typical homes
- Commissioned: August 2017 (fully operational February 2018)

2

Thames Travel



Our latest of several business installations was at the Thames Travel bus depot in Didcot

- **50 kW** installed capacity
- Generating **44,303 kWh** a year
- Enough to power **14** typical homes
- Commissioned: **September 2019**

3

West Witney Primary School



Our 31st solar school, with 108 solar panels installed at no cost to the school

- **30 kW** installed capacity
- Generating **28,820 kWh** a year
- Meeting **18%** of the school's electricity needs
- Commissioned: **February 2020**

Our solar schools



We're now partnered with 31 schools around Oxfordshire which have had rooftop solar panels installed. As well as reducing carbon emissions, this benefits the schools as they're able to use the electricity generated to power their school and save money on energy bills. Our solar schools total:

- **5,887** panels
- Meeting **16–40%** of each school's electricity needs
- Generating **1,286,363 kWh** a year
- Saving **326** tonnes of CO₂ a year*

* based on the latest carbon intensity figures

MEET THE TEAM

BOARD MEMBERS

The Low Carbon Hub IPS Limited and the Low Carbon Hub CIC (see page 17 for more on our structure) are each governed by a Board of Directors. Most Board Members sit on both Boards, but we have one independent Board Members on each board for any issues where there is conflict between the two organisations.

Executive Directors



Barbara Hammond

*CEO, Director of Low Carbon Hub IPS Limited & CIC
& IPS Investment Committee Member*

Barbara's 25-year career in sustainable development and energy, including stints in local government, central government, the private sector, and academe, gives her a very unusual ability to network across all of those sectors to build 'coalitions of the willing' to make projects happen. During her time in central government she was responsible for the UK's £350m renewable energy programme and the delivery of the UK's first offshore wind farm, large-scale PV field trials, biomass generators, and wave and tidal research programme.

She is a pioneer in developing local, collective responses to climate change, being founder and director of Low Carbon Oxford, a city-wide partnership of leading corporations committed to reducing carbon emissions, and founder and director of West Oxford Community Renewables Ltd and Osney Lock Hydro Ltd which together have raised around £1.5m for a range of community-owned solar and hydro projects. She was awarded an MBE in 2015 for her services to the development of community energy.



Adriano Figueiredo

*Director of Innovation, Director of Low Carbon Hub IPS Limited & CIC
& IPS Investment Committee Member*

A Civil Engineer and highly experienced manager, Adriano has held senior positions in commercial businesses in the UK, Continental Europe, and Latin America in sectors as diverse as industrial property development, heavy construction, and private equity backed M&A. An entrepreneur at heart, he has set up, developed, and managed subsidiaries of UK businesses in Spain, Mexico, and Brazil. He used this experience to co-found Oxford North Community Renewables (or ONCORE) and has been with the Low Carbon Hub since 2013.

As the Director of Innovation for the Low Carbon Hub, Adriano has a leading role in the continuous development of the Hub's zero carbon strategy.

Non-Executive Directors



Tim Sadler

*Chair of the Boards of Directors,
Board Member of The Low Carbon Hub IPS & CIC*

Tim Sadler has a wealth of experience both in environmental programmes and social enterprise. He is currently the Transition Director at Oxford City Council where he provides the officer lead and advice on the City Council and Oxford achieving net zero carbon. Tim is also the non-executive chairman of the council's social enterprise Oxford Direct Services, a building, engineering, and services company with a turnover of around £60m a year. Tim has recently worked with the Foreign and Commonwealth Office to advise the nascent social enterprise sector in Russia.

Tim joined the Boards in January 2012 and became their chair in June 2019.



Luke Marion

*Treasurer of The Low Carbon Hub IPS & CIC
& IPS Investment Committee Member*

Luke is a Chartered Accountant and the Finance and Commercial Director of the Oxford Bus Company and its sister companies Thames Travel, Carousel Buses, and City Sightseeing Oxford. In 2013 he helped Oxford Bus Company become the first local business to partner with the Hub, which led to a 140 kWp solar PV array being installed on the company's depot premises in Cowley.

In 2019 the partnership was extended further, with a 50kW PV array being installed on the Thames Travel depot premises in Didcot. Luke started his career with Ernst & Young before joining Reckitt Benckiser, where he spent seven years in various commercial finance roles in the UK.

He joined the Low Carbon Hub as non-executive treasurer early in 2015. Luke has been working to introduce Oxford's first electric double deck buses for his City Sightseeing business, and through this has been able to assist the Hub with local demand management work under Project LEO. The first electric bus went into service in March 2020.



Steve Drummond

IPS Independent Board Member & IPS Investment Committee Chair

Steve has extensive experience in the energy sector. Starting as an engineer and then moving into finance, he has spent nearly 30 years working in nuclear, conventional, and renewable energy power generation. Roles include power station design, operations, and development at the Central Electricity Generating Board and its successors, Partner of Corporate Finance at PwC, and emissions trading, finance, and global project development at Cantor

Fitzgerald. Steve is now MD of Bainton Capital Partners Ltd, a boutique advisory firm that helps develop and finance renewable energy power projects around the world. Back in Oxford, he was one of the founding directors of Oxford North Community Renewables (or ONCORE) and developed the structure of the enterprise and the financial model to install community renewable projects in North Oxford.



Tom Hoines

Board Member of The Low Carbon Hub IPS & CIC

Tom is Managing Director for Co-op Community Energy, a joint venture between the Midcounties Co-operative and Octopus Energy. Its aim is to support and help facilitate innovation and routes to market for community energy.

Tom has nearly a decade of experience in the energy industry, most of which has been in renewable energy and energy supply, from heading up departments responsible for negotiating hundreds of Power Purchase Agreements to running businesses developing and selling commercial-scale installations. Tom joined the Low Carbon Hub as non-executive Director in early 2016.



Sue Halliwell

CIC Independent Board Member

Sue is Director for Planning and Place at Oxfordshire County Council, overseeing place-shaping functions including strategic infrastructure planning, transport, and environmental strategy and policy including low carbon community engagement and green infrastructure. Previously Sue has been involved in developing energy and resource management strategies both locally and nationally and established a centre of excellence for local authorities sharing best practice in business resource efficiency.



Al Kitchen

CIC Communities Director

At the 2020 AGM, CIC community shareholders elected Al Kitchen to be their representative on the CIC Board. Al works in climate change, at Climate-KIC, where their vision is to create a prosperous, inclusive, climate-resilient society with a circular, zero carbon economy.

Before this, he studied at the Cambridge Institute of Sustainability Leadership completing a Business Sustainability Management Course to develop his professional skills and impact. The course provided a strong background in sustainability and how best to represent it on the broad business agenda.

Al is a founding member of Deddington Environment Network, a low carbon group committed to pursuing multiple angles of environment work including energy, resource use, biodiversity, and transport.

STAFF TEAM

The day-to-day operation of the Low Carbon Hub is managed by a team of 20 full and part time staff employed by the Low Carbon Hub CIC.

- **Barbara Hammond, CEO**, steers the strategy of the Low Carbon Hub, in conjunction with the Boards, and ensures the Low Carbon Hub is well managed, resourced, and effective in delivering our business plan.
- **Adriano Figueiredo, Innovation Director**, leads the continuous development of the Hub's zero carbon strategy.
- **Tom Heel, Business Development Director**, develops and delivers on new and existing business models.
- **Alison Grunewald, Business Relationship Manager**, manages our OxFutures and Energy Solutions Oxfordshire projects with **Richard Dorey, Business Development Manager**.
- **Tim Lunel, Project Manager**, Cosy Homes Oxfordshire
- **Mairi Brookes, Project Manager**, on Project LEO.
- **James Ochiltree, Project Manager**, develops and maintains new and existing renewable energy projects.
- **Rachel Boyes-Watson, Chief Operating Officer**, ensures all business operations run smoothly and is our Company Secretary.
- **Harry Orchard, Operations Manager**, ensures the efficient operation of our renewable energy projects.
- **Sam Clutton and Leanne Byatt, Finance Team**, are responsible for the management of the Hub's finances.
- **Saskya Huggins, Social Impact Director**, is responsible for developing a robust community benefit strategy, reporting on the Hub's social impact, and raising investment for energy projects.
- **Beth McAllister, Tabitha Whiting, Zoë Toone, and Judy Davis, Marketing and Communications Team**, plan and implement the Hub's communications and marketing strategy.
- **Catherine Ryan, Community Engagement Manager**, works with low carbon communities across Oxfordshire to support the design and delivery of projects to help local people reduce their carbon footprint.
- **Kat Luddecke, Stakeholder Engagement Advisor**, supports our work with key partners and manages the administration for the Boards of Directors and parts of our LEO work package.
- **Joanna Tamburino, Investor Support Co-ordinator**, is responsible for responding to investor and renewable energy host queries.



👥 Everybody at the Low Carbon Hub is really dedicated, knowledgeable, and passionate and that all together means they are making fantastic things happen.👥

Jenny, Investor

FINANCE SUMMARIES

Finance summary for the Low Carbon Hub IPS Limited

The Low Carbon Hub has delivered more than £8 million worth of green energy projects since 2011. The following tables show the consolidated financial position for the Low Carbon Hub Group, which comprises the Low Carbon Hub IPS Limited and Low Carbon Hub Sandford Hydro Limited, a wholly owned subsidiary.

Please note: These tables reflect the accounting losses caused by depreciation. This is a paper loss only and does not affect our overall positive cash flow situation.

Ray Valley Solar Limited became a wholly owned subsidiary of the Low Carbon Hub IPS Limited on 30 September 2020.

Society funds

At the end of the 2019/20 financial year, Member share capital in the IPS stood at almost £6 million. In July 2020 we accepted an additional £1,547,843 investment in our Community Energy Fund. The table on page 33 gives a further breakdown of the investment in each of our portfolios of projects.

Long-term liabilities as of March 2020 related to a loan to fund Sandford Hydro of £1,727,510 from Charity Bank, held in Low Carbon Hub Sandford Hydro Limited. This loan is ring-fenced within the wholly owned subsidiary and therefore exposure is limited only to Sandford Hydro portfolio shareholders. The total long-term liabilities also included £119,623 deferred income relating to the transfer of ONCORE (see note 12 in our Consolidated Accounts available on our website).

At the end of the 2019/20 financial year we also had short-term liabilities of £85,000 to the Charity Bank, a £100,000 loan for the Sandford Hydro fish pass, and £531,438 to Oxford City Council. The Oxford City Council loan was repaid in full in July 2020.

Use of society funds

Our existing portfolio of installations is operational and generating income, resulting in an annual surplus being generated each year. This surplus is enabling us to accrue interest in line with the timetables set out during our share offers and to make community benefit donations to the Low Carbon Hub CIC.

These assets are forecast to continue to generate an operating surplus over their project lifetimes. The illustrative financial projections for the new solar ground mount illustrate how this operates on a project level basis (see pages 30–31).

Once depreciation of the value of the fixed assets is taken into account, the reserves in the profit and loss account show accounting losses. However, as explained in the following project financial projections section, accumulated reserves reach £0 at the end of the life of each portfolio, with total accumulated profits matching the equity invested and repaid over the life of the portfolio.

In line with FCA guidance on the withdrawal of share capital, our policy is that capital withdrawal will be from trading surpluses, after all other liabilities have been met, or by matching with new equity.

Over time, the society will reduce its negative reserves as portfolios mature, ensuring that the negative reserves do not exceed share capital.

Membership levels	Year 2019/20	Year 2018/19	Year 2017/18
Number of Members at the Beginning of Year	1,036	808	647
Number of New Members Joining	7	229	165
Number of Members Leaving	3	1	3
Number of Members at the End of the Year	1,040	1,036	808

Member Share Capital £s	Year 2019/20	Year 2018/19	Year 2017/18
Opening Balance	5,851,982	4,105,278	3,459,462
New Share Capital Invested	0	1,747,704	651,816
Share Capital Withdrawn	43,004	1,000	6,000
Closing Balance	5,808,978	5,851,982	4,105,278

Society Funds £s	Year 2019/20	Year 2018/19	Year 2017/18
Fixed Assets	7,025,079	7,027,323	7,185,859
Net Current Assets or Working Capital	(365,467)	(80,497)	(1,193,704)
Long-Term Liabilities	1,847,133	1,934,654	2,323,586
Share Capital	5,808,978	5,851,982	4,105,278
Retained Profits or Losses	(996,499)	(840,080)	(436,709)

Use of Society Funds £s	Year 2019/20	Year 2018/19	Year 2017/18
Net Profit (or Loss) Before Share Interest and Community Benefit	207,315	(144,930)	35,027
Interest Rate on (Eligible) Share Capital	3.0% to 5.74%	3.2% to 5.83%	5.40%
Total interest on share capital	270,350	182,240	104,097
Community Benefit Spend	102,999	76,201	100,000

Project financial projections

We undertake detailed financial projections for each of the projects we develop.

The table overleaf summarises the lifetime income and expenditure for the Ray Valley Solar ground mount solar PV project.

This is a base case financial projection for a 19 MW ground mount solar PV array based on the model recommended by the Low Carbon Hub Investment Committee and approved by the Low Carbon Hub IPS Board in September 2020.

Like many one-off capital projects, the way the finances are modelled shows the projects running at an accounting loss, although the cash position is always positive. This is because the projects are treated as wasting assets, so depreciation is charged to the income statement but has no impact on cash held in the bank.

Each year, our projects are expected to return a surplus. This surplus is used for the following purposes, in order of precedence:

- Contribute to organisational administrative costs including investor support
- Pay interest on short-term loans
- Provide an interest payment to our investor Members
- Release all the capital originally invested in the project for reinvestment or return to investors, as shown in the tables overleaf in the row Capital Repayments
- Provide funding for community benefit.

As a Registered Society we make returns to investors as interest, paid before profit is calculated, unlike dividend payments, which are generally paid out after profit is calculated. Similarly, we pay community benefit out of our surpluses.

Summary projections first five years (£)

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
CASH FLOW						
Energy Sales Income	680,520	698,132	716,200	734,735	753,750	3,583,338
Operating Costs	-404,580	-411,910	-419,386	-427,012	-415,746	-2,078,633
Net Operating Cashflow	275,941	286,223	296,814	307,723	338,004	1,504,705
Senior Debt Annuity and Fees (15-year tenure)	-131,966	-132,026	-132,087	-132,150	-132,213	-660,442
Members Interest	-152,355	-152,355	-152,355	-152,355	-190,444	-799,863
Members Capital Repayments	0	0	0	0	-25,000	-25,000
Tax	0	0	0	0	0	0
Community Benefit Donations	0	0	0	0	0	0
Operational Reserves	0	0	0	0	0	0
Cash Surplus	-8,380	1,842	12,372	23,219	-9,653	19,399
<i>Minimum Year End Cash Position</i>	<i>91,621</i>	<i>93,463</i>	<i>105,834</i>	<i>129,053</i>	<i>119,400</i>	<i>91,621</i>
PROFIT AND LOSS ACCOUNT						
Total Revenue	680,520	698,132	716,200	734,735	753,750	3,583,338
Operating Costs	-404,580	-411,910	-419,386	-427,012	-415,746	-2,078,633
Community Benefit Donations	0	0	0	0	0	0
Operating Profit (EBITDA)*	275,941	286,223	296,814	307,723	338,004	1,504,705
Senior Debt Interest	-11,966	-12,026	-12,087	-12,150	-12,213	-60,442
Members Interest	-152,355	-152,355	-152,355	-152,355	-190,444	-799,863
Depreciation	-243,722	-243,722	-243,722	-243,722	-243,722	-1,218,609
Grant Write Back	109,675	109,675	109,675	109,675	109,675	548,374
Tax	0	0	0	0	0	0
Net Profit	-22,427	-12,205	-1,675	9,172	1,300	-25,836

* EBITDA= Earnings before interest, tax, depreciation, and amortisation.

This model remains illustrative with the final project costs to be confirmed by the end of 2020. The model is based on a fully comprehensive construction contract that meets with our required equipment and performance specifications representing 84% of projected total capital expenditure as modelled. 95% of project costs are currently subject to fixed agreements and in our control – final project design will vary costs subject to these fixed agreements.

The model is based on a conservative Power Purchase Agreement (PPA) price of £38/MWh, reflecting the COVID-impacted energy market in which the project was developed. Initial PPA offers we have since received are significantly higher, and will enable us to release capital earlier and increase the community benefit income generated.

KEY FINANCIAL TABLE ASSUMPTIONS

- 40-year project
- System degradation 0.4% a year
- 100% of electricity exported
- Total capital cost £10.1 million
- Post-grant debt to equity ratio 35:65
- Operating costs increase 2% a year
- PPA starting price £38/MWh rising 3% a year

Summary projections lifetime (£)

	Years 1-5	Years 6-10	Years 11-15	Years 16-20	Years 21-25	Years 26-30	Total
CASH FLOW							
Energy Sales Income	3,583,338	4,071,651	4,626,509	5,256,978	5,973,364	23,262,983	46,774,824
Operating Costs	-2,078,633	-2,200,962	-2,420,129	-2,662,107	-2,929,271	-10,683,632	-22,974,735
Net Operating Cashflow	1,504,705	1,870,689	2,206,379	2,594,871	3,044,093	12,579,351	23,800,089
Senior Debt Annuity and Fees (15-year tenure)	-660,442	-883,110	-1,008,426	0	0	0	-2,551,979
Members Interest	-799,863	-931,968	-887,718	-695,468	-270,968	0	-3,585,985
Members Capital Repayments	-25,000	-155,000	-265,000	-1,580,000	-1,783,872	0	-3,808,872
Tax	0	-2,714	-54,920	-261,362	-357,120	0	-676,117
Community Benefit Donations	0	0	-44,000	-85,000	-615,000	-12,880,128	-13,624,128
Operational Reserves	0	0	65,983	0	0	281,008	346,991
Cash Surplus	19,399	-102,103	-53,685	-26,959	17,133	-300,777	-446,991
<i>Minimum Year End Cash Position</i>	<i>91,621</i>	<i>15,534</i>	<i>2,162</i>	<i>1,843</i>	<i>14,709</i>	<i>1</i>	
PROFIT AND LOSS ACCOUNT							
Total Revenue	3,583,338	4,071,651	4,626,509	5,256,978	5,973,364	23,262,983	46,774,824
Operating Costs	-2,078,633	-2,200,962	-2,420,129	-2,662,107	-2,929,271	-10,683,632	-22,974,735
Community Benefit Donations	0	0	-44,000	-85,000	-615,000	-12,880,128	-13,624,128
Operating Profit (EBITDA)*	1,504,705	1,870,689	2,162,379	2,509,871	2,429,093	-300,777	10,175,961
Senior Debt Interest	-60,442	-183,110	-308,426	0	0	0	-551,979
Members Interest	-799,863	-931,968	-887,718	-695,468	-270,968	0	-3,585,985
Depreciation	-1,218,609	-1,218,609	-1,218,609	-1,218,609	-1,218,609	-3,655,828	-9,748,874
Grant Write Back	548,374	548,374	548,374	548,374	548,374	1,645,122	4,386,993
Tax	0	-2,714	-54,920	-261,362	-357,120	0	-676,117
Net Profit	-25,836	82,662	241,080	882,806	1,130,770	-2,311,482	-0

* EBITDA= Earnings before interest, tax, depreciation, and amortisation.

At the end of year 40, when the project is closed, all the cash still held in the bank (and shown in the balance sheet) is released as community benefit. The negative cash surplus in the period matches the positive opening cash balance.

FREQUENTLY ASKED QUESTIONS

Who is Ethex and what is its role in this share offer?

Ethex brings together on one platform the best positive savings and investment opportunities to make it easy to make money do good. On its platform, you can browse, compare, and invest in a range of products from bank accounts and ISAs to equity investments and charity bonds 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, green transport, or micro-finance schemes – and 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. In order for you to apply for shares in the Low Carbon Hub IPS Limited you will need to become a Registered User of their site and sign up to their platform Terms and Conditions, including the Privacy Policy.

What about data protection?

Although we use the services of third parties to assist with the administration of the share offer, once you become a member the Low Carbon Hub IPS Limited controls and is responsible for the use of your information. We will use your data to keep you up to date with the work of the Low Carbon Hub IPS Limited and Low Carbon Hub CIC. We will not sell, rent, or lend your data to other organisations. Our full Privacy Statement is available on our website.

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.

What is the relationship between Members investing in this share offer and existing investors?

The Low Carbon Hub IPS Limited is fortunate to already have over 1,000 Members who have already invested. The vast majority of them hold withdrawable 'A' Class shares, the same share class as being offered in this share offer.

There are also 10 pioneer investors who between them hold £121,232 of 'B' Class 'transferable' shares. All investors in the Community Energy Fund will share the same democratic rights as existing Members. The key difference between Members relates to how interest payments are calculated and how capital is returned. These details are set out in our previous share offer documents.

Any equity invested in the Community Energy Fund by existing Members will be subject to the terms set out in this Share Offer Document. Their pre-existing investment will continue to be subject to the conditions set out in the share offer in which it was invested.

Why are you no longer offering paper share certificates?

In order to reduce our administration costs and reduce the amount of paper we use, we have decided to offer digital share certificates from now on. Our members can now access information about their investments, including interest statements, and manage their personal and bank account details on our new online Investors Portal. See the Members page on our website for more information on how to access the online Investor Portal.

How does this share offer differ from previous share offers?

There are a number of key ways in which this offer differs from share offers preceding the Community Energy Fund.

Time-bound vs open share offer

Our previous share offers have focused on raising funds for a discrete set of projects through a time-bound share offer. This means investors' equity being tied to the performance of those projects for the lifetime of the project, with capital from the projects being slowly released over time and gradually returned to investors. At the end of the project lifetime investors will have had all their equity returned and will cease to be a Member.

Through the Community Energy Fund, investors are now being offered the opportunity to invest in an 'open' share offer which will stimulate and support the organic growth of the Low Carbon Hub.

The monies invested in the Fund will be used to support an identifiable set of projects, so you will still get tangible feedback about the projects we deliver thanks to your support.

This portfolio of projects will change over time, as new opportunities arise, and we'll keep you up to date about the changes to the portfolio of projects.

Previously, each time a new set of projects has arisen we have launched a new time-bound share offer specifically to fund those projects, resulting in a new share portfolio.

Going forward, we can use the Community Energy Fund to support new opportunities as they arise. Each year, we will reopen the share offer to bring new equity into the Community Energy Fund to support new projects.

As projects mature and release capital, this can be used to support further community energy projects that will sit inside the Fund. This means that your Membership isn't limited to the lifetime of a single set of projects, and so can continue beyond the life of the original projects, continuing to deliver environmental, social, and financial benefits.

Interest payments

In our earlier offers interest has been expressed as an 'Internal Rate of Return' (IRR) reflecting the overall likely performance over the project lifetime. This could include an initial 'grace period' where no interest was paid. For our Solar 2014, Solar 2016 and Sandford Hydro investors, this was set at 5% IRR.

The Community Energy Fund is offering a simple annual target interest rate which starts to accrue from day one of your investment being accepted.

Capital repayment

Our earlier share offers model capital return to investors as taking place gradually over the 20-year lifetime of the project. The investment held in the project slowly reduces over time until the last capital is repaid and you cease to be a Member.

The Community Energy Fund does not automatically return capital, rather, it gives our Members greater control as to when their equity is returned.

Summary of share offer portfolios to date

As of November 2020

Portfolio	Class A £1 Shares	Class B £1 Shares	Associated Debt £	Original Capital Expenditure £
Solar 2014	1,631,019	145,801	0	1,626,900*
Solar 2016	777,307	0	0	2,157,514
Sandford Hydro	1,471,177		1,912,150	3,992,712
ONCORE	140,786	87,136	0	248,856**
Community Energy Fund	3,056,827		0	£1,320,083 in Solar 2016 £200,000 loan to Sandford Hydro £231,571 in rooftop solar £1,299,173 available for Ray Valley

* £200,000 of equity held in this portfolio is also used as working capital at an internal charge of RPI+3%.

** Figure relates to original project costs at time of construction by ONCORE. Capex is not exactly equal to equity raised due to equity-raising expenses and small differences between the final construction costs of projects at project commencement.

Portfolio	Lifetime Target Return	First Year Interest Accrued	Interest Awarded for 2019/20 £	Equity Returned to Date £
Solar 2014	5% IRR	2016/17	103,916	61,181
Solar 2016	5% IRR	2018/19	40,789	12,793
Sandford Hydro Investors	5% during construction for pioneer investors, then 5% IRR	2017/18	44,135	0
ONCORE*				
ONCORE A 25-year pledge	4%	2012/13	5,039	17,691
ONCORE A Withdrawable	3%		720	1,225
ONCORE B	4%		3,784	0
Community Energy Fund	4% years 1-4 then 5% a year	2018/19	62,350	0

* Information relates to original ONCORE portfolios prior to their transfer of engagement to the Low Carbon Hub IPS Limited.

The projects

How has the end of the Feed-in Tariff impacted projects?

All future projects are being evaluated on the basis that they are financially viable without Feed-in Tariff. This has significantly reduced the number of rooftop projects that we are able to deliver with our operating model.

How do you fund the initial capex costs of a project?

Many of our projects are initially funded using short-term debt provided by Oxford City Council. The Oxford City Council loan is short-term funding for construction only and enables us to cover capital costs in the short term as opportunities arise, without the need to wait until sufficient equity is raised. It has to be repaid within 12 months of the first drawdown for a given project. The total amount of the facility is £2.3 million and the interest rate is 5% per annum.

What warranties and guarantees do you have?

The systems are covered by a number of warranties and will be insured against third-party damage and theft and for loss of income. Further information is available in the Risks section of this document.

What happens to the installations at the end of their operating life?

Our projects are delivered using the highest quality (tier 1) panels which are currently covered by performance warranties that ensure they are generating at least 80% of their day 1 capacity by year 25. Our system modelling takes account of this performance decline over the lifespan of each installation and industry monitoring suggests that reasonable performance can be expected from panels in excess of 30 years.

For rooftop installations, the lease between the Low Carbon Hub IPS Limited and the host site is for 20 years and, on its expiration, the host organisations will be given the opportunity to take ownership of their systems. For ground mount installations, lease conditions require revenue to be set aside to return the land to its pre-developed condition.

What happens to the installations if the Low Carbon Hub IPS Limited ceases to exist?

If the Low Carbon Hub IPS Limited is wound up, then its assets will first be used to meet its liabilities, then to repay Members for their shares, and finally any surplus remaining will be passed on to a charity or social enterprise with similar objectives.

What plans do you have for projects in the future?

As well as continuing to grow our portfolio of renewable energy projects, we would like to develop a range of different community energy projects, which may include:

- Other renewable energy generation projects
- Energy efficiency projects

- Energy balancing and smart grid
- Energy storage
- Other energy-related products and services which can generate a profit while reducing carbon emissions.

We will set out our plans for new activities each year as part of our reporting to investors in the Fund.

Roof mounted solar PV

How do you select your project partners for rooftop solar PV arrays?

We actively welcome enquiries from all Oxfordshire schools, academies, institutions, and businesses and assess suitability based on a number of criteria, which include:

Site suitability:

- A site able to host a solar array of sufficient size for the model to be financially viable and with enough on-site electricity consumption to ensure efficient operation
- An occupant able to enter a 20-year lease and power purchase arrangement (PPA) for the host building
- A roof orientated between south-east and south-west (or flat)
- A structurally sound roof, able to support panels for a 20-year project lifetime.

Active commitment from a host site who is:

- Supportive of the programme
- Able to work within programme timescales
- Willing to authorise key steps, including roof lease contract
- Happy to facilitate site surveys and contribute to an installation plan.

Who will manage the installations?

The Low Carbon Hub CIC will manage the installations throughout the project's lifetime. This will include monitoring the performance of the systems, billing, and maintenance of equipment.

Ground mount solar park

Do you have plans for other ground mount solar projects?

We are working on a pipeline of opportunities, and these may include ground mount solar projects.

Who is Low Carbon Limited and what is their role in Ray Valley Solar?

Low Carbon Limited is a leading renewable energy investment and asset management company committed to making a positive and significant impact on climate change through the development and operation of renewable energy at scale.

Low Carbon has a proven track record in the development, construction, financing, and management of renewable energy assets and remains involved in the projects for the long term with a dedicated asset

management team. They will carry out the project management of Ray Valley Solar and take on operations and maintenance of the site once built.

The organisation

What is an IPS and Registered Society?

The Low Carbon Hub IPS Limited was set up as an Industrial and Provident Society, which is a legal form used for organisations that act either as a co-operative or for the benefit of the community.

In 2014 the Co-operative and Community Benefit Societies Act consolidated and replaced previous Industrial Provident Society legislation. Under the Act a society registered before August 2014 must refer to itself as a 'Registered Society', rather than a community benefit society, although we are governed by the Act.

Key principles are:

- *Purpose:* Our business must be entirely for the benefit of the community
- *Membership:* We have members who hold shares and we are run on a democratic 'one member, one vote' basis
- *Application of profits:* Any profits must be used for the benefit of the community with any interest on share capital being viewed as an operating expense rather than a distribution of profits
- *Use of assets:* The physical assets and any profits must only be used for the benefit of the community and, as such, have an 'asset lock'.

RISKS

Investing in the Low Carbon Hub IPS Limited 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.

Members of Registered Societies do not have access to the Financial Ombudsman Service (FOS) or Financial Services Compensation Scheme (FSCS). The Low Carbon Hub IPS Limited has signed up to the Community Shares Unit Code of Practice, giving investors in the Community Energy Fund a right of complaint to the Community Shares Unit.

These risk factors are not set out in any particular order of priority and should not be regarded as exhaustive or a complete and comprehensive statement of all potential risks and uncertainties associated with the Society. Additional risks and uncertainties that are not presently known to the Directors, or which they currently deem immaterial, may also have an adverse effect on the Society's operating results, financial condition, and prospects.

The Directors have identified the following risks:

Liability

When you invest in the Community Energy Fund you are investing in, and becoming a Member, of the Low Carbon Hub IPS Limited. As the Low Carbon Hub IPS Limited 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.
- Installations given as security to Oxford City Council construction facility or other lenders should we fail to repay the loan.
- Costs associated with the management and maintenance of the projects and debt servicing 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.

- Changes to the government's current timetable for the phasing out of the Feed-in Tariff.
- 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.
- 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.
- Industry standard defects liability period after commissioning for ground mounted installations. During this period we can call on the installers to address any issues. In addition, we require a workmanship warranty from the installer.

The Directors expect that regular ongoing output monitoring of all projects carried out by the Low Carbon Hub 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

The Low Carbon Hub IPS Limited 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 the Low Carbon Hub and cannot be guaranteed. The timing of interest payments and rate of interest will be determined by the IPS 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 level of investment in the Fund, the surplus generated by the projects directly funded by the Fund, and the overall financial health of the Low Carbon Hub IPS Limited.

To mitigate the risk to our being able to pay the target interest rate we will monitor the level of equity in the Fund to avoid over-capitalisation and return excess capital if necessary.

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 the Low Carbon Hub IPS Limited and CIC. 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 Low Carbon Hub 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 the Low Carbon Hub IPS 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 25-year project lifetime and over a 40-year project lifetime for ground mounted projects. 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 Fund. 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.

We aim to open the Fund to new investment each year which will help facilitate early equity withdrawal by Members of the Fund. However, we cannot guarantee that we will be successful in attracting sufficient new investment to facilitate all requests to withdraw equity.

Each year, when accepting new investment, 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 5% of all funds eligible for withdrawal in the Community Energy Fund will be made available, unless to do so would jeopardise the financial sustainability of the Low Carbon Hub IPS Limited. That means that for each £100,000 invested in the Fund that is eligible for equity withdrawal on 15 December, we aim to meet a minimum of £5,000 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 the Low Carbon Hub IPS Limited 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 the Low Carbon Hub IPS Limited are unquoted securities and may be considered to be riskier than quoted securities and shares.
- There is no prospect of shares in this Registered 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 the Low Carbon Hub IPS Limited 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 the Low Carbon Hub IPS Limited. None of the Low Carbon Hub IPS Limited Members, its Directors, officers, or employees gives or offers any investment advice to potential investors in relation to the application for investment in the company. Nor do they provide advice as to whether such an investment is appropriate for a potential investor.

TERMS AND CONDITIONS FOR APPLYING FOR SHARES

Your application

You can cancel your application for shares after we receive your application form and payment and prior to the Board approval of your application.

The Directors do not have to accept your application for shares. They may decide not to issue shares to you or may allocate you fewer shares than you applied for. They do not have to give any reason for their decision. If the share offer is oversubscribed (i.e. the share offer attracts applicants for more than the amount needed), shares will be allocated in order of receipt of application.

The share offer is expected to remain open until the target amount is reached. The Directors may give notice of the closure of the share offer sooner, and any applications received after this time will be returned to applicants.

If your application is received prior to the first target deadline, it will be considered for approval at the first convenient Board of Directors meeting after the target deadline.

Applications received after the first target deadline will be considered on an ongoing basis at the next convenient Board of Directors meeting after receipt of application.

Your payment

Shares are payable in full on application. Ethex, on behalf the Low Carbon Hub IPS Limited, will acknowledge receipt of your payment and application. They may cash any cheques as soon as they are received. Ethex will hold your money on trust for you in a segregated client account until the Directors have considered your application.

Ethex will return your money to you (within 28 days of the Board of Directors meeting at which they consider your application), if Low Carbon Hub IPS Limited decide not to issue shares to you. If the Directors decide to issue you with fewer shares than you applied for, Ethex will return the balance to you (within 28 days of the Board of Directors meeting). The Low Carbon Hub IPS Limited will not pay you any interest on any money it returns to you.

Once your application is accepted, all monies subscribed will be transferred to The Low Carbon Hub IPS Limited; you are no longer able to cancel your order.

Your promise to us

- Your cheque or payment will be honoured on presentation.
- You, as an individual, are at least 16 years of age.
- You have authority to sign the application form. If you are signing it for another person, you will provide the Directors with evidence of your authority to sign if they ask to see it.
- You will supply the Low Carbon Hub IPS Limited or Ethex with proof of your identity and address, if we ask for it. We may need to do this to comply with the Money Laundering Regulations 2008. We may have to hold back your shares until we see the proof.
- You hold a sterling bank account based in the UK.
- You are not relying on any information or representation which is not included in this document and the accompanying Business Plan and Community Energy Fund Guidelines.

Demutualisation

You may not benefit financially from your shares if the Low Carbon Hub IPS Limited converts, or transfers its business or is wound up. In this case, the only financial benefits you may receive from your shares are:

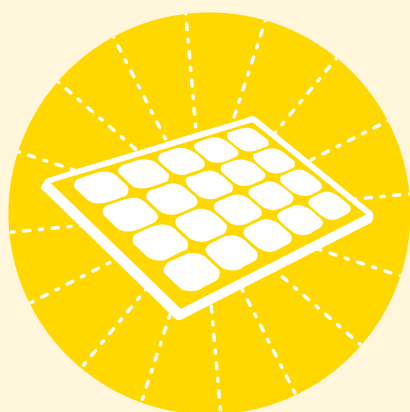
- The possibility of interest (at a low rate)
- The possibility of the return of the money you paid for your shares.

The Directors draw your attention to your obligations under Rule 14 of the Rules of the Low Carbon Hub IPS Limited regarding the windfall if the Society converts, transfers its business, or is wound up. Should any greater financial benefit come into your hands, it will belong to such charity or community benefit society as we may nominate from time to time. You are to hold the benefit in

trust for that charity or community benefit society. To secure this (and your obligations under Rule 14.2 of the Rules of the Low Carbon Hub IPS Limited) you appoint as your attorney the person holding office (from time to time) as our Secretary. That appointment is irrevocable. Your attorney has power to sign – on your behalf – an undertaking for which we may ask in accordance with Rule 14.3.

Miscellaneous

The Laws of England apply to this document and any subscription made for shares in the project, and the Courts of England and Wales have exclusive jurisdiction in relation to any disputes arising out of the same. You will be bound by the Rules of the Low Carbon Hub IPS Limited (as may be amended from time to time) if the Directors issue shares to you.



Advisers and bankers

Accountants: Critchleys, Beaver House, 23–38 Hythe Bridge Street, Oxford, OX1 2EP

Bankers: The Co-operative Bank and Triodos Bank

Share offer administration: Ethex

Community Shares Standard Mark assessors: Locality

You can inspect the detailed documents produced in developing the projects by prior appointment at our offices.

OTHER LEGAL DETAILS YOU SHOULD KNOW

Anyone interested in making an application for shares in the Low Carbon Hub IPS Limited is strongly advised to take appropriate independent advice. The list of risks contained in this document is not necessarily comprehensive. Shares in the Society are not 'investments' for the purposes of the Financial Services Marketing Act 2000 (FSMA), therefore you do not have the level of protection that you might otherwise be offered by that Act or subsidiary regulations.

As a Registered Society, Low Carbon Hub IPS Limited is registered with, but not authorised or regulated by, the Financial Conduct Authority and therefore any money you pay for shares is not safeguarded by any depositor protection or dispute resolution scheme. In particular, you will have no right of complaint to the Financial Ombudsman Service nor any access or entitlement to the Financial Services Compensation Scheme.

Low Carbon Hub IPS Limited was registered with the Financial Services Authority (the predecessor regulator to the Financial Conduct Authority) on 21 November 2012 (Registered Number 31903R). We use governing documents provided by Wessex Community Assets (www.wessexca.co.uk), specialists in community investments. Our governing document, the Rules of the Low Carbon Hub IPS Limited, is available to download at www.lowcarbonhub.org and explains Member rights as well as the management and constitution of the Society.

As with any investment, there is risk involved. Should the Low Carbon Hub IPS Limited get into financial difficulties:

- We may not be in a position to pay interest.
- We may have to suspend your rights to withdraw shares.
- You may lose all the money you pay for your shares.

If the Low Carbon Hub IPS Limited is wound up, its assets will first be used to meet its liabilities; then to repay Members for their shares; and finally, any surplus remaining will be passed on to a charity, society, or other body with similar objectives.

The Directors of the Low Carbon Hub IPS Limited have taken all reasonable steps to ensure that the facts stated in this document are clear, fair, and not misleading in all material aspects, and that there are no other material facts, the omission of which would make misleading any statement in this document. To the extent permitted by relevant law and regulation, the Directors and the Low Carbon Hub IPS Limited expressly disclaim and exclude any and all liability based on this document and for any errors or omissions contained in it. No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised. All statements of opinion contained in this document, all views expressed, and all projections, forecasts, or statements relating to expectations regarding future events or the possible future performance of the Low Carbon Hub IPS Limited, represent the assessment of the Directors based on information available to them as at the date of this document, but they are not to be read as guarantees or assurances that the particular events will in fact come about. Accordingly, no representation is made or warranty given as to the accuracy, completeness, achievability, or reasonableness of any such projections, views, statements, or forecasts.

Can you afford to be without the money you would pay for these shares?

If not, PLEASE do not apply to buy any shares.

LOW CARBON HUB AT A GLANCE



PLANET

47 renewable energy installations*

Together they can:



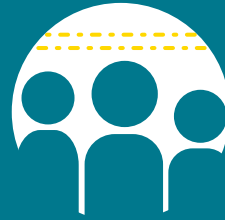
generate
4.5 GWH
green electricity
a year



power
1,465
typical homes



save
1,259
TONNES
of CO₂**



PEOPLE



1,312 Investor Members who
between them have invested £7.3 million to finance
the costs of our projects and whose investments
bring energy into community ownership



40 host organisations – the schools,
businesses, and community organisations
that host our energy projects



33 community shareholders
– the low carbon community groups who
share our aims and have a stake in us



PROSPERITY

£7.3 M share capital raised

£8.4 M capital expended on renewable
energy installations

Our portfolio of renewable energy installations is
anticipated to deliver the following benefits over
their lifetime:

£3.9 M interest to investors

£1.7 M savings on electricity bills by hosts

£2.5 M community benefit income



PERCEPTION

We are committed to developing a sustainable
energy system for community benefit. And our
stakeholders agree...

99%

believe we are committed to the
creation of a low carbon, locally
owned renewable energy system

97%

trust our expertise around
local, renewable energy and
low carbon

* Including IPS- and CIC-owned installations.

** Based on 2020 government emission conversion factors for greenhouse gas reporting.

Metrics as calculated 1 November 2020 and reflecting the combined work of The Low Carbon Hub IPS Limited and Low Carbon Hub CIC. Lifetime benefits are nominal values modelled over a 20-year project lifetime. Perception statistics based on 217 responses to the 'How are we doing?' Low Carbon Hub stakeholder survey March 2020.

💡💡 I chose to invest in the Low Carbon Hub because I'm really passionate about doing something to lower our carbon emissions and I'm very impressed by the real projects that I've seen come to fruition around the county, from schools to other community projects. It's great to be part of it.💡💡

Karen, Investor

💡💡 I think you give an extraordinary service, above all encouraging people to believe that a different approach to energy is possible and that it works.💡💡

Low Carbon Hub supporter

💡💡 It is a really special feeling when you go out of your house, cycle to work and you actually see projects in Oxfordshire that you helped to make happen.💡💡

Jenny, Investor



members@lowcarbonhub.org • 01865 546 452

www.lowcarbonhub.org/invest

The Low Carbon Hub is two organisations working together: The Low Carbon Hub IPS Limited (registration number: 31903R) and the Low Carbon Hub Community Interest Company (registration number: 7583663).

The Low Carbon Hub IPS Limited is a Registered Society that operates for the benefit of the community. It generates income from the Feed-in-Tariff and by selling renewable electricity. It aims to make a surplus that will enable the Low Carbon Hub IPS Limited and Low Carbon Hub CIC to lower carbon emissions across Oxfordshire by helping businesses, the public sector, and communities to develop renewable energy projects and reduce energy demand.

To the best of our knowledge, the information contained herein is accurate and reliable as of 1 November 2020.

Both are registered in England and Wales and the registered address is
Wood Centre For Innovation, Stansfeld Park, Quarry Road, Headington, Oxford OX3 8SB

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