

# Bath & West Community Energy

**Earn 5.5% interest (before tax)<sup>1</sup> over the initial term of the Bond for at least 5 years whilst helping the transition to net zero energy work for local communities**



This document is an offer to subscribe for tradeable<sup>2</sup> Bonds issued by Bath & West Community Energy to raise a target amount of £1.0 million to support the delivery of a growing pipeline of new community solar schemes

**31 January 2025**

<sup>1</sup> See page 8 for the key terms and facts about this offer

<sup>2</sup> See page 29 for detail on the Abundance Marketplace

As with any investment, there are risks when investing in this offer. Your invested capital is at risk and you could get back less than you invest. Specific risks apply to this investment and you can read more on pages 24-26.

**Issuer: Bath & West Community Energy Limited** This document has been approved as a financial promotion by Abundance Investment Ltd, which is authorised and regulated by the Financial Conduct Authority (no. 525432)

# Executive summary

Since 2010, Bath & West Community Energy (“**BWCE**”, “**issuer**”, “**we**” or “**us**”) has been building renewable energy generating projects that are community owned for the common good. As a Community Benefit Society, BWCE is radically different from an ordinary company: we are required to prioritise benefit to the wider community. We can pay interest on members’ share capital but we cannot distribute surpluses to members in the form of dividends.

As defined by our Rules, BWCE aims to “carry out any business for the benefit of the community that involves promoting, facilitating, developing and running renewable and low carbon energy and energy efficiency projects in Bath and the surrounding areas”.

Our portfolio of 14.49 MW of community renewables is made up of 37 solar rooftop systems powering local schools and community buildings, 5 ground mount solar arrays supplying low carbon energy to the grid and one small hydro scheme that has turned an electricity-powered mill into a clean energy generator.

The portfolio produces enough electricity to power the equivalent of 5,000 homes and has allowed us to allocate £430,000 to our community fund which has awarded over 111 grants supporting community action on carbon reduction and fuel poverty.

We have raised £22.5 million to date, including £12.5 million across a series of community share and bond offers over the years to support our mission. As well as the huge support from shareholders (each of whom become members on a one member-one vote basis) and bondholders, we have a highly experienced and passionate team and board of directors. With 14 years of operations, we have also developed excellent partnerships across the public, private and community sectors. Pages 19 to 22 have more information on our legal structure, governance and the people behind what we do.

We are constantly looking for ways to reduce carbon emissions and reduce bills – we have run a series of projects to explore how we can better match energy demand with local renewables energy supply and over the last few years, we have been developing new programmes to help local residents improve the energy efficiency of their homes.

With the proceeds of this offer we will install a further 1.2 MW of rooftop solar schemes across 7 more schools and community sites, delivering up to £65,000 per year in reduced fuel bills and additional community funds.

We are also developing a small scale ground mount solar scheme that might benefit from funds raised from this bond offer, depending on how our project pipeline develops.

As bondholders, you will receive 5.5% interest a year for at least 5 years, or more if you opt to extend, and will invest in the knowledge that you are enabling positive community action on climate change at a crucial time for our planet.



Some of BWCE's team at Stowey Ground solar farm

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# Important notice

This Offer Document has been prepared by Bath & West Community Energy Limited, the issuer of the Bonds in this Bond Offer, and has been approved by its Board of Directors. It is prepared in conjunction with, and may be communicated by Abundance Investment Ltd ("Abundance") who is authorised and regulated by the Financial Conduct Authority ("FCA") under number 525432. As a communication by a registered society under the Co-Operative and Community Benefit Societies Act 2014. It is an excluded communication for the purposes of FCA Conduct of Business Rules 4.12A.4 (a) and the FSMA (Financial Promotion) Order 2005.

The role of Abundance is to facilitate the issue of the Bonds and to provide a platform for investing in them. It is not advising you as to the merits of, or making a personal recommendation to you in relation to, investing in this Bond Offer.

You should consider carefully whether an investment in this Bond Offer is suitable for you in the light of your own personal, financial and tax circumstances. You should consider carefully all the information set out in this Offer Document including the information set out in 'The risks' on pages 24 to 26.

The value of investments can go down as well as up and you may not get back the money you originally invested or make any return on your investment.

Forecasts, estimates and projections as to future business or returns are not a reliable indicator of these matters and may be impacted by various factors – see 'Risk factors' on pages 24 to 26.

If you are in any doubt as to any aspect of investing in the Bonds, including any accounting or tax issues, you should seek independent advice from an FCA-authorised person who has experience in advising on investments such as these. Nothing in this Offer Document should be read or understood to be financial, investment, tax or accounting advice.

This Offer Document is not a prospectus for the purposes of Part VI of FSMA, and Bath and West Community Energy Limited is not subject to the prospectus and public offer requirements in FSMA Part VI. It has therefore not been approved by the FCA or any other regulator. The Bonds have not been admitted to listing on any regulated market and will not be dealt on any stock exchange or other such market.

Investment in this Bond Offer is available only to members of Abundance and in accordance with its Terms and Conditions at [abundanceinvestment.com](http://abundanceinvestment.com). This Offer Document does not constitute an offer to sell or the solicitation of an offer to buy any securities in any country or jurisdiction where such offer or solicitation would be unlawful and is not, in particular, for distribution in the US. The Bonds have not been and will not be registered under the applicable securities laws of the US and are not being made available to US Persons as defined in the Abundance Terms and Conditions and this includes citizens of the US wherever resident.

We may redeem any Bonds held by Restricted Persons as defined in the Bond Instrument (as set out on pages 31 to 55 of this document and referred to herein as the 'Bond Instrument') which includes any persons ineligible to hold the Bonds because of relevant legal, regulatory or tax restrictions. This Offer Document is intended to be circulated only in the UK. Therefore, persons in possession of this Offer Document should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities law of any of the relevant jurisdictions.



Solar rooftop scheme at Beechen Cliff School, Bath

# Welcome from the BWCE Board

We are delighted to invite you, through this Bond Offer, to invest in Bath & West Community Energy, one of the largest and most established community energy businesses in the UK. Or indeed, invest again if you are already a BWCE member or bondholder.

This is a challenging and vitally important time with the ever more urgent threat of climate change hanging over all our communities. The European Commission's Copernicus Climate Change Service has confirmed that 2024 was the first year that surpassed 1.5C of warming above pre-industrial levels.

*"Our planet is trying to tell us something. But we don't seem to be listening."* stated Antonio Guterres, UN Secretary-General.

He went on to say in his special address on climate action "A Moment of Truth" in June 2024:

*"We do have a choice ... we have the technologies we need to slash emissions. Renewables already make up 30% of the world's electricity supply. Wind and solar are now growing faster than any electricity source in history. Economic logic makes the end of the fossil fuel age inevitable."*

*The only questions are: Will that come in time? And will the transition be just?"*

BWCE believes in supporting a just transition to net zero – our mission is to put people at the heart of it by placing ownership and control of energy in the hands of consumers via clean energy projects that actively involve and benefit local communities. These are the fundamental principles of community energy which is about people and communities taking democratic control over their energy future, by understanding, generating, using, owning and saving energy in their homes and communities, as well as working together across regions and nationally.

We are proud of our track record to date, generating enough electricity to power the equivalent of approximately 5,000 homes annually through a community model that retains financial benefit locally and drives greater participation in the energy transition.

In addition to generation, over the last decade BWCE has taken a leading role in innovative research pilots exploring local energy markets, and has recently launched a home energy service delivering home energy assessments and supporting householders to take practical action to reduce their bills and carbon emissions in their homes.

These projects are fully grant funded so will not use funds raised through this Bond Offer. But the focus on demand reduction goes hand in hand with our approach to delivering community renewables.

An investment in BWCE helps us with the vital expansion of renewable energy. But BWCE's powerful not-for-profit community business model also recycles surpluses back into local communities maximising social and environmental benefit.

We have grown from a small voluntary organisation into one of the largest community energy businesses in the country, but this is far from being enough by way of response to the climate crisis that we all face. We need to rapidly increase our impact with an approach that empowers and motivates action within our local communities. So please support us if you can, and together we can do our bit to reduce our impact on the climate.

## The BWCE Board



Proud team member visiting a clean energy project

# Purpose for raising funds

## Reducing carbon emissions and generating community benefit and participation

### 1 Reducing carbon emissions

BWCE has developed 7 new projects with a total generation capacity of 1,188 kW for installation by summer 2025. The projects provide new rooftop solar on schools, health sector, charity and Small and Medium-sized Enterprise (SME) buildings.

Approximately 240 kW of the projects have been installed already (using short term loans which are to be repaid by funds raised through this Bond) and the remainder of the projects are at varying advanced stages of development and final agreement.

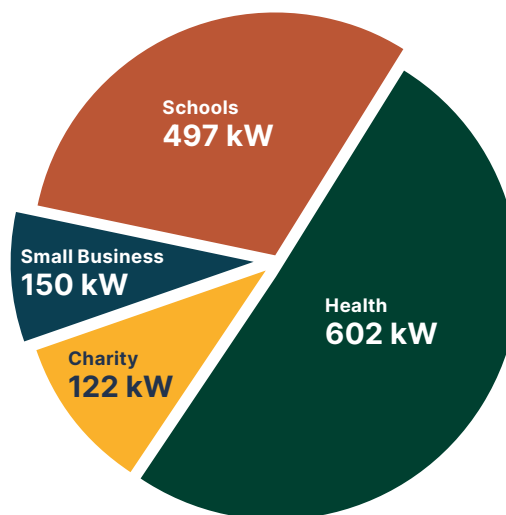
The installation of all these projects will cost in the order of £1.2 million, covering the cost of equipment, scaffolding and installation plus project development and fundraising costs.

BWCE is constantly looking for and developing new solar projects. We currently have another 700-1,000 kW of rooftop solar projects moving into advanced stages of development. We have also recently received planning permission for a small, 2 MW ground mount solar scheme (1 MW = 1,000 kW), with high levels of biodiversity improvements and increased community amenity built into the scheme.

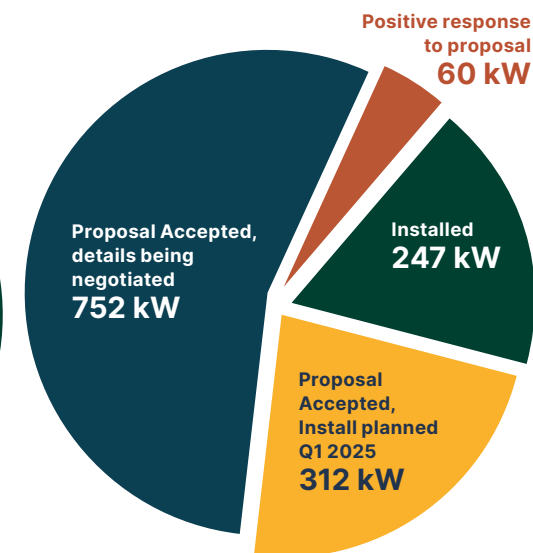
If any of the projects in the current installation batch do not proceed, we would look to fund some of the projects in this development pipeline.

We will look to raise the funds required for the projects from this Bond Offer, supported as necessary by capital raised through our recent share offer and grants. Any surplus capital over and above that required to fund this current installation batch will provide us with flexibility to install more of our pipeline over the course of 2025 and strengthen our capital position. Further detail on our pipeline is provided on page 13.

Projected installations by sector



Projected installations by status



# Purpose for raising funds

## Reducing carbon emissions and generating community benefit and participation

### 2 Generating community benefit

At the end of each year, the BWCE Board assesses our ability to pay interest to our members and to make contributions to our community fund based on the gross profit or loss made by our projects compared to budget, the cash surplus generated by the projects during the year and a consideration of our requirements to continue developing our business to meet its strategic objectives.

The projects funded by this Bond Offer will deliver direct community benefit by contributing profit for:

#### Distributions via our community fund

to support community action on carbon reduction and fuel poverty (see 'Community Fund' section on page 22). Carbon reduction doesn't just mean energy projects; it includes local food, sustainable transport and waste reduction projects too.

#### Reinvestment within BWCE to develop new community-owned renewables projects

that will deliver increased community benefit in the future.

#### Reinvestment within BWCE to deliver energy efficiency and retrofit services

that create warmer, greener and cheaper to run homes, particularly when targeted at lower income and vulnerable households.

The projects funded by this Bond Offer will also generate indirect community benefit from:

- Reduced fuel bills and stability for the organisations that host the community solar systems installed. BWCE sells solar generated electricity to the building owners or occupiers for a discount over what they would typically pay their energy supplier. The agreements also have a "never pay more than" rate which caps the electricity price in a scenario where electricity prices increase significantly.
- Increased retention of economic value within the local economy from the distribution of profits from the projects via interest to local members; use of local labour; fuel bill savings; and distribution of community funds and investment in our community business. Over the lifetime of this portfolio, BWCE's community model could retain locally roughly 35-40% of project revenue (ie. £15-£20 million), the vast majority of which would otherwise have drained out of the area within a traditional commercial model.

### 3 Building participation in the transition to net zero

We repeatedly see the power of community energy to motivate action. The surveys of members and investors, show again and again that getting involved with BWCE helps people take action to reduce carbon emissions in their own lives.

A 2021 independent survey on our members showed that *"70% of members feel that we had been helpful in helping them talk to friends, family, neighbours, colleagues about climate change or energy efficiency and that 61% of our members feel that BWCE has been helpful in helping them make changes in their own life to reduce their carbon footprint"*.

We are also helping to educate future generations through the installation of solar panels on schools and the linked work that we know happens in the classroom as a result. For example, the majority of the schools that BWCE works with utilise Energy Sparks – a school-specific energy management tool and education programme that BWCE's community fund resourced during its set up. We continue to be inspired by the stories and experiences of people in our communities as they engage on a journey to net zero.

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# Key facts about this Bond Offer

<b>Issuer</b>	Bath and West Community Energy
<b>Interest</b>	5.5% pa
<b>Instrument</b>	Bond
<b>Security</b>	Unsecured
<b>Term</b>	Minimum 5 years, with annual option to redeem after expiry of initial five year term
<b>Funding Target</b>	£1.0 million, with ability to extend up to £1.2m. Note, all funds raised will be able to be utilised and therefore there is no minimum threshold for this offer.
<b>Offer Closes</b>	16 May 2025, the directors have the option to extend the offer period by 2 months
<b>Interest Paid</b>	Interest accrues from the date you invest and will be paid annually every 31 July
<b>Capital Repayment</b>	Subject to the minimum term, on giving six months' notice by either BWCE or by each bondholder as prescribed in the Bond Instrument – see 'Bond Redemption Process' on page 9 below for further detail
<b>First Redemption Date</b>	31 July 2030
<b>Minimum Investment</b>	£5
<b>Purpose of Bond Offer</b>	Support investment in BWCE's new rooftop solar projects and strengthen our capital position
<b>Abundance fees</b>	There is a one-off arrangement fee of 2.0% of the total amount raised by the Bonds and an annual administration fee of £2,000 per year, both paid by us (BWCE) as the issuer

**A minimum 5 year, 5.5% fixed rate unsecured bond with ongoing options to redeem after five years at the discretion of each individual bondholder.**

The Bonds are eligible to be held within an Innovative Finance ISA. Investment returns on bonds held in an Innovative Finance ISA will be tax free. For more information on the tax treatment of this investment see page 29 in this document.

The Bonds are unsecured, which means that the bondholders will not rank ahead of secured creditors (see page 12 for detail on the group's debt) if BWCE was to go into administration or other insolvency proceeding. The terms of these Bonds include financial covenants (see pages 51-53 of the bond instrument) which ensures the financial stability and headroom of the group is maintained.

Annual interest, however, is paid before decisions are made by the board on the amount of surplus cash that is paid annually as interest to shareholder members and into the community fund.



Solar rooftop scheme at Three Ways School, Bath



# Key facts about this Bond Offer

## Summary of key dates and bond redemption process

### Summary of key dates

<b>31 January 2025</b>	Launch of Bond Offer
<b>16 May 2025</b>	Expected offer close date, the directors have the option to extend the offer period by 2 months.
<b>31 July 2025</b>	First interest payment date for interest accrued from the date you invest. Interest will be paid annually every 31 July.
<b>31 January 2030</b>	Final day for BWCE to receive notice that bondholders wish to redeem their Bonds at the end of the initial 5-year term. You will receive a reminder, via Abundance, of this deadline at least 1 month before this date.
<b>31 July 2030</b>	The initial 5 year term of the Bonds ends. Bondholders who have notified BWCE of their desire to redeem their Bonds will receive their capital and accrued interest on this date. Bondholders may continue to extend their Bonds for as long as they wish, subject to BWCE's right to redeem the Bonds in whole or in part.

### Bond Redemption Process

BWCE's Bonds can be redeemed by BWCE or the bondholder on 31 July 2030 by giving notice 6 months earlier. In other words if BWCE intends to redeem the Bonds, we will give bondholders notice no later than 31 January 2030; if bondholders wish to redeem their Bonds, they should provide us notice no later than the same date. We will remind bondholders and provide instructions via Abundance ahead of this date. If we have not given notice of our intention to redeem, bondholders who do not opt to redeem their Bonds will see their Bonds extended on the same interest rate for a further year. Note, if the Bonds are extended, the interest will still be paid every 31 July.

This process, including the need to provide a 6 month notice to redeem will occur in each following year whilst there are still Bonds held that have not been redeemed.

In the event we do not have sufficient funds to meet all redemption requests, we can defer repayment for up to 6 months to give us more time to arrange alternative funding. The Bonds will continue to accrue interest at the annual rate of 5.5% plus an extra 2% for the period that repayment has been deferred.

We may only defer repayment twice for any bondholder and for no more than 6 months in aggregate otherwise the Bonds will be in default.

The rolling 1 year redemption option is similar to the structure we have used for all our other bond raises to date (see a summary of our funding history on page 12).

# Our business

## Renewable energy track record

We have been growing our portfolio of solar projects since 2012 to a current generation capacity of 14.49 MW. This is broken down by:

- 2.63 MW of solar rooftop systems in operation across 37 sites, of which 31 systems are hosted by local schools
- 11.86 MW of ground mounted solar systems in operation across 5 sites

In addition, we own one small 12kW modern water wheel that has turned an electrically-powered show water wheel into a clean energy generator.

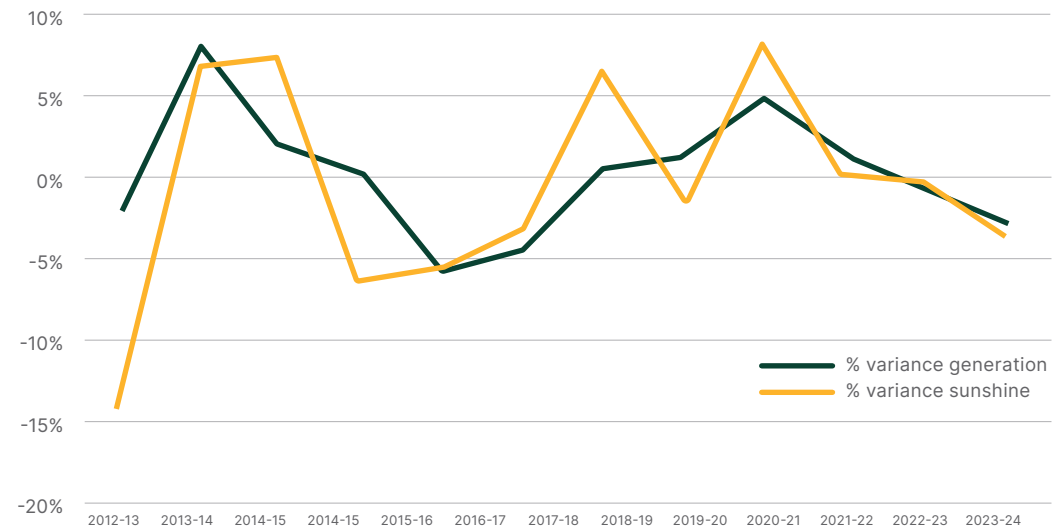
12.34 MW (ie. 85%) of the portfolio, including the existing ground mount solar systems, was built out before 2017 and was accredited under the Feed-in-Tariff ('FiT') government subsidy scheme. The FiT contracts ensure the project is supported with subsidy income for a 20-year period. The last of these contracts runs out in 2037.

The remaining portfolio capacity, just over 2.1 MW, are all rooftop schemes built out since 2021. The majority of the capacity is on schools and the rest on charity, public sector or community buildings. These later projects, as will be the case with all future projects, were built out without FiT contracts, but lower installation costs mean they have been financially viable without the government subsidy. Their income is from the sale of electricity to the building owner or occupier on a 25 year agreement with surplus generation exported to the grid on short term power purchase agreements.

Details of BWCE's existing operational projects can be found at <https://bwce.coop/what-we-do/>

The overall operational performance of our project portfolio has been good. The main variable determining generation has been the level of sunshine, as opposed to any technical factors. The chart shows how the variance each year between our actual to forecast generation (the dark green line) closely follows the variance between actual to forecast sunshine (the yellow line).

**The annual variation in actual to forecast sunshine compared to actual to forecast generation since 2012**

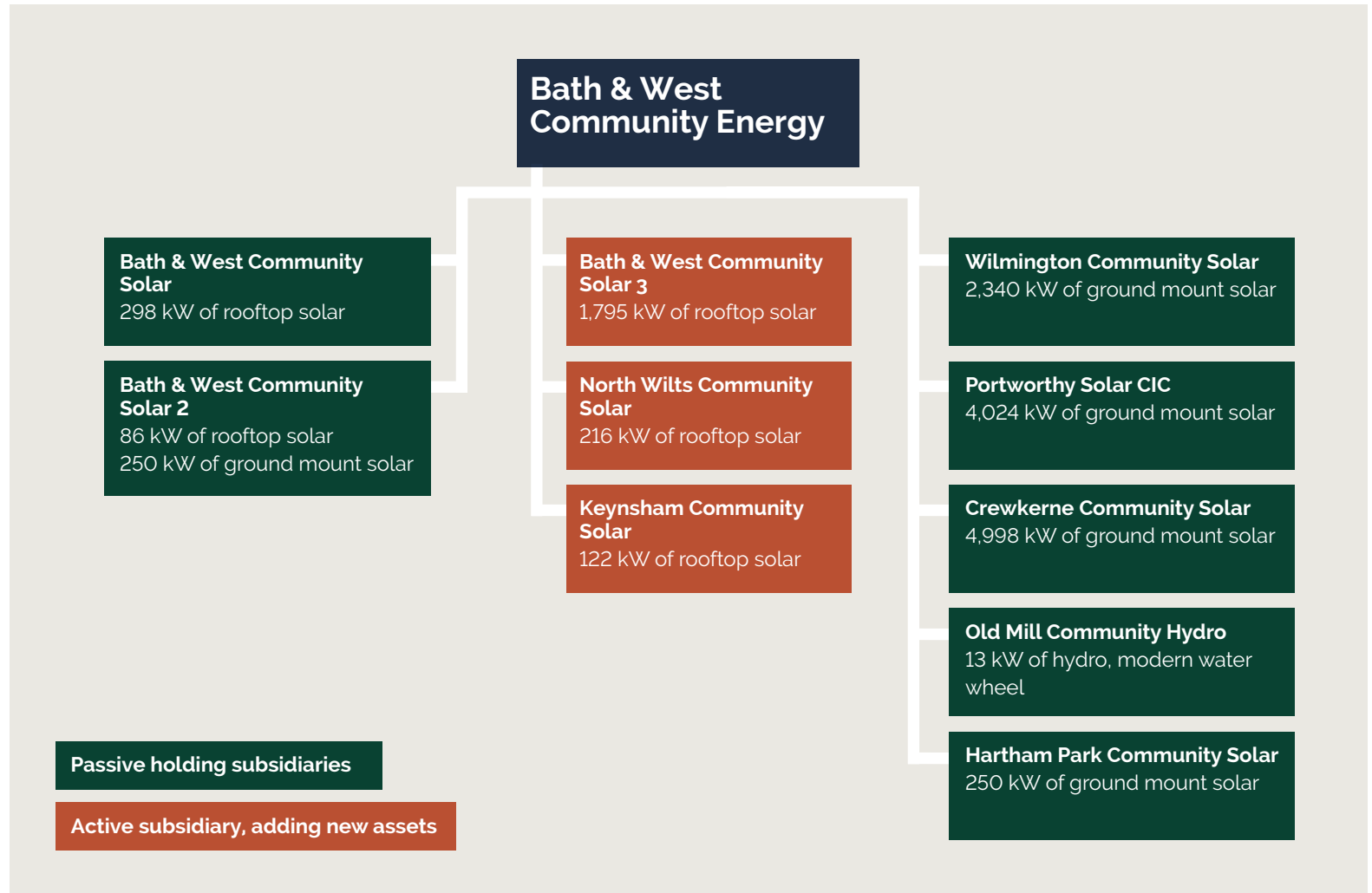


# Our business

## Group structure

Our renewable energy generation assets are held by project companies owned directly by BWCE, the parent company. This diagram sets out the group structure.

Subsidiaries are used to hold sections of the portfolio that are either funded from different sources or are developed with different partners. Hartham Park Community Solar is owned 90% by BWCE, and the only subsidiary not 100% owned.



# Our business

## Funding to date

As shown in the table on this page, the cost of our projects has been funded by a mix of share offers, bond offers (such as this) and project-specific bank loans from Triodos, an ethical bank based in Bristol.

### Share offers

Our initial funding was from community share offers, allowing anyone with an interest in becoming a member (see further detail on page 19) the opportunity to invest from £100 up to £100,000. In most years since, we have launched share offers in the same way raising a total of £7.8m of share capital.

The shares issued since 2019 have a maximum interest of 5%, and similarly the shares issued before 2019 have a maximum interest of 3.5% above RPI, capped at 7%. The capped returns enable all cashflow surplus not retained for working capital to be used for community benefit.

Members can also request once a year for their shares to be withdrawn, ie. bought back by us. The members' interest and share repayments are discretionary – they are only paid if we have sufficient surplus cash after all other payments required by the company (per the process explained on page 7). To date we have paid the maximum interest rate on members' shares each year other than in 2017 and 2018 when

average sunshine levels were significantly lower than average and this reduced our income and consequently our surplus cash. We have met all share repayment requests, in line with our share withdrawal policy.

### Bond offers

Since 2016, we have raised 3 community bonds and 1 bond with an individual investor. All 4 bonds were structured with similar terms to this offer (other than their maturity dates), including the redemption process. We opted to fully redeem the first bond at its initial maturity date and at the same time opted to redeem 40% of the capital outstanding of the second bond. We have paid all bond redemption requests and interest payments on time and in full.

This Bond Offer will sit "pari passu" to the 3 other remaining bonds that are also unsecured. This means that the rights to our assets in the event of default are shared equally after the secured project-specific bank loans described below.

### Project-specific bank loans

In 2018, the group obtained a total of £10.4m of project-specific secured bank loans from Triodos to re-finance some of the existing debt (the initial bond offers plus the commercial and local authority debt) and to fund the construction of 2 of our larger ground mounted solar schemes.

Source of funds	Year	Term (years)	Amount raised (£'m)	Current balance (£'m)	Interest rate
<b>Community share offers</b>	<b>2011-2024</b>	<b>n/a</b>	<b>7.8</b>	<b>7.0</b>	<b>4%-7%</b>
Commercial debt	2011	15	0.8	-	6%
Local authority debt	2015	15	0.5	-	6.5%
Bond 1	2016	Min. 2	1.7	-	5%
Bond 2	2016	Min. 2	1.8	0.6	5%
Bond 3	2017	Min. 5	0.9	0.8	5%
Bond 4	2023	Min. 10	0.8	0.8	3%
<b>Total Bond Offers</b>			<b>5.2</b>	<b>2.2</b>	
<b>Project-specific bank loans</b>	<b>2018</b>	<b>15-17</b>	<b>10.4</b>	<b>7.9</b>	<b>4%</b>
<b>Total funding to date</b>			<b>23.3</b>	<b>17.1</b>	

These loans sit in the project companies that own the assets. The loans have long-term annuity repayment structures, such that interest and capital is paid each year over the 15-17 year length of the loans. There are debt service covenants that we must meet across all these project companies and there is a cross default provision so that if one project company defaults on its loan then the other project companies that hold Triodos loans also default.

Each Triodos loan also includes a charge against BWCE, the parent company in the group, so they rank above all other unsecured debt in the group including all bonds and shares. In a default scenario on any of the loans, the Triodos debt will be paid as a priority from the cash available or realised in the group.

# Our business

## Pipeline

### **Near to medium term pipeline**

The 1,188 kW of projects in the current installation batch being funded as part of this financing round alone could generate a cash surplus of around £350k over the life of the projects for distribution to BWCE's community fund and for working capital. In addition, these projects could generate electricity bill reductions of over £830k over the same period.

Both this current installation batch (with 1,188 kW of new projects) and the additional 700-1,000 kW of other rooftop projects in the near to medium term pipeline will be held within our subsidiary, Bath & West Community Solar 3, that currently holds all our rooftop solar systems built since 2021. This subsidiary has been fully financed with funds raised by BWCE (ie. us, the parent company).

The new 2 MW ground mount solar scheme when built out will be held within a separate new subsidiary, Fairy Hill Community Solar. The project will deliver at least 26% increase in biodiversity (more than twice what is required by planning), but we will endeavour to deliver a much greater increase in biodiversity through wildflower meadows and habitat improvements on the site.

In addition, enhanced community amenity will include both a community orchard and increased permissive access on the site, as well as still providing for sheep grazing. The contribution from this project alone to the community benefit fund should be £5,000 per year.

### **Project set up**

All new projects must meet a minimum hurdle rate of return of at least 8%, ie. provide a return to BWCE after taking into account the cost of installation, financing and the net cashflows from operating the projects over their anticipated 25-year lifetime.

The rooftop projects will have the same set up as our existing rooftop solar installed since 2021 – electricity is sold at a discounted price to the building occupier or owner, with any they do not use sold to the grid.

The average estimated generation across the 7 sites in the current installation batch is 852 kWh for every kW installed. One of the new projects is hosted by a large electricity consumer, which is expected to use all the electricity produced and this increases the average onsite use across the portfolio to 89%.

The ground mount solar scheme will sell electricity directly via the grid, though discussions are underway with a large public sector electricity consumer to set up a long-term power purchase agreement.

All projects are insured for risks and loss of income and will be monitored and maintained under contract with Operation and Maintenance contractors.

### **Longer term pipeline**

On top of the near to medium term pipeline we are working on a range of ground mount solar and wind turbine projects that we hope to bring to financial close over the next 3-4 years. Some of the ground mount solar will be shared ownership schemes with commercial partners and where (for a larger commercial scheme) community ownership is expected to be up to 20%.

# Financial information

## Our recent trading performance

**Income** – The solar PV and hydro generation assets delivered nearly 80% of BWCE's annual income for the year ended March 2024 of £3 million, with nearly half of that from FIT subsidy and the rest from electricity sales. This income stream has been growing year on year due to an increase in our portfolio capacity and higher prices for the electricity sold.

The remainder of our income, which is also increasing year on year, came primarily from grant income received to support feasibility studies and some development work on new renewables projects as well as developing new community services around home energy efficiency and local supply. We also received development fees charged to the subsidiaries and capitalised within their fixed assets, and some bank interest.

**Cost of sales** – these costs represent the operating costs on the renewable energy projects, including operation and maintenance, asset management, landowner lease payments, business rates and insurance. Cost of sales also includes all the third-party costs, subcontractors, materials, etc incurred in the delivery of the grant funded revenue projects.

**Administrative expenses** – are BWCE's overhead costs including salary costs, costs of developing the renewable energy projects, office costs, organisational insurances and professional fees.

**EBITDA** (ie. the operational profit we make on our revenues after operational costs but before tax, depreciation and interest) – the BWCE group made an annual EBITDA of £1,638k in the year 2023-24 and has been increasing due to the growing scale of the renewable energy project portfolio, higher electricity sales prices reflecting the recent market and inflation driving up the operating margin of the projects.

The EBITDA margin is reducing slightly caused by a higher proportion of revenue from grants for projects with a lower operating margin than the renewable energy assets but which have no capital finance to service resulting in no net impact on our cash generation (see below).

**Cash generation** – we have been generating positive cashflow after all finance costs. This has been increasing mainly as the contribution from the renewable energy assets we are installing is more than the increase in our cost of financing (interest and capital repayments).

### Financial performance of BWCE's business over the 3 years to March 2025

Trading Performance	Projected 2024-25	Audited 2023-24	Audited 2022-23
Electricity generation income	2,855,694	2,360,980	1,984,537
Other income (primarily grants)	882,883	651,022	416,428
<b>Total income</b>	<b>3,738,577</b>	<b>3,012,002</b>	<b>2,400,965</b>
Cost of sales	(942,357)	(718,040)	(543,661)
Administrative expenses	(966,268)	(655,748)	(410,703)
<b>EBITDA</b>	<b>1,829,952</b>	<b>1,638,214</b>	<b>1,446,601</b>
<i>EBITDA margin</i>	49%	54%	60%
Depreciation and amortisation	(825,924)	(790,875)	(760,681)
Members' Interest	(452,988)	(430,812)	(412,308)
Interest on loans and bonds	(396,946)	(390,818)	(412,780)
Community fund	(50,000)	(45,000)	(40,000)
<b>Net profit (loss)</b>	<b>104,094</b>	<b>(19,291)</b>	<b>(179,168)</b>
Revaluation of assets	226,345	(99,679)	346,559
<b>Total comprehensive income</b>	<b>330,439</b>	<b>(118,970)</b>	<b>167,391</b>
Net out non-cash revaluation, depreciation and amortisation	599,579	890,554	414,122
Loan and bond repayments	(682,909)	(664,523)	(467,304)
<b>Cash generated in year</b>	<b>247,109</b>	<b>107,061</b>	<b>114,209</b>

**The information in the table is taken from:** Published financial performance of BWCE for the 2 years to March 2024. For a detailed commentary on BWCE's finances up to 2023-24 please refer to the audited accounts, including the director's reports, on our website at [bwce.coop/annual-general-meetings](http://bwce.coop/annual-general-meetings); and an integration of our actual financial performance from April to September 2024 with estimates to March 2025.

Note, these figures do not include any revenue contribution or associated costs from the renewables capacity commissioned during the year.

# Financial information

## Our balance sheet

The directors believe that BWCE's business as a whole is in a healthy position. The key points from the balance sheet table shown on this page are as follows:

### Net Current Assets and Free Reserves

The balance sheet showed a Net Current Assets position of £1.7 million at March 2024. As shown in the table on this page, after accounting for reserved and designated funds (work in progress, maintenance and debt service reserves and capital funds raised but not yet invested) there is currently still nearly £530k of free reserves.

**Net Assets** We had a Net Assets position at March 2024 of £9.27 million reflecting our long-term financial stability. The Net Assets position is well in excess of share capital at £6.97 million showing that we are creating value from the capital received.

**Portfolio valuation** At our previous year end, 31 March 2024, BWCE's 14.28MW portfolio of renewable energy generation assets was together worth £16.94 million.

Each year, as part of the accounts preparation and audit process, we revalue our projects based on the net present value of future cashflows before financing costs.

As part of this analysis, we use market linked discount rates and industry standard forecasts of future wholesale electricity prices. The discount rate we use in our valuation is independently assessed by an external consultant.

As at 31 March 2024, projects were valued at £1.19 million/MW, down from £1.26 million/MW the preceding year. This is based on a weighted average discount rate of 8.2%, an increase of 0.6% on the preceding year following the independent review of the market and reflecting higher interest rates and lower forward wholesale price forecasts.

8.2% is towards the top of the range of discount rates used by four of the major UK solar energy funds who together operate 2,820 MW of solar in the UK. We have used a higher discount rate in order to produce a conservative assessment of asset value given the level of market uncertainty and volatility (higher discount rates give lower values).

It's expected that the annual revaluation will reduce the projects' asset values over time as the expected number of years left, and therefore ability to generate cashflow, diminishes.

Balance sheet	Projected 2024-25	Audited 2023-24	Audited 2022-23
Project fixed assets	16,820,811	16,940,087	16,888,233
Debtors less creditors	558,759	279,568	567,272
Cash at bank	1,430,799	1,448,128	1,293,122
Net current assets	1,989,558	1,727,696	1,860,394
Total assets less current liabilities	18,810,369	18,667,783	18,748,627
Less long term liabilities	(9,292,517)	(9,396,566)	(9,307,801)
<b>Net assets at year end</b>	<b>9,517,852</b>	<b>9,271,217</b>	<b>9,440,826</b>
Share capital	6,889,523	6,973,327	7,027,268
Revaluation reserves plus retained earnings	2,628,329	2,297,890	2,413,558
<b>Total capital &amp; reserves</b>	<b>9,517,852</b>	<b>9,271,217</b>	<b>9,440,826</b>

Calculation of free reserves	Projected 2024-25	Audited 2023-24	Audited 2022-23
<b>Net current assets (from table above)</b>	<b>1,989,558</b>	<b>1,727,696</b>	<b>1,860,394</b>
Work in progress (investment in renewables development)	167,098	192,098	343,628
Debt service reserve (6 months of debt service)	473,047	473,047	449,612
Maintenance service reserve (to cover project repairs)	530,046	416,714	351,863
Capital reserve (funds raised but not yet invested)	165,217	116,479	236,169
Reserved funds (deferred income)	–	53,889	151,508
<b>Free reserves</b>	<b>654,150</b>	<b>529,358</b>	<b>479,122</b>

# Financial information

## Financial projections

We have performed an exercise to analyse our forecasts based on our existing projects and the current installation batch being funded by this offer. This analysis prudently assumes no further projects will be installed to reflect the uncertainty of this until we raise the necessary funding. It is of course our intention is to continue installing the projects that are coming through our pipeline and we are confident these will add an enhancement to our current cashflow generation due to our internal process that any project we install must meet our hurdle rate requirement.

An output from our analysis is the chart on this page which shows the development of our forecast EBITDA margin over time. Note, these are long term projections based on the operation of the renewable energy portfolio only and as such do not include the revenue grant funding outlined on page 14 and as a result the EBITDA margin differs to the margin in the Trading Performance table.

### Key highlights

For the last 2 years, we entered into our power purchase agreements – for the electricity produced by our ground mount solar projects and the electricity not used on site from our rooftop solar projects – when the electricity price was much higher than it is currently.

As from 2025 we have projected the electricity price we will obtain for these projects will reduce in line with the current market price for wholesale electricity and future solar power prices.

The EBITDA margin drops from 2036 to 2038 due to the FiT income tailing off as the FiT contracts expire. Up to this point the FiT income is expected to contribute approximately half of our total income. The larger ground mount schemes do however have longer expected operational lives than their corresponding FiT contracts and we expect the projects will still operate and generate some income.



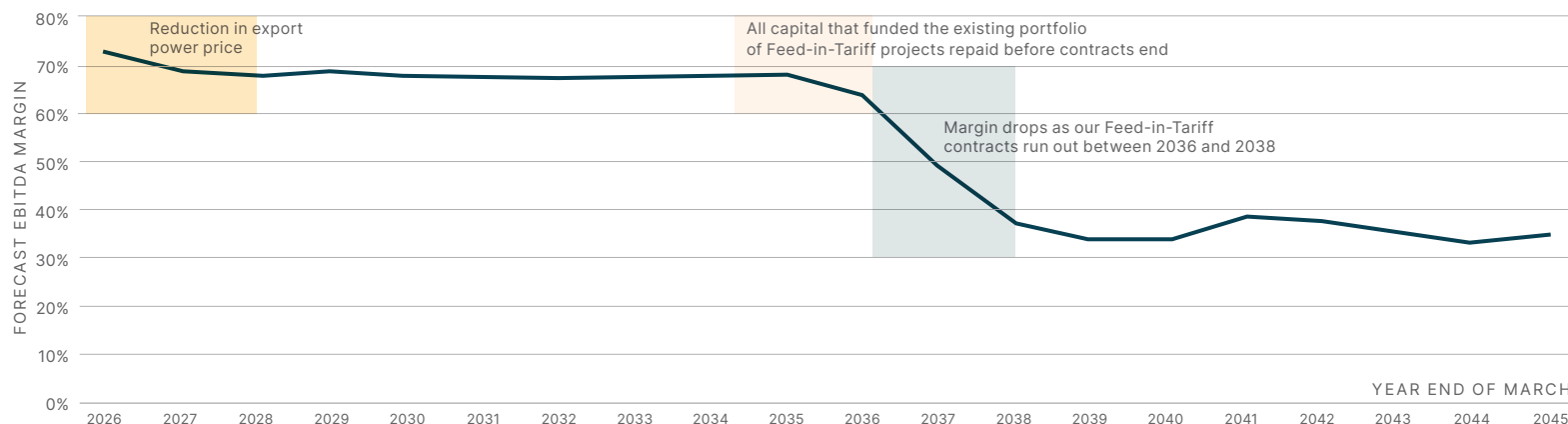
The majority of our projects have lease agreements and planning approvals to operate until at least 2045, and some up to 2050.

We are confident that we will be able to cover all our debt interest and capital repayments, including that resulting from this Bond Offer as well as the discretionary share interest and repayments, assuming that the levels of bond and share capital repayments continue in line with the average levels over the period to date. See page 18 for sensitivity analysis on our headroom relating to this assumption.

We should be able to generate over £2.4 million of cash surplus over the portfolio life of 25 years for community benefit.

The other key assumptions we have used in our forecast analysis are shown in the table on the next page.

### Forecast EBITDA margin over time





# Financial information

## Financial projections

### Other key assumptions in our forecasts

<b>Electricity sales to host building owner</b>	Income from sales of electricity to the host building owner or occupier will be at a discount to what they currently pay. Future non-domestic retail electricity prices have been taken from latest government projections which forecast a slight reduction over the next few years to the current prices.
<b>Inflation</b>	Inflation projections are based on Office of Budget Responsibility forecasts.
<b>FiT income prices</b>	Annual increases in the value of the FiT contracts are linked to the Retail Price Index. We have forecast by 2030 the Retail Price Index will align at 2.0% with the lower Consumer Price Index, as indicated by government.
<b>Electricity generation yields</b>	We have forecast electricity generation yields across the project portfolio by using long term historical averages for expected sunshine levels.
<b>Degradation</b>	Solar panel performance is assumed to degrade at the traditional industry standard of 0.5% per year.
<b>Operating costs</b>	All operating costs for the projects; insurance, operation and maintenance etc, are secured through our procurement process which is designed to keep costs as low as possible while still maintaining good service.
<b>Contribution to overheads</b>	The projections assume a contribution to organisational overheads linked to the scale of portfolio at around 1% of the capital cost of the assets operating in that year. The cost goes down over the period as the projects come to the end of their life. Note, the balance of overheads required to deliver the rest of BWCE's business activities will be covered by a mixture of grant, development fees and payment for services (as outlined on page 14).

# Financial information

## Sensitivity analysis

We have performed sensitivity analysis on the 3 most material inputs into our forecasts – the level of sunshine at our solar projects, the level of bond redemptions and the price of electricity – to determine the impact of downside scenarios on our headroom to make debt and share payments. The analysis is only based on forecasts containing the existing project portfolio and the current installation batch of projects, however the conclusions should still stand if we continue (as planned) to fund more projects each year, these will be only installed if they meet our internal investment hurdle rate (as mentioned on page 13).

### **Reduction in average sunshine impacting generation at our solar projects**

The level of sunshine on our installations has fluctuated each year (as per the chart on page 10), but the average has remained consistent and approximately in-line with the historical long term average sunshine levels. We have used the long-term average sunshine level to forecast our future generation and consequently our revenues. If for any reason the actual sunshine going forward is consistently lower than this average, then our generation and revenues will be lower than expected.

The headroom in our forecasting means we can absorb a significant annual drop in sunshine levels, and even if the average sunshine dropped by 15% over a prolonged 20-year period we could still service our debt payments.

### **Increase in community bond redemptions**

If any of our community bonds are requested to be redeemed, we can make payments from either cash in the business or by raising external capital to “refinance” the bonds. If we raise external capital – potentially from future community bonds, share raises, or debt raised from Triodos – then the cost of this capital could change from current levels and may potentially increase if base interest rates are higher at the time. In our opinion – due to the interconnected relationship between inflation, economic growth, and monetary policy – it is unlikely that interest rates would increase without energy prices having also increased, meaning we would have higher cashflows to meet the higher debt servicing requirements.

On average across the period that our community bonds have been redeemable, we have seen a nearly 5% annual redemption rate (ie. percent of individual bondholders that have requested redemption). Over the last 5 years this percentage has actually been between 2% to 4%.

Based on an assumption that 5% of all community bonds are redeemed each year, our forecast analysis shows that there is sufficient cashflow generated in the business to cover these redemptions and still pay the members interest and share capital repayments. The annual redemption rate across all community bonds would need to increase to over 40% before we are unable to fund the bond redemptions and the members payments by our own cashflow, noting that the members payments are anyway discretionary.

Furthermore, even in a scenario where all community bondholders are redeemed via a refinance with external capital, the rate of that external capital could increase to 10.0% (ie. 4.5% higher than this current Bond Offer) and we would still be able to service our debt obligations and members interest on an ongoing basis assuming.

### **A fall in electricity prices**

The negative impact of a fall in the price of electricity is mitigated by the fact that 85% of the current portfolio operates with index linked FiT contracts, benefiting from both Generation Tariff and Export Tariff subsidies, see definition of these two tariffs on page 30. We can opt in or out of the Export Tariff depending on whether we can secure a higher price for the electricity generated from the wholesale market. We are able to meet our forecast debt and share payments by simply opting for the Export Tariff for the remaining period of the FiT contracts (ie. until 2037). If we are able to secure a higher price from the wholesale market then that would offer potentially significant upside.

The percentage of projects holding FiT contracts will go down over time as BWCE builds out new projects. However, given the short-term nature of this bond the material impact on risk for bondholders in this offer will be minimal.

# More about us

## Our vision and a different way of doing business

### Our Vision

BWCE's Rules of Association state that we aim to "carry out any business for the benefit of the community that involves promoting, facilitating, developing and running renewable and low carbon energy and energy efficiency projects in Bath and the surrounding areas".

Our vision is for an energy system where:

- Local people can buy low-cost, clean energy direct from local energy projects
- Energy projects are owned and shaped by their communities – giving local people a voice in decision making, and a stake in local projects
- We maximise the proportion of our electricity that comes from renewable sources with a more flexible network that better matches energy supply and demand at a local level
- Collective action helps drive social change around energy behaviours and drives down energy demand.

Community energy rests at the centre of this vision by harnessing community investment, generating returns that recycle back into the local economy, increasing the profile of local energy supply and so shining a spotlight on how and when we use energy on a day-to-day basis.

BWCE's mission is to put people at the heart of the transition to net zero by placing ownership and control of energy in the hands of consumers via clean energy projects that actively involve and benefit local communities – clean local energy, community owned for the common good. BWCE's business plan 2022-2025 is available for download from the website (we are currently developing our next business plan to 2030) see <https://bwce.coop/about-us/>

### A different way of doing business ...

As explained on page 2, BWCE is a Community Benefit Society – an established legal structure favoured by social enterprises within the energy sector. It is attractive to ethical investors and protects the founding principles and ethos of the business with an asset lock, ensuring that the business assets are only used in alignment with the community benefit objectives and not for private gain (see 'Community Fund' on page 22). In addition to the staff team, BWCE is supported by an experienced board of directors who give their time on a voluntary basis, and over 1000 member shareholders and bondholders.

Shareholders become members of the organisation and are invited to participate in the running of our society, for example by attending and voting at our annual general meetings (one member/one vote regardless of the value of shares held), or standing for election to the Board, and to engage within the work of the organisation.

Bondholders are non-member investors within BWCE and do not participate in the governance of the organisation. However, their invaluable support of bond investors us to continue to build out more renewable energy, providing a practical and tangible solution to the climate crisis, whilst securing a fair return.



Some members of the BWCE staff team

# More about us

## Our team



**Our committed and experienced team hold a firm belief in the importance of community energy and the power it has to address climate change, support local communities and generate economic benefit. Team members have:**

- An excellent track record in the delivery of community energy projects
- Expertise in renewable energy and energy efficient projects
- Entrepreneurial zeal and business management experience
- A wealth of electricity contracting and negotiation experience
- Strong legal and financial experience and expertise
- A history of working on community projects in Bath, its surrounding area and beyond.

**Our Management Team**  
(in alphabetical order)

**Nick Bird  
(Head of Community Engagement)**

Nick manages BWCE's community outreach and engagement work. He has over 30 years' experience of managing community projects and events, promoting community engagement and delivering training for a range of charities, public sector bodies and housing organisations.

**Pete Capener (Managing Director)**  
Pete has worked in the sustainable energy field for nearly 40 years. He led the early growth of the Centre for Sustainable Energy (CSE) in Bristol where he was Chief Executive until resigning in 2002 due to family illness. He is Deputy Chair of Community Energy England, co-chair of a ministerial advisory group on community energy and a trustee of CSE.



**Sara Grimes (Head of Community Business Development)**

Sara leads on BWCE's new business development. She has 13 years local government experience around climate initiatives and planning policies on renewable energy and net zero buildings and also worked in community organising and environmental and consumer advocacy in the USA.

**Alex Jones (Head of Operations)**  
Alex is responsible for strengthening BWCE's operational systems and processes. She has a decade of operations experience, managing complex projects for charitable and commercial organisations, and also has experience in education, working in partnership with universities, embassies and cultural organisations.



**Alex Lockton  
(Head of Renewables Development)**

Alex leads BWCE's asset development team. He has worked in the renewable energy industry for 14 years, running businesses which design, install and operate all forms of renewable energy including Solar, Wind, Biomass and Heat Pumps. He is a partner in the zero carbon consultancy RenewEV.

**Alison Turnbull (Head of Innovation and Asset Management)**  
Alison manages BWCE's innovation projects, with a current focus on Flex Community. She has worked in the renewable energy industry for 20 years as a renewable energy consultant plus on the development of small-scale PV community schemes.

**For more about our full staff team, see [bwce.coop/team](https://www.bwce.coop/team)**

# More about us

## Our board of directors



BWCE is managed day to day by its Managing Director who, as the sole executive director, is paid as an employee. All other board directors are unpaid and, beyond reimbursement of expenses, receive no other benefits for being a director. A statement on Director's earnings is provided on our website at <https://bwce.coop/about-us/>.

### **BWCE's Board of directors** (in alphabetical order)

#### **Rupert Atkinson (Board member & Chair of Finance Sub Committee)**

Rupert is a finance professional, business mentor and private investor in start-up/scale up technology companies – many of which are pioneering examples of the positive environmental change being initiated by the private sector.

#### **Sonya Bedford MBE (Board member & Deputy Chair)**

Sonya is a Partner with Spencer West solicitors; a non-executive director at Regen; a director at Exeter Community Energy and South Dartmoor Community Energy and Vice Chair of Green Wedmore with 20 years' experience of energy issues.

#### **Chris Crookall-Fallon (Board member & Chair)**

Chris is an independent consultant, recently the Senior Project Lead at Kensa Utilities after being Head of Climate Action at Cotswold district council. Previously he's worked for an energy consultancy for many years and for a specialist co-operatives and social enterprise business consultancy.

#### **Dr. Daniel Davies (Board member)**

Dan has worked in the renewable energy sector for over 30 years. After completing his PhD in wind and solar technology he worked for Halcrow and co-founded Solarcentury where he was Chief Technology Officer and set up Solarcentury Africa.

#### **Louise Daniels (Board member)**

Louise has 30 years' experience in public relations and marketing communications, including 14 years promoting renewables supply and generation. She is Head of External Affairs at Thrive Renewables, a renewable energy investment company which owns and operates a portfolio of onshore wind, hydro and battery storage projects across the UK.

#### **Matt Harnack (Board member)**

Matt provides strategic and operational management support to solar farm owners, asset managers and O&M providers through his business Harness Energy Consulting.

His clients own, operate and develop around 5000 MW of solar farms and battery storage facilities.

#### **Barney Rhys Jones (Board member)**

Barney is the Asset Management Director for Octopus Renewables' 1 GW Solar portfolio, having spent nearly 14 years in the clean tech sector. He previously worked as Portfolio Director at Oxford Capital, overseeing £350M of investments in solar, anaerobic digestion and grid response.

#### **Samantha Nicol (Board member)**

Samantha is a strategy consultant with over 20 years of experience. She currently works with local governments, energy retailers, and cleantech startups advising on decarbonisation and energy strategies. Samantha is also a trustee at One Home, a charity that helps UK households to adapt to a lower cost, low carbon lifestyle.

# More about us

## Community Fund



£40,500 has been awarded to these community projects in 2025

- Bath City Farm
- Bath Community Kitchen
- Bath Share & Repair
- Corston Community Orchard
- High Littleton Scout Group
- Oasis Hub Bath
- Percy Community Centre
- SWALLOW
- The Hive Community Centre
- Time Bank Plus

For more information on BWCE's Community Fund and how the funds have been allocated please see <https://bwce.coop/community-fund/>

BWCE's community business model focuses on maximising local environmental and social benefit. Surplus income from renewable energy projects is reinvested back into the local community via the BWCE Fund.

Since 2015 BWCE has re-invested £430,000 into the BWCE Community Fund which has benefitted 111 local community groups focused on reducing carbon emissions and/or addressing fuel poverty. Carbon reduction doesn't just mean energy projects; it includes local food, sustainable transport and waste reduction projects too.



BWCE supported a pilot project in schools where we delivered workshops on the circular economy, which we're now funded to deliver to schools in rural communities

HILA HOROSOV, BATH SHARE AND REPAIR  
COMMUNITY ENGAGEMENT MANAGER

IMAGES LEFT & ABOVE volunteer repairers at Bath Share & Repair

# More about us

## Material contracts and our partners

### Project development

RenewEV provides BWCE with renewable energy project development services.

RenewEV is a zero-carbon consultancy set up by Alex Lockton and John Rawlins, members of BWCE's team. RenewEV is committed to the development of community energy projects and donates 5% of its profits to BWCE.



### Lease

Bath & West Community Solar 3 (the wholly owned subsidiary of BWCE that holds the projects) has signed leases for each of the sites for 25 years to operate each solar array. The lease covers all the normal issues around access, constraining removal (except in defined circumstances) and overshadowing of panels as well as the terms for sale of electricity at a discount to the building owners main electricity supply.

### Installation contract

The installation contract governs the obligations between obligations and technical warranties regarding solar PV installation between Bath & West Community Solar 3 and the solar PV installer, Aniron, appointed following a competitive tender process.

### Operations and Maintenance contract

All projects benefit from an Operation and Maintenance (O&M) contract with a qualified provider that will be in place for the project's life. Currently this service is provided by Aniron, who have also installed some of our projects. Aniron carries out annual inspection visits (multiple visits per year for schools) and real time performance monitoring. Real time data, including fault data, is collected with callout response times defined depending on the priority of the fault diagnosis.

Aniron is a non-domestic solar PV and battery installer operating for over 10 years. Aniron is currently our solar PV installer and our Operations and Maintenance contractor for the current batch of rooftop solar projects we are installing.



### Asset management services contract

BWCE has a signed services contract with Bright Renewables that covers Project Asset Management including project management, administration, including securing best deals for power purchase agreements, liaison with Ofgem, oversight of O&M contractors, health and safety, payments, accounts and company secretarial services.

Bright Renewables is a community owned asset manager with 83 MW of renewable electricity capacity under management. BWCE is one of Bright Renewables' founding members and owners.



### Power purchase agreements

Electricity not used on site by the host building owner is exported to the grid and sold through power purchase agreements following an annual competitive tendering process.

### Administrative support

External Services provides BWCE with accounting, payroll and HR support. It provides specialist support services to a number of sectors including the renewable energy sector.



# Risk factors

## General investment risks

All investment and commercial activities carry risk, and investors should take appropriate advice and make their own risk assessment whilst bearing in mind the social and environmental aspects of this investment opportunity.

If you are in any doubt about the contents of this document or the action you should take, you are recommended to consult a professional adviser authorised under FSMA who specialises in advising on investment in unlisted debt, shares and other securities.

The directors believe the following risks set on pages 24-26 to be the most significant for potential bondholders. However, they do not necessarily comprise all those associated with an investment in the bond and are not intended to be presented in any assumed order of priority – remember there is no certainty that you will receive any interest or that your capital (i.e. the money you have lent under the Bonds) will be returned.

### **Financial estimates**

Where we have made estimates, projections or statements about our anticipated income and costs, these are based on current information provided by the UK government and local authorities, costs agreed in contracts, beliefs and assumptions at the date of this Offer Document – we will not necessarily update them.

These statements may involve known or unknown risks, uncertainties and other important factors that could cause our actual results, performance or achievements to differ from those we expect. In particular, while we believe that any predictions or forecasts we give are reasonable and based on reasonable assumptions supported by objective data, they may be affected by risks and other factors not set out in this document and therefore are not reliable indicators of future performance.

There can be no guarantee:

- That we have correctly measured or identified all of the factors affecting the operational costs and the sources of income;
- That publicly available information relating to the factors on which our analysis is based is complete or accurate;
- That our analysis is correct; or
- That anything we do which is based on this analysis will be successful.

While we have provided summary of our recent financial performance and position (on pages 14 to 18), you should be aware that past performance should not be taken as a guide to future performance.

### **Investment into our parent company**

The directors are confident that the projected cashflows of the projects financed by this Bond Offer will be sufficient to fund all interest and capital repayments due on the Bond Offer itself. However, the Bonds are an investment in the whole of BWCE's business and the investment risks should be considered with this in mind, and which is why the financial information provided in this Offer Document addresses the group as a whole.



# Risk factors

## General investment risks

**Risk: Investing capital in smaller and unquoted businesses** Investment in smaller and unquoted businesses including Community Benefit Societies such as BWCE) is likely to involve a higher degree of risk than investment in larger companies traded on a stock exchange. Investing in bonds is not the same as investing money in a bank account as your capital is at risk and you could lose up to, but no more than, your entire investment.

**Mitigation:** BWCE has been raising capital via bonds for over 10 years. Whilst historical performance is no guarantee of future success, during that time BWCE has paid the target rate of interest in every year and has redeemed 100% of all bonds as they have been requested by bondholders.

**Risk: Re-financing Risk** An investment in a bond of this type is speculative and involves a degree of risk. BWCE's ability to repay the bond on 31 July 2030 or at all is dependent on the continued success of its business model and being able to generate cash surplus and secure finance to match the proportion of bondholders wishing to redeem their Bonds.

**Mitigation:** Bondholders will have the contractual right, having given the required notice, to full redemption of their Bonds

at the end of the 5 year term and at annual intervals thereafter. The directors are committed to managing the business with a view to ensuring that BWCE has a range of options available to it to repay the Bonds as it has successfully done to date.

**Risk: Unsecured bonds** The Bonds are an unsecured investment and are not covered by the Financial Services Compensation Scheme, and will as a result rank behind secured creditors (eg. our secured loans with Triodos in some of the project subsidiaries as outlined on page 12) or preferential creditors. In the event of BWCE's financial failure, the Bonds would have the status of an unsecured creditor and may not be repaid in full or at all should the proceeds from a sale of BWCE's assets fail to cover all unsecured liabilities.

**Mitigation:** BWCE has been operating since 2010 with a track record that demonstrates a successful business model. It has an excellent Board that brings technical, legal, financial, commercial, communications and community experience and a strong staff team. Again, whilst historical performance is no guarantee of future success, BWCE's Board is confident of future growth and increasing local impact.

**Risk: Liquidity Bonds** cannot be redeemed by BWCE during the initial five-year term or during the one year extensions (if the bondholder doesn't opt to redeem their bonds six months before the start of the extended year as outlined in this document). Therefore, you should consider what is the right amount for you given your own circumstances. There is no regulated market for the Bonds and, therefore, the options to sell Bonds are limited.

**Mitigation:** Applicants should consider investment in this Bond as a long term commitment. Abundance provides a well used Marketplace where you can find potential buyers. However, if you need to sell your Bonds in a hurry or, for whatever reason, you are unable to find an investor to purchase your Bonds for the original amount that you paid, you may not be able to sell all of your Bonds and/or secure all your original investment through this route.

**Risk: Fundraising** This Bond Offer may not meet its fundraising target of £1 million

**Mitigation:** There is no minimum fundraising, so all funds raised will be invested as outlined in this offer document. However, lower levels of fundraising will impact the scale of new project development that will be possible unless alternative sources of capital funding can be sourced.

**Risk: Right to Complain and Compensation** Bonds are not covered by the Financial Services Compensation Scheme (FSCS) or the Financial Ombudsman Service (FOS). This means if we do not fulfil the terms of the Bonds there is no right to complain to FOS or to get compensation from FSCS.

**Mitigation:** Abundance is authorised and regulated by the FCA for the services it provides and any rights to complain to FOS and/or FSCS in respect of services provided by Abundance are detailed in its Terms & Conditions which are available at [abundanceinvestment.com](http://abundanceinvestment.com).

**Risk: Key Personnel** Over the term of the Bond, key members of the BWCE team may change which may impact our ability to perform our obligations.

**Mitigation:** We have implemented a clear organisational structure, succession plans and implemented a sharing of important duties and responsibilities between key staff and external resources to mitigate this risk.

# Risk factors

## Risks to the projects

**Risk: Mechanical failure** There may be interruptions to the generation of electricity from the installations caused by damage to or mechanic/electrical failure of equipment and or additional costs incurred.

**Mitigation:** Installations are insured for damage, breakdown and loss of income in line with standard industry practice. Installations will be maintained by Operation & Maintenance contractors, who will visit sites multiple times per year.

Real time remote monitoring of performance will provide early warning of any problems, thereby minimising downtime and impact on overall performance.

Project budgets include additional maintenance costs over and above contracted operations and maintenance costs and well as significant contingency. In addition there is a maintenance reserve fund built up in a separate account to help cover planned replacement of equipment like inverters.

**Risk: Solar PV performance** Annual variations in solar radiation and longterm changes to weather patterns and/or equipment under performance may result in lower levels of electricity generation and therefore income.

**Mitigation:** BWCE's assumptions around energy generation levels each year are based on site capacity and yield calculations provided by the project installer. Forecasts follow standard industry practice on reducing panel efficiency over time.

**Risk: Lease and counterparties** Particularly for the rooftop schemes, there is the risk that building owners might go into administration and/or be unable to pay for the electricity used generating bad debts. Or alternatively buildings might get knocked down and replaced requiring the removal of the solar panels.

**Mitigation:** The majority of our solar rooftop schemes are installed on public sector buildings like schools, where the risk of bad debt is low. We avoid riskier businesses based on a review of their operations and financial position. Overall the risk of bad debt is reduced by spreading the risk across a large portfolio of projects. The lease obligations on the building owner allow for removal of the panels for 30 days to allow for roof repairs but there are penalties if they are not replaced in a timely manner and a requirement to buy out the project if replacement is not an option for whatever reason.



Writhlington Solar Farm

# The investment

## How to subscribe

### How to subscribe

If you have not already, you will need to create an online account with Abundance and set up a portfolio, for example a Standard or IF ISA (Abundance will perform identity checks on new accounts). You will then be able to subscribe for the Bonds using cash in your Abundance account. Details of how to deposit cash are provided on the Abundance website.

If you subscribe, you acknowledge that:

- You have read and understood this Offer Document, including the risk factors associated with any investment in the Bonds on pages 24-26
- All the relevant details of the offer are set out in this Offer Document, the bond instrument and that no one else is authorised to make any other statements about the terms of the offer or the Bonds
- You are not relying on any statements other than those in this Offer Document or as approved by Abundance
- Your holding of Bonds is subject to the Abundance Terms & Conditions found on the [Abundance website](#).

This offer will close on the Closing Date which is the earliest of midnight on 16 May 2025 or the offer is closed earlier (with us giving 2 weeks' notice) or once we confirm valid subscriptions equal to the Funding Target have been reached (if earlier). Any additional funding obtained in order to resolve a shortfall in the subscriptions of these Bonds and the Funding Target must comply with the requirements as set out in the bond instrument (see page 31).

Subscriptions will be taken on a first come, first served basis.

The Bonds are eligible to be held in an Innovative Finance ISA subject to the ISA Regulations and current limits, which means your interest received will be tax free. More information about the IF ISA can be found on page 29 and on the Abundance website.

The screenshot shows the Abundance website interface for the Bath and West Community Energy bond offering. The page features a navigation bar with the Abundance logo and links for 'What we do', 'Councils', 'Companies', 'Risks', 'Blog', 'Log in', and a 'SIGN UP' button. The main content area has a light yellow background and includes the following information:

- Bath and West Community Energy**
- Generating local clean energy, community owned for the common good
- Interest rate: **5.5% a year**
- Term: **5 years**
- Target: **£1m**
- Progress: Raised £0, 0 investors, 121 days left
- Buttons: 'LOG IN TO INVEST' and 'Sign up'

A circular image on the right side of the page shows an aerial view of a residential area with solar panels installed on the roofs of several houses.

# The investment

## The role of Abundance

### The role of Abundance

Abundance will act as Agent for bondholders in accordance with the Abundance Terms & Conditions on the Abundance website and any special rules which apply to these Bonds. The role of the Agent is primarily an administrative one, intended to facilitate the exercise of rights by bondholders.

Some important decisions in relation to the Bonds must usually be made by, or on the direction of, bondholders – this is described in more detail as ‘Meetings and Investor Democracy’ in clause 3.10 of, and the Schedule to, the Terms & Conditions. As Agent, Abundance, and in some cases bondholders can call meetings to vote on important issues.

You will not be able to take any action by yourself to enforce payment under the Bonds – this will depend on the Voting and Investor Democracy issues detailed in the Terms & Conditions.

Some particularly important issues will require a Special Resolution, which means one passed with the agreement of the holders of 75% of principal of the Bonds. Others may need an Ordinary Resolution (i.e. one agreed to by the holders of more than 50% of the principal of the Bonds). There may be some other issues where a different majority is specified. For example, calling an Event of Default can be instigated by either bondholders of at least 25% of principal of the Bonds or a Special Resolution.

The following is a broad summary only of the types of resolution required in this case under the bond instrument. This summary does not cover every situation (and may be impacted by future fund raises) – you should look carefully at the bond instrument and other related documents to understand their full terms; such documents also override this summary or the Terms & Conditions if there is any inconsistency.

Action	Relevant instruction or resolution threshold	Relevant document & clause reference
Calling a Meeting of Holders	Holders of at least 10% of principal of the Bonds, the issuer or the Agent	Terms & Conditions, Schedule, Para 5.6
Calling an Event of Default	Holders of at least 25% of principal of the Bonds or by Special Resolution	Bond Instrument, Clause 9.3
Waiving or Consenting to an Event of Default	Special Resolution of all Bonds	Terms & Conditions, Schedule, Para 6.3 and Bond Instrument 9.5
Quorum for Special Resolution	Holders representing at least 51% of principal of the Bonds – note, lower quorum thresholds apply in the case that a meeting called by the issuer or the Agent is adjourned	Terms & Conditions, Schedule, Paras 5.8 and 5.9
Quorum for Ordinary Resolution	Holders representing more than 10% of principal of the Bonds	Terms & Conditions, Schedule, Para 5.8
Voting on Special Resolution	Holders representing more than 75% of principal of the Bonds	Terms & Conditions, Schedule, Para 6.5
Voting on Ordinary Resolution	Holders representing more than 50% of principal of the Bonds	Terms & Conditions, Schedule, Para 6.5

# The investment

## Frequently asked questions

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### **How do I receive my capital and interest payments?**

Capital and interest payments are paid into your Abundance account. You will be able to withdraw funds to your nominated bank account from within your Abundance account.

### **How are the Bonds treated for tax purposes?**

The interest payments will be treated as interest for tax purposes. We are required under UK law to withhold 20% of the interest we pay which is paid directly to HMRC, unless Abundance confirm to us that your Bonds are held in your Abundance IF ISA. Most people can earn some interest from their savings without paying tax so it may be possible to reclaim tax deducted. You can find more details of how your interest will be taxed in the Abundance Help Centre: <https://help.abundanceinvestment.com/>. You should seek independent advice if you are not clear or have any questions regarding how your interest will be taxed.

### **How do I keep track of my Bonds?**

Your Abundance account is where you will find all the information about your investment and its ongoing performance. Within your account you will be able to find a copy of this Offer Document, your tax statement, performance information and a link to our listing on the Companies House website. The listing of your Debenture holding in your Abundance account represents your electronic confirmation and certificate of ownership.

### **Can I hold the Bonds in an ISA?**

Yes, Bonds are eligible to be held in an Innovative Finance ISA (IF ISA) subject to the ISA Regulations and any annual limits for ISA investment. The Abundance IF ISA can be set up alongside a Cash ISA and Stocks and Shares ISA every year and you get tax-free returns from investing with Abundance within the limits currently allowed by the ISA Regulations. More information about the Abundance IF ISA can be found on the Abundance website [abundanceinvestment.com](https://abundanceinvestment.com).

### **What charges are there for an investor?**

There are no charges for opening an account on Abundance and investing in the Bonds if you are based in the UK. There is also no charge for buying or selling existing Bonds.

Abundance charges us 2 fees — one for raising the money and one for managing the investment and investors on a yearly basis. The estimated return is quoted after these fees have been paid by us.

### **How do I sell?**

Bonds are transferable in accordance with the Abundance Terms & Conditions and can be sold to existing Abundance members and anyone eligible to become a member of Abundance. Sellers can find potential buyers on Abundance's Marketplace. The Marketplace can be viewed by anyone with an Abundance account. Since Abundance acts as the registrar of all holders of Bonds, the buyer will need to open an account at Abundance if they don't already have one to register the change in ownership. There are no charges for buying or selling Bonds on the Abundance marketplace.

### **What happens if the issuer defaults?**

The capital and any accrued interest become immediately due in the event of a default. In the event that we are unable to pay any sums due when demanded, the Agent (acting for and on the instruction of the Bonds holders) will have the right to take action against us for breach of the terms of the Bonds.

# Glossary

**Biodiversity Net Gain (BNG)** is a government strategy that requires development to have a positive impact on biodiversity. BNG is mandatory in England for most developments.

**Bonds** The bonds to be issued by BWCE on the terms of the bond instrument dated 31 January 2025, a copy of which is found in Appendix 1 to this offer document.

**Bondholder** A person who has been issued bonds under this or previous BWCE offers.

**Community Benefit Society** A legal entity managed for the benefit of the community that is owned by its members and managed by its directors. Its constitution is in the form of Rules approved by and registered with the FCA.

**Community energy** is about people and communities taking democratic control over their energy future, by understanding, generating, using, owning and saving energy in their communities, as well as working together across regions and nationally.

**Community Fund** A fund established by BWCE to receive a portion of revenue from its projects from which grants will be made by BWCE to benefit the community. The Community Fund exists as a separate entity to BWCE in the form of a charitable incorporated organisation (or 'CIO'),

being Bath & West Low Carbon Community Fund CIO, with registered charity number 1156710.

**Directors** The directors of BWCE.

**EBITDA** An abbreviation of "Earnings Before Interest Tax, Depreciation and Amortisation" which is a market standard financial metric.

**Export Tariff** Under the Feed in Tariff subsidy scheme an "Export Tariff" is payable for every kilowatt hour of electricity exported to the electricity network, unless this tariff is waived in favour of selling the electricity generated at a higher price based upon the prevailing wholesale market price and commercial negotiations. Each year participants can choose whether to receive the 'floor' Export Tariff or to opt out.

**FCA** The Financial Conduct Authority.

**Feed-in Tariff Scheme (FiT)** Introduced by the government in 2010, the Feed-in-Tariff Scheme was designed to encourage small scale renewable and low carbon electricity generation technologies by providing tariffs that would give a degree of financial certainty to eligible generators. The tariffs are paid by electricity suppliers and are comprised of the Generation Tariff and Export Tariff as explained in this Glossary.

Each of the tariffs is available for 20 years from the point of accreditation to the Scheme and is adjusted every year with effect from 1 April to take account of any changes in the RPI over the 12 month period ending on 31 December of the previous year.

**Financial Ombudsman Scheme or FOS**

The ombudsman established in 2001 as a result of the Financial Services and Markets Act 2000 to help settle disputes between consumers and UK-based businesses providing financial services, such as banks, building societies, insurance companies, investment firms, financial advisers and finance companies.

**Financial Services Compensation Scheme or FSCS** The compensation fund of last resort for customers of financial services firms authorised by the FCA.

**Generation Tariff** Under the Feed-in-Tariff subsidy scheme, a "Generation Tariff" is payable for every kilowatt hour of electricity generated. The level of the tariff is dependent on the type of technology, the size of the system and the date the system is deemed eligible for FiT support.

**kW (kilowatt)** A unit that measures power and is equal to one thousand watts.

**kWh (kilowatt hour)** A unit that measures energy and is equal to providing the power of 1 kW for the period of one hour.

**Local Energy Market (LEM)** is a marketplace that coordinates the generation, storage, transport, supply, and consumption of energy within a local area. LEMs are decentralised systems that focus on peer-to-peer energy trading and demand response.

**Ofgem** The Office of Gas and Electricity Markets.

**RPI and CPI** Measures of inflation defined monthly by the Office for National Statistics. The Consumer Price Index is expected to hover between 1.5% to 2.0%. The Retail Price Index is expected to hover between 2.0% to 3.0% until 2029, after which is expected to align with the CPI at 2.0%.

**Rules** The rules of BWCE, which can be accessed at <https://bwce.coop/about-us/>

**Solar PV** stands for "solar photovoltaic" and refers to the technology that converts sunlight into electricity. Solar PV systems use solar panels to capture the sun's energy and generate electricity.

# The Bond Instrument

**THIS INSTRUMENT** is made by **DEED** on 31 January 2025

## **BETWEEN**

### **BATH AND WEST COMMUNITY ENERGY LIMITED**

a community benefit society registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 with registration number 30960R and whose registered office is at 1-2 Queens Parade Place, Bath, BA1 2NN ("**BWCE**").

**ABUNDANCE INVESTMENT LTD**, a company incorporated in England and Wales with registered number 07049166 and having its registered office at Hamilton House, Mabledon Place, London, England, WC1H 9BB (the "**Agent**" or the "**Arranger**"). **Recital**

BWCE has, by resolution of its board of directors passed on 22 January 2025, resolved to create up to a maximum nominal amount of £1,200,000 (one million, two hundred thousand pounds Sterling) unsecured bonds, to be constituted and issued in the manner set out in this instrument.

**Now this instrument (made by deed) witnesses** as follows:

## **Agreed terms**

### **1 Definitions and interpretation**

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

**Abundance** means Abundance Investment Ltd which is authorised and regulated by the Financial Conduct Authority ("**FCA**") with FCA registration number 525432.

**Abundance Schedule** means the Schedule to the Abundance Terms and Conditions, as amended by Schedule 6 to this instrument.

**Abundance Service** means the website, services and the Marketplace operated by Abundance at [abundanceinvestment.com](https://abundanceinvestment.com).

**Abundance Terms and Conditions** means the terms and conditions governing the operation of the Abundance Service, from time to time, the latest copy of which can be found at [abundanceinvestment.com/legal/terms-and-conditions](https://abundanceinvestment.com/legal/terms-and-conditions) but at all times only to the extent that such terms and conditions do not impose any obligations or restrictions on BWCE.

**Acceleration Notice** has the meaning given in clause 9.3.1.

**Accounting Principles** means the generally accepted accounting principles in the United Kingdom, including IFRS.

**Affected Person** means any person which Abundance or BWCE, in its discretion (acting reasonably and in good faith and after consulting with the other), determines is ineligible to acquire or hold Bonds due to the additional costs or restrictions or a Tax or Regulatory Requirement.

**Affiliate** means in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

**Agent** means Abundance, in its capacity as agent (which expression shall include any successor agent appointed in accordance with the Abundance Schedule).

**Arranger** means Abundance in its capacity as arranger (which expression shall include any successor agent appointed in accordance with the Abundance Schedule).

**Authorisation** means any consent, authorisation, registration, filing, lodgement, agreement, notarisation, certificate, permission, licence, approval, authority or exemption from, by or with any governmental, semi-governmental or judicial entity or authority (including any self-regulatory organisation established under statute or by a governmental or semi-governmental body).

**Bondholder** means each person for the time being entered in the Register as a holder of any Bonds.

**Bonds** means up to £1,200,000 (one million, two hundred thousand pounds Sterling) unsecured bonds constituted by this instrument or, as the case may be, the amount of such bonds for the time being issued and outstanding.

**Business Day** means a day other than a Saturday, Sunday or public holiday in England when banks in London are open for business.

**Conditions** means the conditions set out in Schedule 1: Part 2 as from time to time amended and Condition shall be construed accordingly.

**Debt Liabilities** means all monies and obligations due, owing or incurred to the Agent and the Bondholders or any of them by BWCE (whether present or future, actual or contingent and whether incurred as principal or surety) pursuant to this instrument.

**Default Interest** has the meaning given in Condition 5.6 of Schedule 1: Part 2 (*The Conditions*) (*Default Interest*) of this instrument.

# The Bond Instrument

**Delegate** means any delegate, agent, attorney or co-agent appointed by the Agent in accordance with the Abundance Schedule.

**Disruption Event** means either or both of:  
(a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Bonds (or otherwise in order for the transactions contemplated by instrument to be carried out) which disruption is not caused by, and is beyond the control of, any of the parties to this instrument; or

(b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a party preventing that, or any other party to this instrument:

(i) from performing its payment obligations under it; or

(ii) from communicating with other parties in accordance with the terms of this instrument,

and which (in either such case) is not caused by, and is beyond the control of, the party whose operations are disrupted.

**Eligible EEA Country** has the meaning given to it in the Abundance Terms and Conditions.

**Enforcement Action** means any formal legal action or formal legal step taken by any Bondholder, the Agent or any Delegate whatsoever to enforce its rights against BWCE under a Finance Document including:

(a) to petition for (or take any other formal legal steps or action which are likely to lead to) the liquidation, winding up, administration, judicial management or dissolution of BWCE; or

(b) to commence legal proceedings against BWCE; or

(c) to demand, accelerate or require payment, repayment or prepayment of all or any part of the Debt Liabilities; or

(d) to enforce or make a demand under any guarantee or similar support given in connection with the Debt Liabilities; or

(e) to cancel any obligation to provide any financial accommodation under a Finance Document.

**Enforcement Date** means the date on which any Enforcement Action is taken by a Bondholder or the Agent (and where more than one action is taken, the date of the earlier action will apply).

**Environment** means humans, animals, plants and all other living organisms including the ecological systems of which they form part and the following media:

(a) air (including, without limitation, air within natural or man-made structures, whether above or below ground);

(b) water (including, without limitation, territorial, coastal and inland waters, water under or within land and water in drains and sewers); and

(c) land (including, without limitation, land under water).

**Environmental Claim** means any claim, proceeding, formal notice or investigation by any person in respect of any Environmental Law.

**Environmental Law** means any applicable law or regulation which relates to:

(a) the pollution or protection of the Environment;

(b) the conditions of the workplace; or

(c) the generation, handling, storage, use, release or spillage of any substance which, alone or in combination with any other, is capable of causing harm to the Environment, including, without limitation, any waste.

**Environmental Permits** means any permit and other Authorisation and the filing of any notification, report or assessment required under any Environmental Law for the operation of the business of any member of the Group conducted on or from the properties owned or used by any member of the Group.

**Event of Default** means any of those events specified in clause 9

**Extended Period** means a period of 12 months.

**Financial Indebtedness** means any obligation (whether incurred as principal or surety and whether present, future, actual or contingent) for the payment or repayment of any indebtedness in respect of money borrowed or debt balances at any financial institution or under any bond, note, loan, debenture, loan stock or similar instrument, finance or capital lease, acceptance credit or bill discounting facility or guarantee and/or counter-indemnity obligation in respect of any of the above.

**Finance Documents** means this instrument and any document designated as such in respect of this instrument by the Arranger and BWCE.

**Finance Party** means the Agent, the Arranger and each Bondholder.



# The Bond Instrument

**First Repayment Date** means 31 May 2030.

**Group** means BWCE and any Subsidiary or Holding Company from time to time of BWCE (and the expression member of the Group shall be construed accordingly).

**Holder Representative** means the Bondholders appointed as a committee to represent the interests of Bondholders in accordance with the Abundance Schedule.

**Holding Company** means in relation to a person, any other person in respect of which it is a Subsidiary.

**Initial Interest Period** means the period starting on the Interest Start Date and ending on 31 July 2025.

**Initial Offer Subscription Period** the period of approximately 4 months from the date of the Offer Document and which period can be extended by up to 2 months further to the terms of the Offer Document.

**Interest** means any amount of interest payable to a Bondholder in accordance with Condition 5 (*Interest*) of Schedule 2 Part 1 of this instrument.

**Interest Payment Date** has the meaning given to it in Condition 5.3 (*Interest*) of Schedule 2 Part 1 of this instrument.

**Interest Period** means each 12 month period starting on the date of the commencement of the Ongoing Interest Period, or, if different, the final Repayment Date when all Bonds are redeemed in full.

**Interest Rate** means 5.5% per annum.

**Interest Start Date** the date a Bondholder invests in Bonds under the terms of this instrument.

**Intra-Group Debt** means loans or long term credit made available by one member of the Group to another member of the Group, to the extent constituting Financial Indebtedness owed by one member of the Group to another member of the Group.

**Issue Amount** means the total aggregate principal amount of all of the Bonds issued under this instrument.

**Instructing Party** means:

(a) if relating to directions or instructions in respect of a Reserved Matter, directions or instructions of the Bondholders made by way of Special Resolution; or

(b) if relating to directions or instructions in respect of a Non-Reserved Matter, directions or instructions of the Bondholders made by way of Ordinary Resolution.

**Marketplace** has the meaning given to it in the Abundance Terms and Conditions.

**Material Adverse Effect** means a material adverse effect on:

(a) the ability of BWCE to perform its or their (as applicable) payment obligations under this instrument; or

(b) the validity or enforceability of this instrument and/or the Offer Document against BWCE or the rights or remedies of any of the Bondholders or the Arranger or the Agent against BWCE under any of this instrument and/or the Offer Document.

**Members** has the meaning given in the Abundance Terms and Conditions.

**Non-Reserved Matters** means any matter that is not a Reserved Matter or a matter deemed by the Agent to be of a formal, minor or technical nature that is exercisable by BWCE and/or Agent without Bondholder consent in accordance with clause 12.1 (*Modifications, Waivers or Consents*).

**Offer** means the offer of Bonds issued by BWCE contained in the Offer Document and made subject to the terms of this instrument.

**Offer Document** means the financial promotion produced by BWCE describing BWCE's offer of Bonds dated on or about the date of this instrument as amended or updated from time to time.

**Ongoing Interest Period** means the period commencing on 1 August 2025 and ending on the Repayment Date when all Bonds (and accrued interest) are redeemed in full.

**Ordinary Resolution** means a resolution passed at a meeting of the Bondholders duly convened and held in accordance with the Abundance Schedule by the relevant majority set out in paragraph 6.5 of the Abundance Schedule or passed by written resolution in accordance with paragraph 5.4 of the Abundance Schedule.

**Permitted Loan** means:

(a) any loan or long-term credit made by BWCE which represents Intra-Group Debt;

(b) any other loan or long-term credit made by BWCE (a "**Non Intra-Group Debt Loan**") which which together with all other Non Intra-Group Debt Loans, does not exceed an aggregate amount of £50,000 (or its equivalent) at any time; and

# The Bond Instrument

(c) trade credit, guarantees, indemnities, bonds and letters of credit granted, given or issued by BWCE on arm's length terms and in the ordinary course of its business to suppliers, customers or partners.

**Principal** means, unless the context requires otherwise, the aggregate principal amount of the Bonds or the principal amount of the relevant Bonds held by any Bondholder, in each case, for the time being outstanding.

**Proceeds** means all receipts and/or recoveries by the Agent pursuant to any Enforcement Action taken in respect of this instrument after deducting (to the extent not already deducted) all sums which the Agent is required by the terms of this instrument or by applicable law to pay to any other person before distributing any such receipts or recoveries to any of the Agent or the Bondholders.

**Redemption Notice** means a notice of redemption of Bonds, detailing the amount of Principal to be redeemed, issued by BWCE or the Bondholder prior to the First Repayment Date and/or any Extended Period, further to the provision of Condition 3 of Schedule 1 Part 2 (*Conditions*) of this instrument.

**Register** means the register of Bondholders kept and maintained in accordance with this instrument.

**Repayment Date** means:

(a) the First Repayment Date; or

(b) the date being the last date of such other Extended Periods thereafter, as determined further to Condition 3 of Schedule 1 Part 2 (*Conditions*).

**Repeating Representations** means the representations and warranties in paragraph 1.1 (*Status*) to paragraph 1.6 (*Governing law and enforcement*), paragraph 1.8.1 (*No default*), and paragraph 1.11 (*Financial information*) of Schedule 3 (*Representations and Warranties*) of this instrument.

**Reserved Matter** has the meaning given in clause 12.3 (*Modifications, Waivers or Consents*).

**Restricted Person** means any person who does not fulfil any criteria of eligibility to invest and/or to hold Bonds set out in the Abundance Terms and Conditions from time to time including (without limitation): (i) any US Person; or (ii) any person who is resident in, whose permanent place of business or whose jurisdiction of incorporation or establishment is in any of the Channel Islands or the Isle of Man; or (iii) any Affected Person.

**Security** means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person.

**Schedule to the Abundance Terms and Conditions** means the schedule to the Abundance Terms and Conditions as at the date of this instrument.

**Special Resolution** means a resolution passed at a meeting of the Bondholders duly convened and held in accordance with the Abundance Schedule by the relevant majority set out in paragraph 6.5 of the Abundance Schedule or passed by written resolution in accordance with paragraph 5.4 of the Abundance Schedule.

**Sterling or £** means the lawful currency for the time being of the United Kingdom.

**Subsidiary** means a subsidiary within the meaning of section 1159 of the Companies Act 2006 (and Subsidiaries shall be construed accordingly).

**UK** means the United Kingdom.

**US** means the United States of America.

**US Person** means any persons who are or deemed to be US Persons for the purposes of US tax laws or US securities laws (including (without limitation) the US Securities Act of 1933).

BWCE may determine (acting reasonably) whether a person acquiring or holding Bonds (or proposing to do so) is a US person in accordance with applicable law at the time it makes such determination. Further summaries of what constitutes a US Person are provided in the Abundance Terms and Conditions.

**Tax** means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any related penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

**Tax or Regulatory Requirement** means any Tax or law, regulation, rule, order, official directive or guideline of any governmental, inter-governmental or supranational body, agency, department or regulatory authority or organisation or any decision of a court (having the force of law) in any country or territory.

**Written Resolution** means a resolution passed in accordance with the Abundance Schedule.

# The Bond Instrument

1.2 Any reference in this instrument to:

1.2.1 an encumbrance shall be construed as a reference to a mortgage, charge, assignment, pledge, lien (save as arising in the ordinary course of business), hypothecation, right of set-off (save as arising under the general law for the protection of certain classes of creditors) or trust arrangement for the purpose of and having a similar effect to the granting of security, or other security interest of any kind;

1.2.2 a includes a natural person, corporate or unincorporated body (whether or not having separate legal personality).

1.2.3 repayment includes redemption and vice versa and the words repay, redeem, repayable, redeemed and repaid shall be construed accordingly.

1.3 In this instrument unless the contrary intention appears:

1.3.1 terms defined in the Abundance Terms and Conditions have the same meaning in this instrument;

1.3.2 Clause, Schedule and paragraph headings shall not affect the interpretation of this instrument;

1.3.3 Words denoting the singular include the plural and vice versa and a reference to one gender includes the other gender;

1.3.4 A reference to a party or any other person includes its successors in title, permitted assigns and permitted transferees;

1.3.5 References to clauses, paragraphs and Schedules (including, for the avoidance of doubt, the Abundance Terms and Conditions and the Abundance Schedule) are to the clauses, paragraphs and Schedules of this instrument **which form part of this instrument and shall have the same force and effect as if set out in the body of this instrument (and binding on all Bondholders)**, with terms given the meanings set out in this instrument (unless the context otherwise requires) and any reference to this instrument shall include the Schedules;

1.3.6 A reference to this instrument or to any other deed, instrument, agreement or document shall, unless the context otherwise requires or unless the contrary intention appears, be construed as reference to this instrument or such other deed, instrument, agreement or document as the same may from time to time be amended, varied, supplemented

or novated, in each case, in accordance with its terms;

1.3.7 A month shall be construed as a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month except that:

(a) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;

(b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and

(c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end;

1.3.8 The winding-up, dissolution or administration of a person shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such person is incorporated or of any jurisdiction in which such person carries on business;

1.3.9 References to the Bonds include references to all and/or any of the Bonds;

1.3.10 The terms including and include or any similar expression shall be construed as illustrative and shall not limit the sense of words preceding those words;

1.3.11 Headings are inserted for convenience and do not affect the interpretation of this instrument;

1.3.12 A reference in this instrument to the exercise of any rights of a Holder Representative shall mean the exercise of such rights by a Holder Representative appointed pursuant to the Abundance Schedule; and

1.3.13 A reference to an Event of Default continuing means that it has not been remedied or expressly waived.

# The Bond Instrument

1.4 Other terms will have the specific meaning given to them in the relevant provisions of this instrument or the Schedules forming part of it.

1.5 References to any statute or statutory provision shall be construed as a reference to it as amended, extended or re-enacted from time to time and shall include all subordinate legislation made from time to time under that statute or statutory provision.

1.6 In construing this instrument general words introduced by the word 'other' shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things and general words followed by the word 'including' shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words.

1.7 All the provisions of this instrument are severable and distinct from one another and the illegality, invalidity or unenforceability of any provision of this instrument under the law of any jurisdiction shall not affect its validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision.

## 2 Amount, description and status of Bonds

2.1 The total principal amount of the Bonds is limited to a maximum of £1,200,000 (one million, two hundred thousand pounds Sterling) and the Bonds shall be issued in minimum amounts of £5.00 (five pounds Sterling) and in multiple integral amounts of £1.00 (one pound Sterling) in nominal amount in excess thereof, by BWCE.

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

2.3 The Bondholders will only subscribe for and the Bonds will only be issued once the Arranger has received all the documents and evidence specified in Schedule 2 (Conditions Precedent) of this instrument in form and substance satisfactory to it. The Arranger shall notify BWCE promptly upon being so satisfied.

2.4 The Bonds are issued to, and can only be held by, Members in accordance with the Abundance Terms and Conditions.

## 3 Use of Proceeds

3.1 BWCE may only use the proceeds raised from the Bonds issued under this instrument for:

3.1.1 building out new solar projects;

3.1.2 strengthening BWCE's capital position;

3.1.3 meeting the costs and expenses (including legal fees) incurred by BWCE (and to the extent agreed to be paid by those parties), the Agent and the Arranger, in connection with the negotiation, preparation and execution of this instrument and the Offer Document.

3.2 Neither the Arranger nor any Bondholder is bound to monitor or verify the application of any net proceeds of a Bond issued pursuant to this instrument.

## 4 Representations of BWCE

BWCE makes each of the representations and warranties set out in Schedule 3 (*Representations and Warranties*) of this instrument on the days and at the times stipulated therein.

## 5 Undertakings of BWCE

So long as the Bonds are outstanding, BWCE agrees to comply with each of the undertakings given by it that are set out in Schedule 4 (*Positive Undertakings*) and Schedule 5 (*Negative Undertakings*) of this instrument.

## 6 Repayment of Principal and Interest

6.1 BWCE will on any date when any Principal and/or Interest or any other amount becomes due pursuant to this instrument (including, but not limited, to Default Interest and/or interest which is applied on the issue of a Deferral Notice in accordance with Condition 3 of Schedule 1 Part 2 (*Bond Redemption*)) pay to or to the order of the Agent, in accordance with Condition 6 of Schedule 1 Part 2 (*Payments*), in Sterling in immediately available funds such amount(s) due on that date and will, until (but excluding) the date of actual payment, after as well as before judgment, unconditionally so pay to or to the order of the Agent, in accordance with Condition 6 of Schedule 1 Part 2 (*Payments*), Interest on such unpaid amounts, provided that payment of any sum due in respect of the Bonds made to the Agent as provided in this instrument shall, to that extent, satisfy such obligation. The Agent will hold the benefit of this covenant on trust for the Bondholders.

6.2 Any payment to be made in respect of the Bonds by BWCE may be made as provided in this instrument and any payment so made will, to that extent only, be a good discharge to BWCE.

# The Bond Instrument

6.3 All payments of Interest and Principal pursuant to this instrument are to be made in accordance with Condition 6.1 of Schedule 1 Part 2 (*Application of Proceeds*), and subject to Condition 6 of Schedule 1 Part 2 (*Application of Proceeds*) including, without limitation, provisions detailing the priority of payments under this instrument.

## **7 Form, Title, Register and Arranger**

7.1 Bonds will be held in electronic form, represented by book entries in the Register.

7.2 Bondholders will be issued with an electronic confirmation of their holding of Bonds via the Abundance Service in accordance with the Abundance Terms and Conditions.

7.3 BWCE, the Arranger and the Agent will only recognise and treat each registered Bondholder as the absolute owner of his Bonds for all purposes and shall not be bound to take notice of any trust to which any Bond may be subject and shall not be required to obtain any proof thereof or as to the identity of such Bondholder.

7.4 No notice of any trust, except as required by applicable law, will be entered on the Register in respect of any Bonds.

7.5 The Bonds will be registered only in accordance with the Abundance Terms and Conditions.

7.6 The Bonds shall be held and transferred subject to the conditions set out in Schedule 1 Part 1 (*Bondholder Restrictions*) of this instrument.

7.7 BWCE shall maintain arrangements so that any changes to the Register required under this clause shall be made by Abundance in accordance with the Abundance Terms and Conditions.

7.8 Subject to clause 7.9, the personal representatives of a deceased Bondholder shall be the only persons recognised by BWCE as having any title to, or interest in, that Bond on the death of such Bondholder but will only be so recognised subject to their becoming Members in accordance with the Abundance Terms and Conditions.

7.9 Any person becoming entitled to a Bond in consequence of the death or bankruptcy of any Bondholder or otherwise by operation of law, may, upon producing such evidence that he is so entitled as BWCE may reasonably require, be registered himself as the Bondholder, subject to his becoming a Member of Abundance in accordance with the Abundance Terms and Conditions.

7.10 BWCE may retain any payments paid upon any such Bonds which any person referred to in clause 7.9 is entitled to, until such person is registered as the holder of such Bonds or he has duly transferred the Bonds.

7.11 In accordance with the Abundance Terms and Conditions and the Offer Document, the Bondholders appoint the Agent to act on their behalf.

7.12 The Agent, on behalf of itself and as Agent for the Bondholders, agrees that BWCE shall be entitled to have the benefit of, rely on and enforce paragraphs 1 and 2 of the Abundance Terms and Conditions and the Abundance Schedule.

## **8 Back-up Service Provider**

8.1 If, for any reason:

8.1.1 Abundance ceases to provide the Abundance Service and it is not provided by a Back-up Service Provider (as defined in the Abundance Terms and Conditions);

8.1.2 Abundance ceases to maintain the Register;

8.1.3 Abundance resigns as Agent in accordance with the Abundance Schedule without appointing a substitute; or

8.1.4 there is any other material change to the nature of the Abundance Service or the involvement of Abundance which has a material adverse effect on any of the Bondholders' rights under the Bonds,

then for the avoidance of doubt the obligations of BWCE under the Finance Documents will remain valid and binding subject to clause 8.2 (below).

8.2 In the circumstances set out in clause 8.1 (above), BWCE may make such arrangements as it reasonably considers appropriate and may amend any Finance Document by a deed expressed to be supplemental to that Finance Document (but only so far as is reasonably necessary to incorporate the revised arrangements for the matters listed in clauses (8.2.1)-(8.2.4) (inclusive) below). BWCE shall take reasonable steps as soon as practicable to inform the Bondholders of any changes to:

8.2.1 the arrangements for maintaining the Register;

8.2.2 the procedures for making any payments (but not the amount of any payment or how such amount is calculated) to Bondholders;

8.2.3 the procedures for transfer (including acceptance of any instrument in common standard form) of Bonds; and/or

# The Bond Instrument

8.2.4 how notices or other information can be given to Bondholders.

## 9 Default

9.1 The following are **Events of Default**:

**9.1.1 Non-payment:** BWCE fails to pay in full any amount payable under this instrument on the due date for payment thereof or, if a failure to pay is caused by an administrative or technical error or a Disruption Event, within 10 Business Days of its due date in respect of any amount of Principal due and payable under the relevant Bonds, or within 10 Business Days of its due date in respect of any amount of interests due and payable under the relevant Bonds;

**9.1.2 Breach of undertaking:** BWCE fails duly to perform or comply with any obligation (other than an obligation to pay principal or interest in respect of the Bonds) expressed to be assumed by it in this instrument and, except where such failure is incapable of remedy, such failure continues for 30 Business Days after the earlier of (a) written notice has been given by the Agent requiring remedy of such failure; or (b) the date that BWCE has become aware of such failure;

**9.1.3 Misrepresentation:** any material representation, warranty or statement made or deemed to have been made by BWCE in the Finance Documents is or proves to have been incorrect or misleading in any material respect when made or deemed to have been made, unless and to the extent the underlying event or circumstance is remedied within 30 Business Days of the earlier of (a) the date of a written notice from the Agent requiring remedy of such failure; or (b) the date that BWCE has become aware of such failure; or

### 9.1.4 Cross-default:

(a) any Financial Indebtedness of BWCE is not paid when due or within any applicable grace period; or

(b) any Financial Indebtedness of BWCE is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (howsoever described);

(c) any commitment for any Financial Indebtedness of BWCE is cancelled or suspended by a creditor as a result of an event of default (howsoever described);

(d) any creditor of BWCE becomes entitled to declare any Financial Indebtedness of BWCE due and payable prior to its specified maturity as a result of an event of default (howsoever described);

(e) no Event of Default will occur or subsist under this clause 9.1.4 if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (d) above is less than £200,000 (or its equivalent in any other currency or currencies);

**9.1.5 Insolvency:** BWCE or any member of the Group is (or is, or could be, deemed by law or a court to be) insolvent or unable to pay its debts (as defined in section 123 of the Insolvency Act 1986), stops, suspends or threatens to stop or suspend payment of all or any material part of its indebtedness or commences negotiations with any one or more of its creditors with a view to the general readjustment or re-scheduling of all or any material part of its indebtedness or makes a general assignment for the benefit of, or composition with, any of its creditors (or any class of its creditors) or a moratorium is agreed or declared in respect of, or affecting, all or a material part of its indebtedness;

**9.1.6 Enforcement proceedings:** any corporate action, legal proceedings or other procedure or step is taken in relation to:

(a) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of BWCE;

(b) a composition, compromise, assignment or arrangement with any creditor of BWCE (other than for the purposes of a bona fide, solvent scheme of reconstruction or amalgamation previously approved by a Special Resolution);

(c) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of BWCE,

or any analogous procedure or step is taken in any jurisdiction, except that paragraph (a) above shall not apply to any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 28 days of commencement;

# The Bond Instrument

## 9.1.7 **Creditors' process:**

any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset of BWCE and is not discharged within 25 Business Days;

9.1.8 **Winding-up:** BWCE or any member of the Group takes any corporate action or other steps are taken or legal or other proceedings are started for its winding-up, dissolution or re-organisation (other than for the purposes of a bona fide, solvent scheme of reconstruction or amalgamation previously approved by Special Resolution) or for the appointment of a receiver, administrator, administrative receiver, liquidator, trustee or similar officer of it or of any or all of its assets;

9.1.9 **Analogous proceedings:** Anything analogous to or having a substantially similar effect to any of the events specified in clause 9.1.5 to clause 9.1.8 inclusive shall occur under the laws of any applicable jurisdiction;

9.1.10 **Encumbrance enforceable:** Any encumbrance on or over the assets of:

(a) BWCE becomes enforceable and any step (including the taking of possession or the appointment of a receiver, manager or similar person) is taken to enforce that encumbrance; or

(b) any member of the Group becomes enforceable and any step (including the taking of possession or the appointment of a receiver, manager or similar person) is taken to enforce that encumbrance which has or would have a Material Adverse Effect;

9.1.11 **Expropriation:** the authority or ability of BWCE or any member of the Group to conduct its business is limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to BWCE or any other member of the Group or any of its assets, in each case, which has or would have a Material Adverse Effect

9.1.12 **Cessation of business:** BWCE or any member of the Group ceases to carry on (or threatens to suspend or cease to carry on) the business it carries on at the date of this instrument or a substantial part thereof which has or would have a Material Adverse Effect; and

9.1.13 **Illegality:** It is or becomes or will become unlawful for BWCE to perform or comply with any of its obligations under this instrument, or any such obligation is not or ceases to be legal, valid and binding;

9.1.14 **Repudiation and rescission of agreements:** BWCE rescinds or evidences as an intention in writing to rescind or repudiates or evidences as an intention in writing to repudiate a Finance Document;

9.1.15 **Litigation:** any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes are commenced or threatened, or any judgment or order of a court, arbitral tribunal or other tribunal or any order or sanction of any governmental or other regulatory body is made, in relation to the Finance Documents or the transactions contemplated in the Finance Documents or against BWCE or any member of the Group or its assets, in each case which have, or would have a Material Adverse Effect.

9.2 BWCE shall promptly notify the Arranger and the Agent of the occurrence of any Event of Default upon becoming aware of its occurrence (and the steps, if any, being taken to remedy it).

9.3 If any Event of Default occurs and is continuing the Agent, if so directed in writing by Bondholders by at least 25 per cent. of the Principal (or by a Special Resolution of the Bondholders), shall:

9.3.1 by notice in writing (an "**Acceleration Notice**") declare all amounts accrued or outstanding under the Bonds and this instrument to be immediately due and payable, at which time they shall become immediately due and payable;

9.3.2 be permitted, at the cost and expense of BWCE (such costs to be proper and reasonable and as far as practicable agreed in advance of appointment), to appoint accountants, lawyers or technical advisers as agreed by the Agent and BWCE to protect the Bondholders' interests (taken as a class) under the Finance Documents and to investigate the Event of Default; or

9.3.3 permit the appointment of a Holder Representative in accordance with the terms of the Abundance Schedule.

# The Bond Instrument

9.4 No Bondholder shall be entitled to take any Enforcement Action or to exercise any other rights, discretions or powers or to grant any consents or releases under or pursuant to any Finance Document, or enforce any provision of this instrument or waive, cure or consent to any Event of Default or proposed breach of the terms of this instrument except where such action is permitted by and in accordance with the Abundance Terms and Conditions.

9.5 An Acceleration Notice must be withdrawn with immediate effect by the Agent by way of notice to BWCE and the Bondholders if it is directed to do so in writing by Bondholders of at least 25 per cent. of the Principal (or by a Special Resolution of the Bondholders) to the effect that the Event of Default or Events of Default in relation to which an Acceleration Notice has been given is or are cured or waived and that such Bondholders wish that Acceleration Notice to be withdrawn, whereupon that Acceleration Notice will automatically be deemed to be withdrawn and will have no further effect in relation to the Bonds but without prejudice to any rights or obligations which may have arisen before the Agent withdraws such Acceleration Notice. No such withdrawal shall affect any other Event of Default

or any subsequent Event of Default or any right of any Bondholders in relation thereto.

9.6 If an Acceleration Notice has been provided by the Agent in accordance with clause 9.3 and such notice has not been withdrawn in accordance with clause 9.5, that Acceleration Notice shall automatically apply to all the Bonds and the Agent shall ensure that any Proceeds following that Acceleration Notice shall be applied in accordance with Condition 6 of Schedule 1 Part 2 (*Application of Proceeds*).

## 10 No set-off

Payments of principal and interest under this instrument shall be paid by BWCE to the Bondholders, and the Bonds shall be transferable in accordance with the provisions of Schedule 1 Part 1, without any deduction or withholding (whether in respect of any set-off, counterclaim or otherwise whatsoever) unless the deduction or withholding is required by law.

## 11 Meetings of Bondholders, Voting and Modifications to the instrument

The Abundance Schedule includes provisions for:

11.1 convening meetings of Bondholders;

11.2 voting and quorum requirements and powers exercisable in respect of an Ordinary Resolution, Special Resolution or a Written Resolution;

11.3 the ability to appoint (and powers of) a Holder Representative; and

11.4 waivers, modifications or consents in respect of:

11.4.1 Reserved Matters, that are only exercisable by Special Resolution;

11.4.2 Non-Reserved Matters, that are exercisable by Ordinary Resolution; and

11.4.3 matters deemed by the Agent to be of a formal, minor or technical nature that are exercisable by BWCE and/or Agent without Bondholder consent in accordance with clause 12.1 (*Modifications, Waivers or Consents*).

## 12 Modifications, Waivers or Consents

12.1 Provided a Bondholder Representative (if one has been duly appointed) does not object, the Agent may, without the consent or sanction of the relevant Bondholders, authorise or sanction any modification of or waive or consent to any breach or proposed breach of, any provisions of this instrument or other Finance Document, which the Agent considers, in its sole opinion, to be of a formal, minor or technical nature

or to be necessary to correct a manifest error or to comply with any mandatory provisions of law or, in the case of a waiver of or consent to a breach or proposed breach, is not materially prejudicial to the interests of the relevant Bondholders.

12.2 Neither BWCE nor the Agent shall make or concur in making any modification to give any consent under, or grant any waiver in respect of, any breach or proposed breach of any Finance Document to which it is a party if such modification, consent or waiver:

12.2.1 is not a matter to which the provisions of clause 12.1 apply;

12.2.2 is a Non-Reserved Matter, unless and until the provisions of clause 12.4 below have been complied with; or

12.2.3 is a Reserved Matter, unless and until the provisions of clause 12.3 below have been complied with.

12.3 The following matters, actions or provisions of a Finance Document (each a "**Reserved Matter**") may, from time to time, be modified or, in the case of an actual breach or alleged breach of any such provision, waived or consented to with the approval or sanction of a Special Resolution passed in accordance with the Abundance Schedule:



# The Bond Instrument

12.3.1 any compromise or arrangement proposed to be made between BWCE, the Agent and the Bondholders or any of them;

12.3.2 any abrogation, modification or compromise or any arrangement in respect of the rights of the Bondholders against BWCE or the rights of BWCE against the Bondholders, whether such rights arise under a Finance Document or otherwise;

12.3.3 any scheme for the reconstruction of BWCE or for the amalgamation of BWCE with any other company;

12.3.4 postponing or advancing the time for the making of any payment, repayment or redemption under any Finance Document;

12.3.5 any change that has the effect of reducing or increasing any amount payable or rate of any payment under a Finance Document;

12.3.6 changing the basis on which any payments under a Finance Document are calculated or applied (including, without limitation, the frequency of any payment or the length of any payment period or period in which a payment is calculated, the currency of payment, the capitalisation of any amount that would

otherwise be payable or changing any relevant definitions that are used for those purposes);

12.3.7 imposing any condition or otherwise changing BWCE's obligation to make payments of principal, interest or any other amount in respect of the Bonds;

12.3.8 the appointment of any persons (whether Bondholders or not) as a committee or committees to represent the interests of the Bondholders and to confer upon such committee any powers or discretions which the Bondholders could themselves exercise by Special Resolution;

12.3.9 the exchange or substitution of the Bonds for or the conversion of the Bonds into shares, bonds or other obligations or securities of BWCE or any other person or any proposal or scheme to do the same;

12.3.10 any change in the law governing the Finance Documents or change to the court to whose jurisdiction BWCE has submitted under the Finance Documents;

12.3.11 any change to the seniority or legal ranking of the Bonds;

12.3.12 any waiver of or consent to any Event of Default or modification (or proposed modification) to the definition of any Event of Default or any other provisions of a Finance Document describing circumstances in which Bonds may be declared due and payable prior to their scheduled maturity date;

12.3.13 any modification to clause 8, 9.4, 9.5, 9.6 8, condition 6 of Schedule 1 Part 2, or this clause 12 of this instrument, the definition of Ordinary Resolution or Special Resolution, or any modification to paragraphs 3.6, 5, 6, 7 or 9 of the Abundance Schedule, or any modification to any majority required to pass any such resolution or any modification to the number of votes required to be cast or the number or percentage of Bonds required to be held, or any modification to any quorum for the holding of any meeting of Bondholders;

12.3.14 power to authorise the Agent to concur in and execute and do all such deeds, instruments, acts and things as may be necessary to carry out and give effect to any Special Resolution;

12.3.15 any modification to any clause of or definition within a Finance Document under which Bonds or Bondholders are expressed to be treated the same, equally or rateably as between themselves;

12.3.16 the retirement or removal of the Agent and/or the approval of a successor Agent other than in accordance with the Abundance Schedule; or

12.3.17 any modification to the definitions of "**Acceleration Notice**", "**Instructing Party**" or "**Enforcement Action**" in this instrument.

12.4 Every Non-Reserved Matter may, from time to time, be modified or, in the case of a breach or proposed breach of any such matter or provision, waived or consented to with the sanction of an Ordinary Resolution.

12.5 Any modification, consent or waiver that has been duly authorised or sanctioned in accordance with this clause 12 shall:

12.5.1 be notified by the Agent to BWCE and Bondholders as soon as reasonably practicable after such modification, consent or waiver has been so authorised or sanctioned; and

# The Bond Instrument

12.5.2 be binding on all the Bondholders and the Bondholders hereby authorise the Agent and BWCE to execute and deliver on its behalf such deeds or documents required to implement such modification or the terms of such consent or waiver in accordance with clause 12.6.

12.6 In the case of any modification, consent or waiver that has been duly authorised or sanctioned in accordance with this clause 12, as soon as reasonably practicable after such authorisation or sanction, the Agent and BWCE at the cost of BWCE, shall execute and deliver any deeds, documents or notices as may be required to be executed and/or delivered in order to give effect to the terms of such modification, waiver or consent (provided that any failure of those parties to meet such timing shall not invalidate the modification, consent or waiver).

## 13 Execution and Registration of Finance Documents

In addition to the Abundance Terms and Conditions and in accordance with the Offer Document, each Bondholder has appointed the Agent or such person or persons as the Agent may nominate to execute (whether under seal or under hand) and deliver any Finance Document to be executed and delivered on its behalf.

## 14 Certificates and Determinations

Any certification or determination by the Agent of a rate or amount under any Finance Document is, in the absence of manifest or proven error, conclusive evidence of the matters to which it relates.

## 15 Rights and Obligations

15.1 No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this instrument, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

15.2 Abundance provides services in accordance with arrangements it has with BWCE and operates the Abundance Service in accordance with the Abundance Terms and Conditions as agreed by Members.

## 16 Inspection

A copy of this instrument shall be kept at the registered office of BWCE and any Bondholder and any person duly authorised in writing by a Bondholder may at all reasonable times during office hours inspect it.

## 17 Endorsement

A memorandum of execution of any deed supplemental to this instrument shall be endorsed by BWCE on this instrument.

## 18 Counterparts

This instrument may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this instrument.

## 19 Conflict

If there is a conflict between the terms of this instrument and the Abundance Terms and Conditions, the terms of this instrument will prevail.

## 20 Governing law and jurisdiction

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

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

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

## SCHEDULE 1:

### PART 1 BONDHOLDER RESTRICTIONS

#### Eligibility

1.1 The Bonds may only be acquired or held by Members who are eligible to invest in accordance with the Abundance Terms and Conditions, which, as at the date of this instrument, includes:

1.1.1 individuals aged 18 years or over who have their permanent residence in the United Kingdom or an Eligible EEA Country;

1.1.2 those who are not individuals, being persons who have a permanent place of business in the United Kingdom or an Eligible EEA Country and are duly incorporated, authorised, established or formed in accordance with the relevant laws and regulations in the United Kingdom or relevant Eligible EEA Country; or

1.1.3 other Members who fulfil all the applicable criteria of eligibility to acquire and to hold Bonds in accordance with the Abundance Terms and Conditions from time to time.

1.2 The Bonds may not be acquired or held by any Restricted Person.

# The Bond Instrument

1.3 The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended, or qualified for sale under the laws of the US or under the laws of any country, jurisdiction, state or territory outside the UK

1.4 BWCE, or Abundance on its behalf, may require reasonable evidence that a proposed transfer is exempt from or not subject to a registration or similar requirement in the US or any other jurisdiction outside the United Kingdom.

## Assignment and transfer

1.5 The Bonds may only be transferred in accordance with the Abundance Terms and Conditions or, if applicable, in accordance with clauses 7.8 and 7.9 (*Form, Title, Register and Arranger*) of this instrument.

1.6 BWCE may not assign any of its rights or transfer by novation any of its rights and obligations under this instrument or any Finance Document without the consent of the Agent and the Arranger, and neither may the Agent or the Arranger without the consent of BWCE.

## SCHEDULE 1: PART 2 THE CONDITIONS

### 1 Priority

Any payments due to Bondholders under the terms of this instrument shall be satisfied in priority to any payments to members of BWCE whether as interest payments or capital repayments on members' share capital.

### 2 Repayment

Subject to Condition 3, where Bonds become repayable under the provisions of this instrument such Bonds will be repaid by BWCE, at par, together with interest accrued on such Bonds up to and including the relevant Repayment Date in accordance with Condition 6 below.

### 3 Bond redemption

3.1 Bonds can be redeemed by BWCE or the Bondholder on the First Repayment Date (being 31 May 2030) or, after the First Repayment Date, at the end of an Extension Period by either:

3.1.1 BWCE giving a Redemption Notice to a Bondholder of such redemption of (any amount of) the Principal amount of Bonds issued to that Bondholder no later than 6 months prior to:

(i) the First Repayment Date (such notice being issued by 30 November 2030); and/or

(ii) the end of an Extension Period;

3.1.2 A Bondholder giving a Redemption Notice to BWCE requiring BWCE to redeem (any amount of) the Principal amount of Bonds issued to that Bondholder no later than 6 months prior to:

(i) the First Repayment Date (such notice being by 30 November 2030); and/or

(ii) the end of an Extension Period,

in each case such Redemption Notices will be made further to the provisions in Condition 8 (Notices) and, subject to Conditions 3.5 and 3.6 below (BWCE Redemption Deferral), such corresponding redemptions will be made further to the provisions of Condition 3.4 below.

3.2 In respect of a Bondholder's Bonds, in the event that:

3.2.1 BWCE does not give a Redemption Notice to such Bondholder in respect of such Bonds in accordance with Condition 3.1.1; or

3.2.2 The Bondholder does not give a Redemption Notice to BWCE in respect of such Bonds in accordance with Condition 3.1.2,

then, in respect of those Bonds not subject to the relevant Redemption Notice, such Bond (*Principal*) will not be redeemed, will remain outstanding, and will continue to accrue Interest at the Interest Rate for a further Extended Period, commencing, as relevant, on the First Repayment Date, and/or at the end of any Extended Period.

3.3 The provisions of Conditions 3.1 and 3.2 (subject to Conditions 3.5 and 3.6 below (*BWCE Redemption Deferral*)) shall continue to apply until all of such Bondholder's Bonds are redeemed and repaid in full (whether on the First Repayment Date, the end of any Extended Period or as deferred by BWCE further to Conditions 3.5 and 3.6 below (*BWCE Redemption Deferral*)), in accordance with the provisions of this instrument.

# The Bond Instrument

3.4 Further and subject to the previous provisions of this Condition 3 (and where applicable), on the relevant Repayment Date (or at the end of any deferral period further to a Deferral Notice), BWCE shall redeem such amount of the Principal of the Bonds issued further to this instrument as is set out in the relevant Redemption Notice. Any redemption of the Bonds under this Condition 3.4 shall be made together with accrued and unpaid interest (less any tax required by law to be deducted or withheld from such payment) accrued on the relevant Bonds up to (and including) the date of such repayment by BWCE. Any payments made by or on behalf BWCE shall be made in accordance with Condition 6 (*Application of Proceeds*).

## **BWCE Redemption Deferral**

3.5 Subject always to Condition 3.6, in the event that Redemption Notices are issued to BWCE by or on behalf of Bondholders, in respect of a specific Repayment Date, in accordance with Condition 3.1.2, and BWCE considers that, as at that Repayment Date, it will not have sufficient funds to redeem the number of Bonds required to be redeemed further to those Redemption Notices on that Repayment Date, then:

3.5.1 no later than 1 month before the relevant Repayment Date BWCE may notify the relevant Bondholders (further to Condition 8 (*Notices*)) that it will defer the redemption of all or some (specifying the amount of) the Principal amount of Bonds requested to be Redeemed further to the relevant Redemption Notices for a specified period, of up to a maximum of 6 months after the relevant Repayment Date, further to the provisions in this Condition 3 below (such notice of deferral being a “**Deferral Notice**”);

3.5.2 any Deferral Notice properly given by BWCE will take precedence and supersede any (related and prior) Redemption Notice, further and subject to this instrument; and

3.5.3 BWCE shall pay additional interest of 2% over and above the Interest Rate on such Principal so deferred further to the Deferral Notice for that deferral period, until such time as those Bonds the subject of the Deferral Notice(s) are repaid in full further to Condition 3.4.

3.6 BWCE:

3.6.1 can only issue a maximum of 2 Deferral Notices to any Bondholder;

3.6.2 can only defer the redemption of the relevant Bonds for a maximum period of 6 months in respect of any Bondholder (and, accordingly, if 2 Deferral Notices are issued to a Bondholder the aggregate deferral period for both Deferral Notices cannot exceed 6 months); and

3.6.3 will redeem such number of Bonds as are deferred further to a Deferral Notice (together with all the relevant accrued interest), at the end of the relevant Deferral Notice period, in accordance with Condition 3.4 above.

3.7 Each year, the Agent will notify Bondholders that they will be required to issue a Redemption Notice at least 6 months before any Repayment Date further to this instrument (with such Agent notice being made in such time before each Repayment Date so as to allow such Bondholders to properly issue a Repayment Notice 6 months prior to that Repayment Date) in order to request BWCE to redeem Bonds further to this instrument, confirming to them that if Bondholders do not opt to redeem, the Repayment Date for the Bonds not redeemed will be extended by a further Extension Period, on an ongoing basis, until such time as the all of the Bondholder’s Bonds are redeemed further to this instrument.

3.8 The redemption process detailed in this Condition 3 shall apply until the Bonds are redeemed in full.

## **4 Cancellation**

4.1 Subject to clause 13 of the instrument, BWCE or any Affiliate may at any time by agreement with the relevant Bondholder purchase any Bond at any price by tender, private treaty or otherwise.

4.2 All Bonds repaid, prepaid or purchased by BWCE shall be cancelled and BWCE shall not reissue the same.

## **5 Payment of interest and Default Interest**

5.1 The Bonds shall bear and accrue Interest:

5.1.1 on the Issue Amount at the Interest Rate from (and including) the Interest Start Date to (and including) the end of the Initial Interest Period; and

5.1.2 on the Principal at the Interest Rate in respect of each Interest Period thereafter during the Ongoing Interest Period (to and including the date on which all Principal is repaid or redeemed in full, such interest in each case to be paid in accordance with this Condition 5 (*Interest*)).

5.2 BWCE shall:

# The Bond Instrument

5.2.1 Pay all Interest accruing further to Condition 5.1.1 above to the Bondholders at the end of the Initial Interest Period; and thereafter

5.2.2 pay Interest on the final day of each Interest Period (each an "**Interest Payment Date**"), with the last Interest Payment Date falling on the (last) Repayment Date when all Bond are redeemed in full. If any such Interest Payment Date is not a Business Day, payment shall be made on the following Business Day.

5.3 The Interest payable on each Interest Payment Date shall be paid to the Agent (for the account of the Bondholders) by credit transfer and in immediately available, freely transferable, cleared funds.

5.4 Interest shall be calculated and accrue on a daily and simple basis and on the basis of the actual number of days elapsed in the relevant period and a 365-day year.

## **Deferral interest and Default Interest**

5.5 In the event that the provisions of Conditions 3.5 and 3.6 above apply:

5.5.1 BWCE shall pay the interest due on such Principal so deferred further to the Deferral Notice for that deferral period (at the rate detailed in Condition 3.5.3

above), and subject to Condition 5.5.2 below), Default Interest shall not apply to such properly made deferrals during such deferral period; and/or

5.5.2 BWCE does not redeem such number of Bonds as are deferred further to a Deferral Notice (together with all the relevant accrued interest), at the end of the relevant Deferral Notice period, the interest specified in Condition 5.6.2 shall apply to such sums not paid when due.

5.6 In the event BWCE fails to make any payment of Principal, Interest or any other amount due pursuant to this instrument on the date on which such Principal, Interest or other payment is due and payable, Default Interest shall accrue on such unpaid amount from (and including) the due date for such amount until (but excluding) the date of actual payment, after as well as before judgment, at a rate of:

5.6.1 3.0% above the Interest Rate; and/or

5.6.2 8.5% (being 1% above the Interest Rate plus the 2.0% applied to the sum deferred further to a Deferral Notice), if Condition 5.5.2 applies.

5.7 Default Interest shall accrue on a daily basis and on the basis of a 365-day year, and shall be compounded with the overdue amount at the end of each Interest Period.

## **Scheduled example of Interest payments**

5.8 Attached at the Appendix to this Schedule 1: Part 2 (*Conditions*) is an indicative Bond Interest payment schedule (assuming £1,000,000 (one million pounds Sterling) of Bonds are issued by BWCE further to this instrument) in the form of a table showing the Interest payable each year, on which dates, and with a full redemption of all Bonds on the first Maturity Date of 31 May 2030. The table in the Appendix is indicative and for reference only and does not, nor is it intended to, alter any of the provisions of this instrument in respect of redemptions of, or interest on, the Bonds.

## **6 Application of Proceeds**

6.1 Payments

6.1.1 Subject to Condition 6.1.2, any payments required to be made by BWCE under this instrument shall be made not later than 10:00 a.m. (London time) on the relevant date required for payment (the "**Payment Date**") and on such Payment Date, BWCE shall transfer or cause to be transferred such an amount in respect

of the payment to the account directed by the Agent (such account being directed in writing at least five (5) Business Days prior to the relevant Payment Date) being, in the case of any payments to the Bondholders under the Bonds, the account held with the Agent and with such reference number as directed by the Agent.

6.1.2 If there is an administrative or technical error or Disruption Event which prevents BWCE from meeting its obligation to make payments under this instrument within the time prescribed under Condition 6.1.1, BWCE will make that payment as soon as reasonably practicable but, in any event, no later than by close of business (in London) on the date falling in respect of Principal ten (10) Business Days and in respect of interest or any other amount ten (10) Business Days from (and excluding) the Payment Date.

6.1.3 Any amounts payable under Condition 6.1.1 or Condition 6.1.2 shall be transferred by BWCE to the above-mentioned account or accounts unconditionally by credit transfer and in immediately available, freely transferable, cleared funds. All such amounts shall be made without set-off, counterclaim, deduction or withholding, unless otherwise required by law.

# The Bond Instrument

6.1.4 Subject to Condition 6.2, any amounts payable by BWCE to Bondholders under the terms of this instrument shall be apportioned by the Agent into the relevant pro rata proportions and such apportioned payments shall be directed by the Agent to the Cash Account (as defined in the Abundance Terms and Conditions) of those relevant Bondholders.

6.1.5 If BWCE is required by applicable law to make any withholding or deduction in relation to any amount payable under this Condition 6.1, it shall be entitled to make such deduction or withholding and account to the relevant authority in respect of the amount withheld or deducted. BWCE shall not be required to increase or gross-up any amount payable to the Bondholders or the Agent under this instrument as a result of any such deduction or withholding.

6.1.6 Any amounts payable under this Condition 6.1 are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment.

6.1.7 If, for any reason, the Agent considers in its sole discretion that amounts to be received in the relevant accounts pursuant to this Condition are insufficient to satisfy all claims in respect of all payments under Condition 6.1.1 then falling due:

(i) the Agent shall, as soon as reasonably practicable, notify BWCE in writing that the full amount has not been received; and

(ii) the Agent shall not be obliged to direct the payment in satisfaction of any such claims until the full amount in respect of such claims has been received from BWCE, BWCE has provided the Agent details of the reason and/or nature of the shortfall and, if there has been an Event of Default, BWCE have confirmed that the relevant steps, actions or pre-conditions under this instrument have been met prior to any acceleration and subsequent payment of those amounts.

## 6.2 Application

The Agent shall apply any and all Proceeds received or recovered at any time towards satisfying the obligations of BWCE under this instrument in the following order:

6.2.1 **firstly**, in or towards payment of any unpaid fees, costs and expenses of the Agent or any Delegate appointed by it;

6.2.2 **secondly**, for the account of the Bondholders, for application in or towards payment of Debt Liabilities payable to Bondholders, which shall be allocated in respective pro rata proportions to the Bondholders in accordance with the following order of priority:

(i) then to any due but unpaid repayments of Principal; and

(ii) then to any due but unpaid payments of Interest;

6.2.3 **thirdly**, for the account of the Bondholders, in or towards payment pro rata of any accrued income, fee or commission owing to the Bondholders under those Finance Documents;

6.2.4 **fourthly**, in or towards payment pro rata of any other sum due but unpaid under this instrument;

6.2.5 **fifthly**, in payment of the surplus (if any) to BWCE or any other person entitled to it.

## 7 No Dealings

The Bonds shall not be capable of being dealt in or on any listed stock exchange in the United Kingdom or elsewhere and no application has been or shall be made to any listed stock exchange for permission to deal in or for an official or other quotation for the Bonds. The Bonds shall be capable of being dealt via the platform offered by the Arranger.

## 8 Notices

8.1 BWCE will give each notice, and will send any other document, to a Bondholder by sending such notice to the Agent who will in turn send any document to the relevant Bondholder using the Abundance Service (which, for the avoidance of doubt, includes the use of e-mail). Each Bondholder agrees that BWCE may rely on the Agent to deliver any such notice in accordance with the Abundance Terms and Conditions.

8.2 Each notice sent to a Bondholder pursuant to Condition 8.1 shall, at the same time, be sent to the Agent by e-mail to: [support@abundanceinvestment.com](mailto:support@abundanceinvestment.com).

# The Bond Instrument

8.3 Any notice from the Bondholders (or the Agent acting on their behalf) to BWCE contemplated by this instrument may be given by e-mail to BWCE at: [info@bwce.coop](mailto:info@bwce.coop) or to such other address as otherwise directed by BWCE from time to time.

8.4 A notice, document or information sent or supplied by electronic means to an address specified for the purpose is deemed to be given to or received by the intended recipient on the same day it was sent, and in proving service it is sufficient to prove that the communication was properly addressed and sent.

8.5 The Agent shall promptly send to each Bondholder details of each communication received by it under any Finance Document via the Abundance Service if it is obliged to do so under the terms of the Finance Document.

8.6 The Agent agrees that it will notify BWCE and each Bondholder as soon as reasonably practicable if it takes any Enforcement Action.

8.7 The Agent shall promptly forward to BWCE a copy of any notice or communication addressed to BWCE by any Bondholder which is received by the Agent.

## APPENDIX TO SCHEDULE 1: PART 2 (THE CONDITIONS)

### Indicative Bond Interest payment Table (assuming £1,000,000 (one million pounds Sterling) of Bonds in issue)

Payment period ending	Interest paid (£)	Capital repayment (£)	Total cumulative cash paid (£)
31 July 2025 (End of Initial Interest Period)	(determined by date of investment)	–	(determined by date of investment)
31 July 2026	55,000.00	–	55,000.00
31 July 2027	55,000.00	–	110,000.00
31 July 2028	55,000.00	–	165,000.00
31 July 2029	55,000.00	–	220,000.00
31 July 2030	55,000.00	1,000,000	1,275,000.00
	<b>275,000.00</b>	<b>1,000,000</b>	

# The Bond Instrument

## SCHEDULE 2 CONDITIONS PRECEDENT

### BWCE

1 A copy of the constitutional documents of BWCE.

2 A copy of a resolution of the board of directors of BWCE:

2.1 approving the terms of, and the transactions contemplated by, this instrument and the Offer Document to which it is a party and resolving that it execute, deliver and perform such documents to which it is a party; and

2.2 authorising a specified person or persons to execute this instrument and the Offer Document to which it is a party on its behalf, to give all notices and take all other action in connection with such documents to which it is a party

3 Completion of due diligence to the satisfaction of the Arranger, including: detailed review and sensitivity analysis of BWCE's finances and forecasts; a review of the project pipeline, deployment plans and key project contracts; review of insurance cover.

4 Signed finance documents including, without limitation: (a) this instrument on the terms agreed by BWCE and Arranger; and (b) signed term sheet and engagement letter in respect of the Arranger.

5 An agreed base case financial model

6 Know your customer due diligence on company and directors

7 Anything else pertinent and material to the investment.

### Other Documents and evidence

8 A copy of the group structure chart which shows the Group as at the date of this instrument.

## SCHEDULE 3 REPRESENTATIONS AND WARRANTIES

1 BWCE represents and warrants to each of the Bondholders that:

1.1 **Status:** it is a community benefit society registered under Co-operative and Community Benefit Societies Act 2014 with the Financial Conduct Authority with registration number 30960R and whose registered office is at 1-2 Queens Parade Place, Bath, BA1 2NN (or such other address as provided to Companies House), duly incorporated and validly existing under the laws of England and Wales and it has full power to own its assets and carry on its business;

1.2 **Binding Obligations:** the obligations expressed to be assumed by it in this instrument and the Offer Document are legal, valid, binding and enforceable obligations;

1.3 **Non-conflict with other obligations:** the entry into and performance by it of, and the transactions contemplated by, this instrument and the Offer Document do not and will not conflict with any law or regulation applicable to it, its constitutional documents or any agreement or instrument binding upon it or any of its assets;

1.4 **Power and Authority:** it has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this instrument and the Offer Document and the transactions contemplated by this instrument and the Offer Document;

1.5 Validity and admissibility in evidence: it has obtained all required or desirable Authorisations to enable it to enter into, exercise its rights and comply with its obligations in this instrument and the Offer Document and to make them admissible in evidence in its jurisdiction of incorporation. Any such Authorisations are in full force and effect;

1.6 **Governing law and enforcement:** the choice of governing law of this instrument and the Offer Document will be recognised and enforced in its jurisdiction of incorporation and any judgment obtained in England or Wales in relation to this instrument and the Offer Document will be recognised and enforced in that jurisdiction;

1.7 **Insolvency:** no:

1.7.1 corporate action, legal proceeding or other procedure or step described in clause 9.1.5 (Insolvency Proceedings); or



# The Bond Instrument

1.7.2 creditors' process described in clause 9.1.7 (*Creditors' Process*),

have been taken or, to its knowledge, threatened in relation to it; and none of the circumstances described in clause 9.1.5 (Insolvency) of instrument applies to it;

## 1.8 No default:

1.8.1 no Event of Default is continuing or is reasonably likely to result from the entry into or the performance of any of this instrument and the Offer Document by it, or the issuance of the Bonds by BWCE;

1.8.2 no other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (however described) under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries') assets are subject which has or is reasonably likely to have a Material Adverse Effect;

1.9 **Arm's Length:** this instrument and the Offer Document to which it is expressed to be a party have been, are being or will be entered into in good faith for its benefit and on arm's length terms;

## 1.10 Information:

1.10.1 to the best of its knowledge and belief (having taken all reasonable care to ensure it is so) all information that it has given in connection with this instrument and the Offer Document was true and accurate in all material respects as at the date it was provided, as at any date the information is expressed to be given or (as the case may be) as at the date of the relevant document containing the information;

1.10.2 any financial projections contained in the information referred to in paragraph 1.10.1 above have been prepared as at the date they were provided or stated to be given on the basis of both recent and historical information and on the basis of reasonable assumptions and was fair (as at the date of the relevant report or document containing the projection or forecast) and arrived at after careful consideration;

1.10.3 no event or circumstance has occurred or arisen and no information has been omitted from the information referred to in paragraph 1.10.1 and no information has been given or withheld that results in the information, opinions, intentions, forecasts or projections

contained in the information referred to in paragraph 1.10.1 being untrue or misleading in any material respect;

## 1.11 Financial Information:

1.11.1 the most recent financial statements delivered pursuant to paragraph 5 (*Financial Information*) of Schedule 4 (*Positive Undertakings*) of this instrument fairly present its consolidated financial condition as at the end of, and consolidated results of operations for, the period to which they relate;

1.11.2 since the date of the most recent financial statements delivered pursuant to paragraph 5 (Financial Information) of Schedule 4 (Positive Undertakings) of this instrument there has been no event which would have a Material Adverse Effect on BWCE;

## 1.12 No litigation:

1.12.1 other than as disclosed by BWCE in the Offer Document, no litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body or agency which has a reasonable prospect of success and, if adversely determined, is reasonably likely to have a Material Adverse Effect have (to the best of its knowledge

and belief (having made due and careful enquiry)) been started or threatened against it or any of its Subsidiaries;

1.12.2 no judgment or order of a court, arbitral tribunal or other tribunal or any order or sanction of any governmental or other regulatory body which is reasonably likely to have a Material Adverse Effect has (to the best of its knowledge and belief (having made due and careful enquiry)) been made against it or any of its Subsidiaries;

1.13 **No breach of laws:** it has not breached any law or regulation where breach would have a Material Adverse Effect;

## 1.14 Environmental laws:

1.14.1 each member of the Group is in compliance with paragraph 8 (*Environmental compliance*) of Schedule 4 (*Positive Undertakings*) and to the best of its knowledge and belief (having made due and careful enquiry) no circumstances have occurred which would prevent such compliance, in each case, in a manner or to an extent which has or is reasonably likely to have a Material Adverse Effect;

# The Bond Instrument

1.14.2 no Environmental Claim has been commenced or (to the best of its knowledge and belief (having made due and careful enquiry)) is threatened against any member of the Group where that claim has a reasonable prospect of success and has or is reasonably likely to have, if determined against that member of the Group, a Material Adverse Effect;

## 1.15 Taxation:

1.15.1 it is not materially overdue in the filing of any Tax returns and it is not, and no member of the Group is, overdue in the payment of any amount in respect of Tax of £100,000 (or its equivalent in any other currency) or more;

1.15.2 no claims or investigations are being, or are reasonably likely to be, made or conducted against it with respect to Taxes such that a liability of, or claim against it of £100,000 (or its equivalent in any other currency) is reasonably likely to arise; and

1.15.3 it is resident for Tax purposes only in England and Wales.

1.16 **Group Structure Chart:** the group structure chart delivered to the Arranger pursuant to Schedule 2 (*Conditions Precedent*) of this instrument is true, complete and accurate in all material respects and shows each member of the Group, including current name and company registration number, its jurisdiction of incorporation or establishment (in the case of any member of the Group), in each case as at the date of this instrument;

1.17 **Trustee:** it is not entering into any of this instrument and the Offer Document as a trustee;

1.18 **Centre of main interests and establishments:** for the purposes of The Council of the European Union Regulation No. 1346/2000 on Insolvency Proceedings and/or Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast) (as applicable) (the "**Regulation**") its centre of main interest (as that term is used in Article 3(1) of the Regulation) is situated in the United Kingdom and it has no "establishment" (as that term is used in Article 2(h) of the Regulation) in any other jurisdiction.

2 The representations and warranties set out in this Schedule 3 (*Representations and Warranties*) (other than paragraph 1.11.2 (*Financial information*)) are made by BWCE on the date of this instrument.

3 Subject to paragraph 4 below, the Repeating Representations are also deemed to be made by BWCE on the first day of each Interest Period.

4 The Repeating Representation contained in paragraph 1.11.1 (Financial Information) above shall be deemed to be made by BWCE in relation to each set of financial statements delivered under this instrument when such financial statements are provided to the Agent.

5 Each representation or warranty deemed to be made after the date of this instrument shall be deemed to be made by reference to the facts and circumstances existing at the date the representation or warranty is deemed to be made.

## SCHEDULE 4 POSITIVE UNDERTAKINGS

Subject to the terms of this instrument, BWCE undertakes to the Bondholders as follows:

1 **Authorisations:** BWCE must promptly obtain, comply with and do all that is necessary to maintain in full force and effect any Authorisation required under any law or regulation of England and Wales that enable it to perform its obligations under the Finance Documents and to ensure the legality, validity, enforceability or admissibility in evidence of any Finance Document or that enable it to own its assets and carry on its business as it is being conducted, except where failure to obtain or effect such Authorisations would not materially adversely impair its ability to perform its payment obligations under the Finance Documents to which it is expressed to be a party.

2 **Compliance with laws:** BWCE must comply with any law or regulation (including any Environmental Law) to which it is subject where such breach would materially adversely affect its ability to perform its obligations under the Finance Documents or result in a liability against it in an amount which exceeds £100,000.

# The Bond Instrument

**3 Taxes:** BWCE must pay all Taxes due and payable by it prior to the accrual of any fine or penalty for late payment and must promptly pay to HM Revenue & Customs all VAT and related interest and penalties payable by it, except to the extent contested by it in good faith.

## **4 Financial Information:**

4.1 BWCE shall supply to the Arranger and the Agent copies of:

4.1.1 as soon as they become available, but in any event within 180 days after the end of each of its financial years, its audited financial statements for that financial year, on a consolidated basis;

4.1.2 as soon as they become available, but in any event within 120 days after the end of each of its financial years, its unaudited management accounts for that financial half year; and

4.1.3 promptly on request, such further information regarding the financial condition, assets and operations of BWCE (including any requested amplification or explanation of any item in the financial statements, budgets or other material provided by BWCE pursuant to this instrument) as the Agent may reasonably request.

4.2 Each set of financial statements delivered to the Arranger and the Agent pursuant to this paragraph 5 (Financial information) shall be certified by a director of BWCE as giving a true and fair view of its financial condition as at the date at which those financial statements were drawn up.

4.3 BWCE shall supply a compliance certificate to the Arranger and the Agent with each set of its financial statements delivered pursuant to this paragraph 5 (Financial information) setting out, amongst other things, (in reasonable detail) computations as to compliance with paragraph 7 (Financial covenant).

4.4 Each compliance certificate shall be signed by a director of BWCE and be in the form agreed by BWCE and the Arranger.

**5 Financial Statements:** BWCE shall ensure that the financial statements delivered to the Arranger and the Agent pursuant to paragraph 5 (*Financial Information*) above shall:

5.1 be prepared in accordance with consistently applied Accounting Principles, standards and practices generally accepted in England and Wales;

5.2 present a true and fair view of the BWCE's assets, liabilities, financial position and profit or loss during the relevant accounting period; and

5.3 have been approved by BWCE's directors in compliance with the Co-operative and Community Benefit Societies Act 2014 (as amended).

## **6 Financial covenant**

### **6.1 Definitions**

Annual Debt Service Cover Ratio means, in respect of any Calculation Date, the ratio of A to B, where:

(a) A is the aggregate Net Cash Flow; and

(b) B is the aggregate Finance Costs,

in each case, for the relevant Calculation Period.

**Borrowings** means (without double counting), at any time, the aggregate outstanding principal, capital or nominal amount (and any fixed or minimum premium payable on prepayment or redemption) of any indebtedness of members of the Group for or in respect of:

(a) moneys borrowed;

(b) any amount raised by acceptances under any acceptance credit or bill discount facility (or dematerialised equivalent);

(c) any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) any Finance Lease;

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of (i) an underlying liability of an entity which is not a member of the Group which liability would fall within one of the other paragraphs of this definition or (ii) any liabilities of any member of the Group relating to any post-retirement benefit scheme;

(g) any amount raised by the issue of shares which are redeemable (other than at the option of the issuer) before the final Repayment Date;

# The Bond Instrument

(h) any amount of any liability under an advance or deferred purchase agreement if (i) the primary reason behind the entry into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 180 days after the date of supply;

(i) any amount raised under any other transaction (including any forward sale or purchase agreement, sale and sale back or sale and leaseback agreement) classified as borrowings under the Accounting Principles; and

(j) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i) above.

**Calculation Date** means the date of 28 February 2025 and every six months thereafter.

**Calculation Period** means, in respect of a Calculation Date:

(a) in relation to a previous Calculation Period, the 12 month period ending on that Calculation Date; and

(b) in relation to a future Calculation Period, each subsequent 12 month period starting on the day after such Calculation Date.

**Capital Expenditure** means expenditure by the Group on the acquisition, construction, development or improvement of an asset which would be treated as capital expenditure in accordance with the Accounting Principles.

**Equity** means the total value of equity on BWCE's balance sheet (including retained earnings and any revaluation reserve).

**Finance Costs** means, in respect of any period, the aggregate of:

(a) interest payable by the Group under its Borrowings; and

(b) forecast repayments of Principal due under the Group's Borrowings using best estimate assumptions on redemption/repayment rates.

**Finance Lease** means any lease or hire purchase contract, a liability under which would, in accordance with the Accounting Principles, be treated as a balance sheet liability.

**Forecast Net Cash Flow** means, in respect of any future Calculation Period, the Net Cash Flow forecast to be received during that period.

**Gearing Ratio** means, on any date, the ratio of A to B, where:

(a) A is the aggregate of all Borrowings as at the applicable date; and

(b) B is the aggregate of all Equity.

**Loan Life Cover Ratio** means, in relation to a Calculation Date, the ratio of A to B where:

(a) A is the aggregate of (i) the Net Present Value of Forecast Net Cash Flow from such Calculation Date and (ii) the cash balance held by the Group available to repay all Borrowing on such Calculation Date; and

(b) B is the aggregate of all Borrowing outstanding on such Calculation Date.

**Net Cash Flow** means, in respect of any period, A minus B, where:

(a) A is the aggregate Revenue received by the Group during that period; and

(b) B is the aggregate of all amounts payable by the Group during that period in respect of:

(i) Operating Costs; and

(ii) Capital Expenditure,

in each case on a "cash" rather than an "accruals" basis.

**Net Present Value** means in relation to any projected amount in any forecast, an amount equal to such projected amount discounted at a rate calculated as the weighted average interest cost charged on the aggregate Borrowing outstanding from time to time.

**Operating Costs** means, in respect of any period, all costs and expenses incurred (or, in relation to the Loan Life Cover Ratio, to be incurred) by the Group in the ordinary course of operating, managing, maintaining and implementing its business.

**Projected Debt Service Cover Ratio** means for the twelve month period following any Calculation Date and each subsequent period of twelve months thereafter, the ratio of A to B, where:

(a) A is the aggregate Forecast Net Cash Flow; and

(b) B is the aggregate projected Finance Costs,

in each case, for the relevant Calculation Period.

# The Bond Instrument

**Revenue** means, in relation to any period, all amounts paid to or received (or, in relation to the Loan Life Cover Ratio or Projected Debt Service Cover Ratio, forecast to be paid to or received as supported by contracts) by the Group in the ordinary course of operating its business (including investment sums received by BWCE during the relevant period).

## 6.2 Covenants

The Borrower shall ensure that:

6.2.1 the Gearing Ratio shall at all times not be greater than 75:25;

6.2.2 the Annual Debt Service Cover Ratio in respect of the twelve month period ending on such Calculation Date shall not be less than 1.05 to 1;

6.2.3 the Projected Debt Service Cover Ratio as at each Calculation Date for each future Calculation Period, shall be equal to or greater than 1.05 to 1;

6.2.4 the Loan Life Cover Ratio in respect of each Calculation Date shall not be less than 1.10 to 1.

## 6.3 Testing

The financial covenant set out in paragraph 7.1 above shall be calculated in accordance with the Accounting Principles and tested in respect of the last day of the most recent financial year or financial half-year (as applicable) on each Calculation Date by reference to each of the financial statements and/or each compliance certificate delivered pursuant to paragraph 4 (*Financial information*).

**7 Environmental compliance:** BWCE shall, and shall ensure that each member of the Group will:

7.1 comply with all Environmental Law;

7.2 obtain, maintain and ensure compliance with all requisite Environmental Permits;

7.3 implement procedures to monitor compliance with and to prevent liability under any Environmental Law,

where failure to do so has or is reasonably likely to have a Material Adverse Effect.

**8 Environmental claims:** BWCE shall procure that each member of the Group shall inform it, promptly upon becoming aware of the same, and BWCE shall in turn inform the Agent in writing of:

8.1 any Environmental Claim against any member of the Group which is current, pending or threatened; and

8.2 any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against any member of the Group,

where the claim has a reasonable prospect of success and, if determined against that member of the Group, has or is reasonably likely to have a Material Adverse Effect.

**9 Access:** BWCE shall allow the Agent or any person or persons appointed on the Agent's or Bondholders' behalf in accordance with clauses 9.3.2 or 9.3.3 (Events of Default) of this instrument (respectively) or the Abundance Schedule (each a "**Bondholder Appointee**") and any of their officers, employees, professional advisers and agents to have, and shall ensure that the Agent and/or the Bondholder Appointee (as applicable) are given, access to the premises, assets, books, accounts and records of BWCE during normal business hours on reasonable notice, being notice which is given no less than 10 Business Days prior to the proposed day of access, and further provided that such requests are made no more frequently than once in any six-month period.

## SCHEDULE 5 Negative Undertakings

Subject to the terms of this instrument, BWCE undertakes to the Bondholders that:

**1 Lending:** BWCE shall not be a creditor in respect of any Financial Indebtedness other than a Permitted Loan;

**2 Merger:** BWCE shall not enter into any amalgamation, demerger, merger or corporate reconstruction;

**3 Change in business:** BWCE shall not change the general nature of the business of the Group (taken as a whole) from,

3.1 the development and/or operation of renewable power and storage projects,

3.2 the provision of ancillary services related thereto; or

3.3 the delivery of energy efficiency retrofit and energy demand management services.

**4 Conversion:** BWCE shall not convert the Bonds or any repayments of Principal or payments of Interest in relation to the same into shares or any other securities of BWCE without the sanction of a Special Resolution in accordance with the Abundance Schedule.

# The Bond Instrument

## SCHEDULE 6

### Abundance Schedule amendments

For the purposes of the Bonds and this instrument, the Abundance Terms and Conditions shall be amended as follows:

1 any reference to “company” or “companies” in the Abundance Terms and Conditions shall include within it a reference to “community benefit societies registered with the Financial Conduct Authority (being an entity)”.

2 any reference to “Debenture” or “Debentures” (and “debenture” or debentures”) in the Abundance Terms and Conditions shall include a reference to “Bond” or “Bonds” as relevant, and any reference in the Abundance Terms and Conditions to “Debenture Deed” shall include this instrument.

3 any reference to “you”, “your” or “investor” shall be interpreted as a person who has registered as a member to use the Abundance Services in accordance with the Abundance Terms and Conditions and/or who is a holder of a Bond as defined in this instrument, provided that for the purposes of the Schedule to the Abundance Terms and Conditions any reference to “you”, “your” or “investor” shall be interpreted as a person who has registered as a member to use the Abundance Services in accordance with the Abundance Terms and Conditions and who is a holder of a Bond as defined in this instrument;

4 any reference to “this Schedule” or “the Schedule” shall be taken to be a reference to the “Abundance Schedule” as defined in this instrument;

5 Any reference in the Abundance Schedule to a “Security Trustee” and/or to “Security” (as those terms are defined in the Abundance Terms and Conditions) shall be ignored as there is no Security Trustee or Security involved in, or relating to, this instrument;

6 Any reference to the word “Issuer” where it appears in the Schedule to the Abundance Terms and Conditions (or in the Abundance Terms and Conditions) shall be replaced with the word “BWCE”.

# The Bond Instrument

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## **BWCE**

Executed as a **DEED** by **BATH AND WEST COMMUNITY ENERGY LIMITED**, acting by two directors:

Peter Capener

.....  
Director

Chris Crookall-Fallon

.....  
Director

## **The Arranger**

Executed as a deed by **ABUNDANCE INVESTMENT LTD** acting by a director

.....  
Name: Louise Wilson

in the presence of:

.....  
Witness Signature

.....  
Witness Name

.....  
Witness Occupation

Witness Address:  
Hamilton House, Mabledon Place, London,  
England, WC1H 9BB

## **The Agent**

Executed as a deed by **ABUNDANCE INVESTMENT LTD** acting by a director

.....  
Name: Louise Wilson

in the presence of:

.....  
Witness Signature

.....  
Witness Name

.....  
Witness Occupation

Witness Address:  
Hamilton House, Mabledon Place, London,  
England, WC1H 9BB

# Our service providers

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**Issuer, we or us:**

**Bath & West Community Energy Limited**

1-2 Queens Parade Place  
Bath BA1 2NN

**Legal advisors to Bath & West**

**Community Energy Limited**

**in relation to the bond instrument:**

**Spencer West LLP**

Longbow House  
20 Chiswell Street  
London EC1Y 4TW

**Arranger and distributor:**

**Abundance Investment Ltd (Abundance)**

Hamilton House  
Mabledon Place  
London WC1H 9BB

**Legal advisors to Abundance:**

**Keystone Law Limited**

48 Chancery Lane  
London WC2A 1JF

**Stephens Scown LLP**

Curzon House  
Southernhay West  
Exeter  
Devon EX1 1RS

Terms and conditions for the use of the Abundance service are available at [abundanceinvestment.com](https://abundanceinvestment.com)

We would like to thank you for taking the time to read our Offer Document.

We accept responsibility for the information it contains, which is true to the best of our knowledge and belief (having taken all reasonable care to ensure this is so) and reflects the facts without omitting anything which could affect its importance.

**The BWCE Board**





# Bath & West Community Energy

Generating local energy

**Abundance Investment**

[abundanceinvestment.com](http://abundanceinvestment.com)

**Bath & West Community Energy**

[bwce.coop](http://bwce.coop)