Invest in clean, green renewable solar energy...

for yourself, your children, your schools and

your community - for the future.

You are invited to be one of the first investors in **Kingston Community Energy**, a not-for-profit, community-owned enterprise, growing Kingston’s local green energy supply and making the

benefits of green energy open to all.

KCE intends to install up to XXXkWp of solar photovoltaic (PV) systems in order to generate clean electricity and a financial return for members. We also aim to reinvest surplus income into other local renewable energy and energy efficiency projects.

Although we cannot guarantee any financial returns we intend to provide a return on investment to our members starting at XXX% from XX Month Year, the end of our third year (see ‘Membership & Shareholding' p4).

Qualifying investors also stand to receive 50% income tax relief on their investment (see ‘Enterprise Investment Scheme’ p6).

Share offer open: 20 May – 12 July 2013

Amount sought: £XXXXXXX

Minimum Investment: £XXX

Maximum Investment: £20,000

...be part of a new community venture

that makes a difference

# What is Kingston Community Energy?

**Kingston Community Energy** is a community-owned social enterprise, aiming to support and finance democratic, community-owned renewable energy and energy efficiency projects in the Royal Borough of Kingston.

We are working to make Kingston’s energy supply:

• **Community-owned:** Using a co-operative model democratises energy ownership: one member one vote irrespective of shareholding, open membership subject only to a minimum shareholding of £XXX, and a strong participatory ethos ensuring that the interests of Kingston’s communities come first. Kingston Community Energy is registered as an Industrial and Provident Society for Community Benefit.

• **Equitable, green and resilient:** Kingston Community Energy will work with people, communities and businesses to support and finance green energy projects that would not otherwise happen, helping Kingston to significantly reduce its reliance on fossil fuels.

# Invitation to invest

We seek to raise up to £XXXK by selling shares in KCE. The minimum investment is £XXX and the maximum is £20,000.

## How does it work?

KCE is working with local building owners to install solar PV on their roofs. KCE intends to retain ownership of these panels and receive income via the Government’s Feed In Tariff scheme. Income will be used to administer KCE’s activities, fund withdrawal of shares and pay interest to members. Meanwhile host buildings will receive discounted electricity; any excess will be sold to electricity provider Good Energy. We plan to use the money raised by our share to install solar PV systems at several sites, including one array at Southborough High School, one at XXXXX and one at XXXXX.

A table and some pics of the schools, the system size, generating capacity etc.

## By purchasing shares you will:

* Gain an equal vote with every other member in how the Society is managed and how your local energy resources are used
* Ensure that you participate in the ownership of local renewable energy resources and benefit from the Government incentives
* Be eligible for any interest paid to members. As set out below, we are aiming to pay members an annual return on their shares
* Contribute to developing a local energy supply which aims to offer protection against fluctuations in energy supply and costs
* Help support further renewable energy and community energy efficiency programmes via our surplus income thus creating a ‘double carbon dividend’.
* Contribute to the provision of renewable energy supplies for our area that, in turn, aims to retain benefits locally and strengthen the local economy

## Why you should join us

Kingston Community Energy offers you the opportunity to make an ethical investment in renewable and sustainable energy, with benefits for the community, the environment and you.

### Benefits for the community and the environment

Our purpose is to operate for the benefit of the community and the environment by helping to reduce dependence on fossil fuels, cut carbon emissions and contribute to energy resilience. By investing in shares, you can help us to:

* contribute to local resilience against insecurity of energy supplies
* enable the schools to reduce energy costs and cut carbon emissions
* demonstrate the local potential for renewable energy projects
* support community initiatives to promote energy efficiency and behavior change
* encourage local green businesses by boosting demand for sustainable goods and services

# The Financial Model

This gives an illustrative overview of the financial model for this project. Figures will change each year with inflation. A fuller financial forecast can be downloaded from our website.

## Capital costs

Southborough High: £XXX for a 25kW system, based on quotes…

School 2: £YYY for a XXX system

## Indicative revenues from the project

The amount of revenue generated by the project will depend on the amount of sunlight for any given year which, in practise, will vary from year to year. Our estimations are based on conservative models. We have assumed a loss of efficiency of 1% per year.

## Annual revenue from these installations will consist of

1. Feed-In Tariff payments for all energy generated.
2. Export tariff
3. Sale of electricity

## Ongoing maintenance costs

Costs necessary to sustain the basic running of the Society at not more than £XXXX per year.

This includes the cost of administering shares and distributing interest payments, preparation of annual reports and holding our AGM.

Insurance and maintenance cost of the systems at not more than £XXX per year. We will be insuring the panels against damage, loss of income and public liability. The panels have a manufacturer’s guarantee, and are very low maintenance but will require occasional checking.

The inverters will need replacing once over the lifetime of the systems. We will set aside a sinking fund for their replacement out of annual income, at just over £XXX per year.

## Distribution of Annual Profits

After these costs, we anticipate an annual profit from this project of around £XXX per year. The members will determine at each annual general meeting how to distribute these profits. The Directors propose that this annual profit is used as follows:

a) Provision for payback of initial invested capital, either direct payback through shares withdrawn, setting aside capital in fixed-term deposits, or re-investment.

b) Interest payments to all member-investors of up to but not more than XX%

c) Community Energy Efficiency Fund at XX%

d) Rebate to building owners

# About us

## Our story

In July 2012 a group of people from TTK’s energy group got together to try and create a community energy project in Kingston. We saw that there were numerous projects around the country popping up and we thought we should try and bring community ownership and renewable energy to Kingston. We are all passionate about renewable energy and getting more of into our borough.

We started to research how to make our dreams happen. Our team combined engineering knowledge with finance acumen to work out the business case and to develop a robust financial model and business plan for the scheme.

In parallel with the business plan work we searched out suitable buildings, we spoke to schools, pubs, churches, community buildings. We sought building owners who agreed with our values and were keen to develop their own energy resilience.

In the early days we gained support from our local MPs, local councilors and council officers who were all keen to see more renewables in Kingston

Now we need your help to move this on to the next stage, we want local people to invest in our local infrastrucutre and keep more money in the local economy rather than investing elsewhere.

## Our people

The founder members of Kingston Community Energy are a group of individuals, from a range of professional and personal backgrounds, who care about the local economy, the global environment and believe in the power of the Kingston community to create alternative business solutions that effect real change. They have all put their time and energy into developing Kingston Community Energy in an entirely voluntary capacity.

## Directors

Liz

Peter

Damon

Hilary

Dave

## Team

Brian S

Steph

Kelly

# Terms and conditions of share offer

# Membership & Shareholding

Please read this section carefully. If you require any advice you should consult with a bank manager, solicitor, accountant, stockbroker or other independent financial adviser authorised under the Financial Services and Markets Act 2000. Before buying shares you should take careful note of the following:-

The economics of energy generation mean generation of returns takes time. Therefore investors should regard this as a long term investment with a minimum investment period of 3 years.

KCE (the ‘Society’) is incorporated as a Community Benefit Society. It provides an opportunity to contribute to the development of local renewable energy and creation of a community of interest with the expectation of both a 'social dividend' and a financial return. All applications are subject to the terms set out in the Rules of the Society.

There is only one class of ordinary share. These shares are not transferable so they may not be sold. Instead they are classed as ‘withdrawable’ shares therefore only KCE can buy them back from you. The value of shares may go down but cannot go up.

You may not benefit financially from your shares if KCE converts, or transfers its business or is wound up. In this case, the only financial benefit you may receive from your shares is the possibility of interest (at a low rate).

The minimum shareholding for membership is £XX and the maximum is £20,000, except for other Industrial and Provident Societies for which there is no limit on investment.

Should the Society get into financial difficulties:

• The Society may have to suspend your rights to withdraw your shares

• The Society may have to write down the value of your shares

• You may lose all the money you pay for your shares

• The Society may not be able to pay the expected, or any, returns.

You should buy shares only with money you can afford to have tied up, without interest, and without capital appreciation, for several years or longer.

# Risks

The KCE Directors have worked hard to identify and mitigate relevant project risks but you should be aware of the following before investing. All these risks would affect KCE’s ability to generate returns for investors and may lead to you losing the money invested in shares.

## Regulatory Risks

•Changes in Government legislation may reduce revenues generated from the Feed-in-Tariff scheme.

## Economic Risks

•KCE is unable to raise sufficient capital to develop any renewable energy projects,

•There may be a delay in Feed-in-Tariff registration which may delay cash inflow,

•Overhead costs are estimates and may go up or down over time,

•KCE may not be able to meet debt repayments due to risk factors above reducing available cash for repayments.

## Tax Risks

• KCE may not qualify for SEIS relief. If this were to happen within three years of your investment, it could result in you having to repay any income tax relief you have received.

## Other Risks

•KCE is unable to secure suitable sites ,

•Projects may be delayed due to technical, financial or legal matters,

•There may be interruptions to the generation of electricity caused by financial or legal matters which may reduce and/or delay revenues,

•There may be interruptions to generation of electricity caused by mechanical/electrical failure of equipment which may reduce and/or delay revenues.

• Although the installation will be fully insured, standard exclusions will apply including ‘Acts of God’.

The Directors seek to protect against these risks through implementing prudent management practices including a Risk Management Plan.

# Seed Enterprise Investment Scheme

Investors in KCE may qualify for the Seed Enterprise Investment Scheme (SEIS) which provides tax payers with tax incentives when they invest in SEIS Qualifying Companies:

## Income Tax Relief

An individual can invest up to £500,000 per tax year in SEIS Qualifying Companies and benefit from 50% income tax relief. The individual can only claim this relief if they hold less than 30% of the shares, are not an employee and hold the shares for at least 3 years. The minimum investment is £XXXXX.

## Inheritance Tax Relief

Shares would generally be expected to attract Business Property Relief at rates of up to 100% for IHT purposes, provided the shares have been held for at least 2 years

## Loss Relief

If the shares were to be sold at a loss, the loss could be offset against income tax or capital gains tax of the Investor.

Tax treatment depends on the individual circumstances of each member and may be subject to change in the future.

The Society has applied for advance clearance of its status as an SEIS Qualifying Company. Final approval is only available from HMRC after issuance of shares. Assuming this approval is gained the Society will issue application forms to members who will then individually need to seek approval. There is no guarantee the Society will be granted SEIS Qualifying Company status.

Full details of the SEIS can be found at: http://www.hmrc.gov.uk/seedeis/

# Withdrawing shares

Shares are withdrawable on 3 months’ notice and up to a maximum of 4% per annum of issued share capital in issue at the start of the financial year. All applications received will be processed on a first come first served basis. Any applications received but not approved for withdrawal in the year will be rolled forward to the next year until the application for withdrawal amount has been repaid in full. Where a year’s cap has not be used in full the Directors may decide to roll this forward to the following year.

If the Society receives applications for withdrawals which exceed the cap, they may seek to increase the amount of withdrawals over the cap subject to the circumstances of the Society at that time, or seek to raise additional capital to finance share withdrawals.

The withdrawal of shares is currently suspended until 1 July 2015. The scope for being able to withdraw shares in the future will be dependent upon the Society developing a successful business and hence cash flows to pay out share withdrawals or contingent on the Society raising additional capital for the purpose of paying out share withdrawals. In the case of joint investments, all investors concerned must agree to a withdrawal. Shares will be repaid at the original price (subject to comments hereafter).

The Directors of the Society have the right to change the notice period for withdrawals, or to suspend withdrawals.

The Directors have the right to write down the value of shares, if the liabilities of the Society (and its share capital) should exceed the value of its assets. Members who then withdraw their shares will only receive the written down value of their shares.

The value of your shares may fall and their value will not exceed the £1 per share. Although shares are withdrawable, you may not be able to withdraw the full price you pay for them if the Society does not have funds available at the time you want to withdraw your shares.

In some circumstances, the Directors may be compelled to write down the value of your shares. Should you then wish to withdraw your shares, you should expect to receive only their written down value.

## Returns to Members

The Society will pay only a sufficient rate of interest on money paid for its shares and may pay no interest at all. A sufficient rate is determined by the Directors as the rate necessary to obtain and retain the capital required to carry out the Objects of the Society as set out within its Rules.

## Voting

Each member has one vote regardless of the size and value of their shareholding. Members will be kept informed of the Society’s services and developments through the Kingston Community Energy website, by e-mails where the member so wishes, by occasional newsletters, annual reports and Annual General Meetings.

## Legal Information

This document is issued by Kingston Community Energy Limited, registered number 31966 R, as a Community Benefit Society incorporated in England and Wales on the 15 February 2013 under the Industrial and Provident Societies Act 1965.

As a Community Benefit Society, the Society does not need to be authorised by the Financial Services Authority to take deposits by issuing these withdrawable shares. Therefore, the money you pay for your shares is not safeguarded by any depositor protection scheme or dispute resolution scheme. The Society, unlike banks and building societies, is not subject to prudential supervision by the Financial Services Authority.

This document does not need approval (and has not been approved) by an ‘approved person’ under section 21 of the Financial Services and Markets Act 2000.

This offer of shares is not regulated by the Financial Services and Markets Act 2000 or subsidiary regulations. This document does not constitute a prospectus within the meaning of the Prospectus Regulations 2005. These regulations do not apply because there is a specific exemption for community benefit societies that conduct their business for the benefit of the community.

As a member and shareholder of the Society you own the Society. If the Society is unable to meet its debts and other liabilities, you will lose the whole amount held in shares. This may make it inappropriate as a place to invest savings.

Your investment in your share account receives interest but does not enjoy any capital growth. It is primarily for the purpose of supporting the society rather than making an investment. As a Society, the maximum return offered to investors will always be limited.

## Nomination option

In the event of the death of a member, the repaid value of the shares will normally be added to the estate for probate purposes. You may elect to nominate a recipient for the value of the shares (but only up to the amount set out in law) and thus (under current legislation) remove the value of the shares (up to the amount set out in law) from your estate for probate purposes i.e. the shares may pass to the nominee outside the Will of the deceased). The nominated property will nevertheless form part of the deceased’s estate for Inheritance Tax Purposes, unless the estate is an excepted estate.

## Documents

The Rules of Kingston Community Energy Limited are available on our website or at our office, as are Letters of Intent, Planning Approvals and DNO Approvals.

## How to Apply

To become a member complete our Share Application Form (also available on our website) and post to Kingston Community Energy, 30 Douglas Road, Surbiton, Surrey, KT6 7SA. Payment can be made via bank transfer or cheque. Our bank details are: Brighton Energy Ltd, Co-opera3ve Bank, Account: 65446120, Sort: 089299. We recommend you add a reference to your payment, comprising of your initials and year of birth. We also accept cheques, made out to ‘Kingston Community Energy Ltd’.

Note that you need to purchase at least XXX shares. Each share has a value of £1 and the maximum shareholding is £20,000. Applications and payments must be received at our office before 5PM on 12th July 2013. Membership is open to individuals aged over 16, corporate bodies, voluntary organisa3ons and public sector investors.

# Application form