



Heart of England Community Energy

Share Offer Document

Become a shareholder in
Heart of England Community Energy Limited
and become a member of the largest community energy
company in the UK

Target: £1 million
Closing date: 10th February, 2018

www.mongoose.energy/HECE
in association with Mongoose Crowd



Important Notice

This *offer* has been prepared for Heart of England Community Energy Limited by Mongoose Crowd Limited (**Mongoose Crowd**) and approved as a financial promotion for the purposes of section 21 of the Financial Services and Markets Act 2000 (**FSMA**) by *Share In Ltd*. Mongoose Crowd (firm reference number 779511) is an Appointed representative of Share In Ltd (firm reference number 603332), which is authorised and regulated by the Financial Conduct Authority (**FCA**). This means that Mongoose Crowd is subject to the FCA's rules in respect of:

- ensuring our communications with you are clear, fair and not misleading;
- categorising you as an *investor* to ensure that investment in withdrawable and non-transferable shares is appropriate for you;
- handling any complaints that you may have about our services; and
- the vetting of our staff that undertake governance and customer-facing functions.

This *Offer Document* is not a prospectus for the purposes of Part VI of FSMA and has not been approved by the FCA.

The Shares have not been admitted to listing on any regulated market and will not be dealt on any stock exchange or other such market.

Investing in this Share offer may put your capital at risk. That means that you could lose all or some of the money that you invest. Before applying you are advised to read the whole of this Offer Document, including the risks set out on pages 22-23, and all the information regarding this Offer at www.mongoosecrowd.co.uk. Mongoose Crowd do not provide investment, tax or accounting advice. If you are uncertain about investing in Shares, you should consider taking appropriate independent advice from a person who has relevant experience in advising on *withdrawable shares* before making any investment decision.

Mongoose Crowd has taken all reasonable care to ensure the facts stated in this Document are true and accurate in all material respects and that there are no other material facts whose omission would make any statement of fact or opinion in this Document misleading. All statements of opinion or belief contained in this Document and all views expressed and statements made regarding future events represent Mongoose Crowd's own assessment and interpretation of information available to it as at the date of this Document. Investors must determine for themselves what reliance (if any) they should place on such statements, views or forecasts, and no responsibility is accepted by Mongoose Crowd in respect thereof.

An *application* to invest in the Shares may only be made through Mongoose Crowd at www.mongoosecrowd.co.uk.



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All italicised terms used in this Share Offer Document are defined in the Glossary.



Welcome Message

From the *Board*

We are thrilled to invite you to invest in Heart of England Community Energy (HECE) through our very first share offer! By investing and becoming a member, you will be participating in the ownership of local, renewable energy resources and supporting re-investment of HECE's profits into the local community of the Heart of England region.

In July 2017, HECE acquired three solar farms, located on the old DEFRA (Department for Environment, Food and Rural Affairs) site just outside Stratford-Upon-Avon. This means that HECE is the UK's largest community energy company by size of assets. The land on which the solar farms are built cannot be used for agricultural purposes which makes it a particularly appropriate location for solar farms. The projects were constructed by Anesco, a British company that has constructed over 100 solar farms, with a loan from Close Brothers Bank. Since their construction in 2016, the projects have been performing above expectations.

Your investment will allow HECE to take the solar farms into community ownership. HECE's acquisition of the solar farms was funded by a short-term loan from Social & Sustainable Capital (SASC), a specialist investment fund with the goal of supporting community organisations to deliver sustainable solutions to social issues. Our fund-raising target of £1 million will allow us to make an initial repayment of loans using people-powered investment and allow *members* of the community to get involved in energy democracy. We will be launching further investment offers in the future to repay the rest of the loans. Part of the money raised will also be used to provide working capital to support the development of our business plan.

Heart of England Community Energy has been established to recycle its profits back into the Heart of England community by supporting local charities and projects with a positive social and environmental impact. It is our goal to donate approximately £2.7 million to good causes over the projects' lifetime with an intended minimum of £30,000 per year. Our primary focus is to improve the health of elderly and other vulnerable people suffering from living in cold and damp homes by helping them to access help with reducing energy bills and improving heating and insulation. We are still developing our community benefit strategy, but the board is already working to identify partners with a strong track record of delivering high quality services in areas so that HECE's profits can be used to greatest effect.

The shares are a long-term investment, which aims to pay interest of 6% per year, which will be covered by the revenue from the solar farms. The share offer will be available through Mongoose Crowd, the first crowdfunding platform dedicated to community energy. More information is available on Mongoose Crowd at www.mongoosecrowd.co.uk.

Our new board was recruited by and will continue to be supported by *Mongoose Energy*, a community-owned renewable energy developer. Since 2015, Mongoose has helped bring over 75 MW of solar power into community ownership and is now a leading player in the growing community energy sector.

We hope that you will consider investing in Heart of England Community Energy and become a member with more power over where our electricity comes from and where the profits go.



Summary of the Share offer

Issuer	Heart of England Community Energy
Members' interest	6% p/a
Instrument	Withdrawable Share
Number of shares	1 million
Share value	Nominal value of £1 per share
Minimum Raise	£50,000
Funding Target	£1 million
Offer Closes	10 th February 2018
Interest Paid	Annually
Voting Rights	One member, one vote
Term	Long term, repayment of capital may take up to 25 years
Minimum Investment	£500
Maximum Investment	£100,000
Purpose of the share offer	<ul style="list-style-type: none"> Put the company into community ownership by using member investment to repay bridge financing Provide working capital for the benefit society's launch of operations

The share offer opens on 7th December 2017 and will remain open to applications up to the value of £1 million, or until 10th February 2018, whichever is earlier. The Directors may extend the offer period at their discretion.

The Issuer will pay a target interest rate of 6% per annum on the capital invested in the shares by each member. Please note that capital is at risk and returns are not guaranteed.

For *applicants* who apply before 31st December 2017, interest will begin to accrue from 1st January 2018. If the offer period is extended (as explained further below), applicants who apply after this time will see interest accrue on their shares from the date of issue of their shares.

The shares are not eligible to be held within the Innovative Finance ISA.

Table showing the interest earned on a sample investment

You invest	Interest paid	Interest you earn per annum
£10,000	6%	£600

Summary of Key Dates

7 th December 2017	Launch of the share offer
1 st January 2018	Interest begins accruing for those who applied before 31st December 2017
10 th February 2018	Share offer closes: the share certificates are issued, targeted to be within one week of close
11 th February 2018	Interest begins to accrue for those applying after 31 st December 2017
31 st July 2019	6% interest payment: payment of first share interest and thereafter annually



Meet the Team:

About Heart of England Community Energy Limited

Heart of England Community Energy is a newly set-up community energy company, with the goal of introducing the benefits of community energy to the Heart of England region. Community energy is designed to empower locals by allowing them to invest in, control and benefit from the generation of renewable energy.

The company acquired three 5MW solar farms on 27th July 2017, making it the largest community energy company by generating capacity in the UK. The solar farms produce enough electricity to power 4,500 homes.

The assets are managed by Mongoose Energy, which set-up the company and completed the acquisition on its behalf. Mongoose Energy works with 11 other community energy companies across England and manages over half the community energy assets in England and Wales.

As a *community benefit society*, regulated by the FCA, we are bound to act for the benefit of the communities in which we operate – the Heart of England region. Therefore, all operations and management are to fulfil the end-goal of maximising the community benefit fund, which will see surplus profits invested back into the community to deliver social and environmental benefits, for example by supporting the alleviation of fuel poverty. The board will explore potential partners with whom to work to benefit its chosen causes, which HECE will announce more about in the new year.

Members will have the opportunity to be involved in the company's debates and provide feedback on upcoming reports, including the business plan and community benefit plan. Furthermore, members may stand for election to the Board and vote at AGMs. Each member gets a vote each, regardless of the size of share. Led by the board of directors, the members will control the running of the community energy enterprise.

The Directors



Michael Bullock – Director

Michael has a specialist understanding of financial risks and strategic issues associated with renewable energy projects, with experience in risk consulting to renewable energy industry clients. He has 20 years' insurance broking experience in the London and Bermudian insurance markets including as founder-director of a Lloyd's Broker, in which he established a specialist renewable energy underwriting unit. Currently, he sits on the Wave Energy Scotland advisory committee and is on the finance steering group of the Ocean Energy Forum.



Stuart Potter – Director

Stuart Potter is a Chartered Engineer and member of the Energy Institute who has been an energy consultant for 30 years. He has worked for many large organisations in innovative designing, implementing and commissioning of large energy projects to reduce costs and energy usage. Since retiring from his main role, he has worked in local community projects, building and developing his interest in guiding the communities towards ethical, sustainable, local supply and self-sufficiencies.



Dave Passingham – Director

Dave Passingham was Technical Director and then Managing Director of a computer aided design software company. Since retiring he has been involved in running environmental and community projects in South Warwickshire. Dave has had a special interest in Community Energy Companies for the last 8 years and now manages a portfolio of investments in over 30 such companies. He has a degree in Engineering Design and has recently studied Energy for a Sustainable Future.



John Stott – Director

John is a chartered member of the Energy Institute and has worked in the electricity generation industry. He is very interested in finding ways of minimising climate change and renewable energy is an important part of the solution. He has invested in over 50 renewable energy projects and is well informed about renewable energy and in particular, the technicalities of solar power. He has helped a community solar project with technical advice and helped a local business to purchase a solar power system. For ten years, he promoted the low carbon message by writing the green column in a local electronic newspaper.



Tony McNally - Director

Tony was a Director of Green Shows and Conferences from 1990-2016. He jointly organised the first Midlands Environmental Business Conference NEC, from which it was established and continues to date as the MEBC (Club). He was involved in organising the Pledge to the Planet and Tree of Life campaign, with John Talbot, David Middleton and Jonathon Porritt, leading to and featuring in the UN Earth Summit Rio 1992. He also participated in Coventry and Warwickshire Savers as a local Agenda 21 NGO, having just received the Queens Award for voluntary service in the community. He has also just won the 2017 Global Energy News Best Climate Change Conferences award.



Tony Guy – Director

Tony is a Chartered Engineer who joined the car industry, working for several major car component manufacturers. Tony started General Management Consultants Ltd, which in 2002 developed the concept of an electric light commercial vehicle, and with London Taxi International, built three demonstrators. Tony was then a founding Director of Modec Ltd, and as Sales Director and then Operations Director established Modec as a World Class producer of Electric Vehicles. Tony was awarded the "Green Fleet Lifetime Achievement Award" in 2005. In 2015, he was awarded the MBE for "Services to Scouting and Young people in Blackpool and Warwickshire".



Jonathan Jones - Director

Jonathan has more than 25 years' experience of managing and leading finance teams across a variety of industry sectors. He has played a key financial role in a number of iconic projects such as the new London Taxi and Virgins West Coast tilting trains, and has worked for more than 10 years in the Telecoms infrastructure sector overseeing the management and delivery of over 10,000 projects. His key strength is his ability to identify the key success factors for both the business and the finance team and then in developing insightful reporting frameworks that drive performance improvement. He has recently joined the Mid Counties Co-operative as Accounts Controller where he is responsible for the production and review of financial information across the Society's diverse 8 divisions and 9 support functions.



Mark Kenber – Director

Mark Kenber is the Chief Executive and a Director of Mongoose Energy. Prior to joining Mongoose, he was CEO of The Climate Group and played influential roles in the organisation for over a decade. With a background in international climate policy, he co-founded the successful Voluntary Carbon Standard, CDM Gold Standard and We Mean Business coalition, launched a number of corporate climate leadership platforms, including the ground-breaking RE100 campaign, and co-led the Breaking the Climate Deadlock policy initiative.



Robert Rabinowitz – Director

Rob is Head of Generation at Mongoose Energy. He is a specialist in financing community energy projects, having worked in leading start-up businesses in the fields of carbon trading, social investment and community energy. Rob was part of the team that set up Climate Exchange plc, which was sold to Inter-Continental Exchange in 2010, and was the founding CEO of carbon offsetting and community energy charity Pure Leapfrog.



Mongoose Energy

Mongoose Energy Limited (www.mongoose.energy) is a company with the goal of helping to scale the community energy sector by de-risking the process of development, financing and management of community owned renewable energy projects.

Working with its partner community benefit societies, Mongoose Energy has negotiated debt facilities from banks totalling over £50m, successfully raised over £22.5m of community investment into renewable energy projects, and is currently managing nearly 85 MW of renewable energy projects on behalf of its partners.



Mongoose Crowd

Mongoose Crowd is the UK's only crowdfunding platform focused exclusively on community energy and is a new way for community investors to support local renewable energy projects.

Mongoose Crowd (firm reference number 779511) is an appointed representative of Share In Ltd (Firm reference number 603332), which is authorised and regulated by the Financial Conduct Authority.

While Mongoose Crowd is regulated through Share In Ltd by the Financial Conduct Authority (FCA), withdrawable share capital itself is not regulated. The money that you invest in withdrawable shares is not protected by the *Financial Services Compensation Scheme* and you cannot make a complaint to the *Financial Ombudsman Service*.

Share In Ltd

Share In Ltd (ShareIn) provide crowdfunding software services, and are regulated and authorised by the FCA (FRN 603332). ShareIn are one of the founding members of the UK Crowdfunding Association, and are located in Edinburgh at, the UK's largest technology incubator.

Projects

Introduction

The projects are three solar farms just outside Stratford-Upon-Avon, each with a generating capacity of almost 5 megawatts (MW). The three solar farms are part of a larger development of nine solar farms. The projects are located at Drayton Manor Farm on Alcester Road, CV37 9RQ. The site on which the projects are built is a former DEFRA site.

Currently the solar farms, Poplars, Willows and Leys, are owned by Poplars Solar Energy C.I.C. (Community Interest Company), Willows Solar Energy C.I.C. and Leys Solar Energy C.I.C, of which HECE is the sole shareholder, and the farms were developed by Anesco Limited. Anesco is a developer of large-scale renewable energy systems and are in the top 100 cleantech companies in the world. It has designed and constructed some of the country's largest solar farms, including the UK's first subsidy-free solar farm. Its portfolio generates more than 480MW of renewable energy and are a market-leader in battery storage technology.

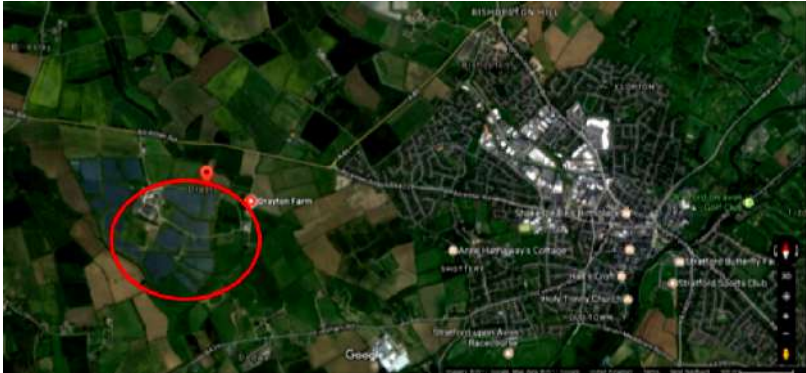
The sites are among the first solar farms to be co-located with grid-sized batteries, which are owned by another entity. The solar farms and batteries share a grid connection.

The three installations combined cover 75-acres of land, made-up of around 60,000 solar panels. The farms have all necessary planning permissions and operations contracts and have all been producing electricity for over a year. Anesco provides a 24-months' defects liability period, including a performance warranty, which expires in March 2018 for Leys and September 2018 for Poplars and Willows.



Poplars and Willows are FiT (*Feed-in Tariff*) projects and Leys is a ROC (Renewable Obligation Certificates) project and all three sites export their power to the grid.

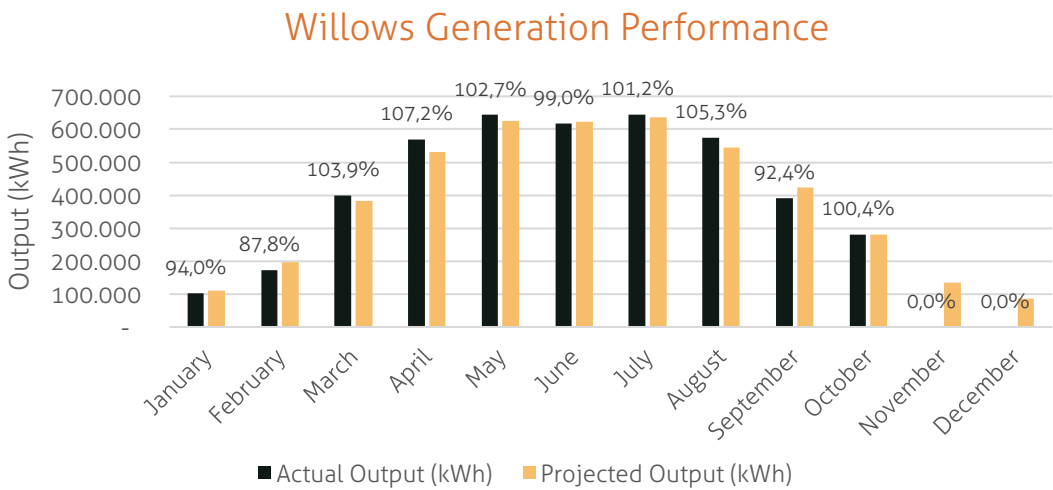
The Poplars and Willows sites receive the Generation Tariff but do not currently receive the Export Tariff. This is due to the structure of the metering arrangements with the batteries, which *Ofgem* is yet to accredit for the Export Tariff. The metering issues are in the process of being resolved and we hope the sites should be eligible for the Export Tariff in 2018 and meanwhile, Poplars and Willows have Power Purchase Agreements (*PPAs*) with electricity providers who currently pay a price which is only marginally below the FiT export price.



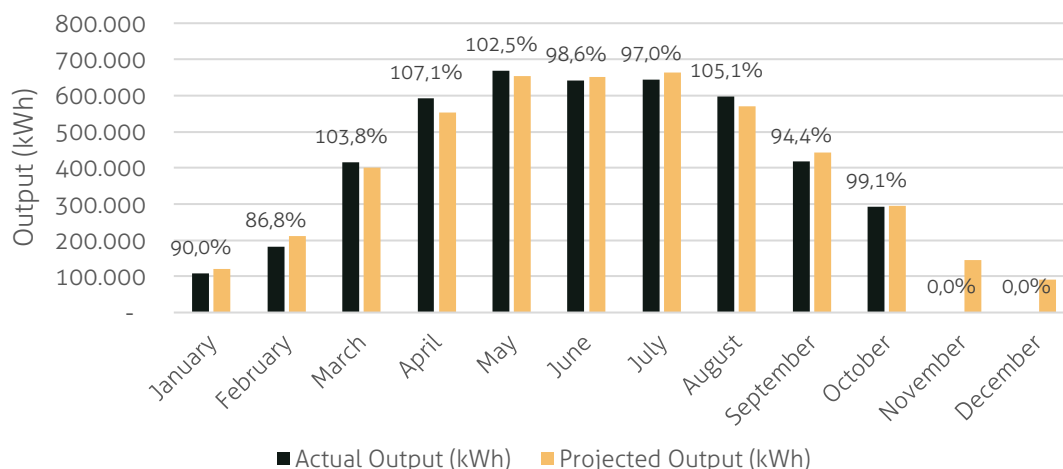
The solar arrays produce enough electricity to power 4,500 typical UK homes.

HECE was able to purchase the C.I.C.s with a loan from Social and Sustainable Capital, a specialist investment fund which invests in projects that provide social benefit. We hope to repay their loan as quickly as possible, to increase the community benefit by reducing our financing costs.

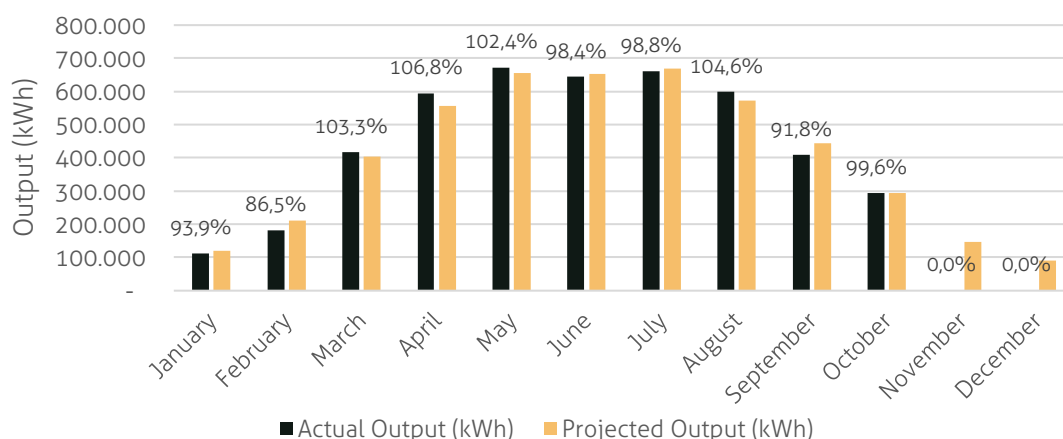
The solar farms have each been fully operational for over a year and have been performing above target, therefore the Board believe this to be a low risk investment. **2017 (January to October)** performance data can be found below:



Leys Generation Performance



Poplars Generation Performance



Willows, with a total installed capacity of 4.74MW, has generated a total output of 4.40GWh this financial year – almost 1% above target (enough to power over 1,400 typical UK homes).

Leys, with a total installed capacity of 4.98MW, has generated a total output of 4.57GWh this financial year – which is slightly above target output (enough to power just under 1,500 typical homes).

Poplars, with a total installed capacity of 4.98MW, has generated a total output of 4.58GWh this financial year – this exactly meets target (enough to power just under 1,500 typical homes).

The sites have all performed at or above target despite the sites experiencing lower than anticipated irradiation levels during the year, specifically during the months of January and February. This is consistent with other Mongoose Energy managed sites around the country.

November and December actual output figures not yet obtained.

How does solar PV technology work?

Solar photovoltaic (PV) systems capture the sun's energy using photovoltaic cells. Solar PV cells are made from layers of semi-conducting material, usually silicon. When light shines on the cell it creates an electric field across the layers. The stronger the sunshine, the more electricity is produced, but the PV cells don't need direct sunlight to work, they can still generate some electricity on a cloudy day. Cells are grouped together in panels or modules that can either be mounted on a roof or on the ground. Since solar PV cells convert sunlight into DC (direct current) electricity, inverters are used to convert this into high-voltage AC (alternating current) electricity, which is then exported to the local distribution network.

Solar PV is a well-established and proven technology. In the UK, solar energy continues to break its own records, most recently on 26 May 2017, when at one point it produced nearly 25% of national electricity generated. With the emerging use of batteries at scale, the intermittent nature of solar PV and other renewables will be able to be even more efficiently integrated into the grid in the future.



Financial Information/ Projections

Heart of England's directors are confident that the *financial projections* below are based on prudent assumptions and that the projected revenue will be sufficient to fund the interest due on the issued shares.

Heart of England Community Energy owns three solar farms, Leys, Poplars and Willows.

The Leys receives 1.3 ROCs (Renewable Obligation Certificates) for every *MWh* of electricity generated. Energy suppliers have an obligation to deliver a minimum percentage of renewable energy in the energy that they supply. They can achieve this target by buying ROCs from renewable energy generators, such as solar farm owners.

Poplars and Willows receive the Generation Tariff, which is 4.60p/*kWh* for each unit of electricity that the projects generate. The Generation Tariff is received for 20 years and increased by *RPI* each year.

All 3 solar farms currently export their power at the wholesale power price under Power Purchase Agreements.

Poplars and Willows are not currently receiving the Export Tariff, which is a guaranteed minimum floor price of 5.03p/*kWh* for power exports increased in line with *RPI* for 20 years, because of metering changes made when the on-site batteries were installed. We are currently in the process of approaching Ofgem to secure their eligibility for the Export Tariff which will guarantee a minimum price for electricity exports. While statements from Ofgem and the government make us optimistic about the prospects of securing the Export Tariff, this is not yet guaranteed.

The current financial model does not assume that Poplars and Willows receive the Export Tariff. It assumes that all 3 projects export power at a price below the Export Tariff until 2021 at which time higher prices are received.

Additionally, all 3 solar farms receive a payment for rent and grid access each year each for 20 years from the battery projects that are located on the site.

Revenues received by the solar farms are first used to meet operating costs and then to service the loans from Close Brothers (both interest and capital repayments).

Surplus revenues after operating and bank servicing costs are then used to make member interest payments and to make a minimum annual *community fund* payment which is targeted to be £30,000 per year.

Any funds remaining after member interest payments and the minimum community fund payments will be used by the board to repay members' capital and to make additional community fund payments. The Board will ensure there is sufficient working capital retained each year to manage the Society's cash flow and the Board will make decisions as to how to best utilise surplus cash to deliver additional community benefit.

Other Key Assumptions

The projects annually generate 980 kWh for each kWp of generation capacity and their output degrades by 0.4% per year. This level of annual degradation is in line with warranties provided by Anesco.

The Leys solar farm receives a price of 95% of the buy-out price for its ROCs.

The majority of the Society's revenues and operating costs are indexed to the Retail Prices Index which is assumed to be 2.5% per year.

The Society receives £20,000 per year rent per solar farm for 20 years from the owner of the batteries located on the site and that use the solar farms' grid connections.

The current bank loans to the solar farms are replaced in 2019 with bank loans at an interest rate that is at least 1% lower and that is fixed for 15 years.

The current loans from SASC are repaid in full by 2019 using the proceeds of community share and bond offers.

The average cost of capital raised through community share and bond offers is no more than 5.67% (including the costs of raising that capital).

There is a minimum annual community benefit payment of £30,000 which grows each year with RPI.

HECE	Mar 2018	Mar 2019	Mar 2020	Mar 2021	Mar 2022	Total
Income*	1,468,046	1,437,158	1,733,514	1,573,563	1,643,083	7,855,364
Opex**	-329,144	-417,406	-415,741	-425,564	-434,703	-2,022,558
Loan interest & capital	-729,725	-1,293,736	-930,792	-844,198	-844,799	-4,643,250
Member interest & capital			-104,167	-334,118	-377,889	-816,173
Community benefit fund		-30,000	-30,750	-31,519	-32,307	-124,575
	409,177	-303,983	252,064	-61,836	-46,614	
Cash at beginning of period	106,766	515,943	211,960	464,024	402,188	
Cash at end of period***	515,943	211,960	464,024	402,188	355,574	

HECE	Mar 2018- 2022	Mar 2023- 2027	Mar 2028- 2032	Mar 2033- 2037	Mar 2038- 2042	Total
Income*	7,855,364	9,180,504	10,469,400	11,607,356	6,553,972	45,666,597
Opex**	-2,022,558	-2,318,803	-2,584,090	-3,277,960	-2,735,493	-12,938,905
Loan interest & capital	-4,643,250	-4,422,221	-4,858,990	-3,299,893	0	-17,224,354
Member interest & capital	-816,173	-2,231,715	-2,771,167	-4,368,374	-2,744,588	-12,932,017
Community benefit fund	-124,575	-174,060	-196,933	-222,812	-1,958,621	-2,677,001
	248,808	33,704	58,220	438,317	-884,729	
Cash at beginning of period	106,766	355,574	389,278	447,497	885,814	
Cash at end of period***	355,574	389,278	447,497	885,814	1,085	

*Includes cash-flow movement from balance sheet

**Includes corporation tax

***Includes working capital retained in subsidiaries to meet operational costs

The Table shows the financial projections for the lifetime of the solar farms with March as the Year End.

Opex means operational expenses (which rise in line with inflation) and £60,000/pa for an equipment replacement fund until 2034 for all three solar farms, to cover any equipment failures.

Member Interest and Capital Payments

The first interest payment for members who invest by 31st December 2017 will cover 1st January 2018 – 31st December 2018.

The first interest payment for members who invest by 10th February 2018 will cover 11th February 2018- 31st December 2018.

We intend to pay interest on or before the 31st July of every year from 2019 onwards, allowing the company to hold its AGM and complete its audit prior to making decisions on payments.

Capital repayments are planned to commence in 2026 with completion in 2040 but could be delayed to 2043 if HECE's finances encounter unfavourable conditions. If members wish to withdraw capital sooner, withdrawals will be considered annually at the AGM with members providing at least 3 months' notice.

The information provided is intended to demonstrate how HECE is projected to perform financially, but applicants should be aware that the financial projections are based on assumptions listed above and therefore the actual performance of the company will vary should actual conditions differ from the assumptions.



The directors of Heart of England Community Energy have conducted a scenario analysis of the implications for the financial model of less favourable assumptions. Scenarios analysed are: project output reduced by 5%, RPI reduced by 1%, future power prices not to exceed export tariff and bank interest rates increased by 1%. The board is satisfied that in each of the scenarios analysed, the Society is able to service its debt obligations. In these scenarios, the directors would seek to reduce interest paid to members to a level that is consistent with ensuring that investor capital is fully repaid over 25 years. The planned minimum annual community fund contribution would also be reduced in line with the reduction in payments to members.

General information sourced from third-parties in this offer document has been accurately reproduced as far as the Directors are aware and are able to ascertain from information published by that third party. The Directors believe that no facts have been omitted which would render any such reproduced information inaccurate or misleading.

How to Invest

When you're ready to invest:

This investment is only available to members of the Mongoose Crowd platform

1. Complete the online application process to become a member of Mongoose Crowd
2. Place your order for shares
3. Make the payment (Card, Bank Transfer or payment from e-wallet)
4. We will then complete the necessary ID checks
5. Share certificates will be issued upon the successful close of the offer

An application may only be made in the name of a single individual, who must be 16 or older, or be a co-operative, community benefit society, company or other incorporated association.

If you choose to buy shares using the on-line facility at Mongoose Crowd, you must do so under the Investor *Terms and Conditions* found on the Mongoose Crowd website. Once you have completed the *application form* you will receive an acknowledgement email from Mongoose Crowd. Share certificates shall not be issued until after the raise of funds has closed.

The *Application Monies* will be kept in an account with *MangoPay*, which will open an electronic wallet directly in your name. The money will be held in a UK bank account until the offer closes and the funds are moved into HECE's account. MangoPay is a trading name of *Leetchi SA*, which holds an e-money issuer license which was granted and regulated by the Commission de Surveillance du Secteur Financier, Luxembourg (CSSF).

Applications under this offer will be dealt with on a first come, first served basis. In the event of oversubscription to this offer, the application which brings the total value of all application above the maximum sum will have to be reduced accordingly and all subsequent applications declined.

For more information on any part of the investment process go to www.mongoosecrowd.co.uk/help

Contacts

If you have any questions regarding the crowdfunding platform or how to invest you can post them directly to Mongoose Crowd by logging into the website at www.mongoosecrowd.co.uk. You can also find more information on the help page at www.mongoosecrowd.co.uk/help or email Crowd@Mongoose.Energy

The Share Offer

Closing Date

The Offer will close on the earlier of the *Maximum Subscription* being reached or 10th February 2018.

Minimum and maximum investment

The minimum investment per investor is £500.

The maximum investment is £100,000 (100,000 shares) unless the investor is another community benefit society, a cooperative society or an industrial and provident society.

Member returns

As a community benefit society, Heart of England Community Energy Limited is able to pay interest to Members on their shareholdings at a rate sufficient to obtain and retain the capital required to carry out its objects and meet its business requirements. Heart of England Community Energy will pay Members a 6% gross annual interest rate each year.

If the project performs above expectations, then the surplus will be paid to the community fund. Equally, if the project performs below expectations, payments to the community fund would be reduced.

Interest on Withdrawable Shares will be calculated from their date of issue and will be paid annually by Heart of England Community Energy to Members. Interest will be paid without deduction of tax.

The returns described above are ultimately dependent on the success of Heart of England Community Energy.

Share certificates

Each member is entitled to receive a certificate as evidence of their investment in the shares. Share certificates will be issued upon successful close of the offer.

Sale or withdrawal of shares

Withdrawable Shares are non-transferable except on death or bankruptcy or (in the case of an unincorporated organisation or partnership) on a change of nominee, and therefore cannot be sold to a third party or traded. There is no prospect of the Withdrawable Shares being worth more than their nominal value of £1.

It is possible to withdraw shares, giving three months' notice. However, it is important to note that any withdrawal is at the discretion of the Directors and subject to sufficient funds being available. The Board has the right to change the notice period for withdrawals or to suspend withdrawals. Heart of England Community Energy will not pay Members more than they paid for the Withdrawable Shares. All withdrawal requests will **only** be considered annually at the AGM.

The Directors of the Society will generally prioritise repayment of Withdrawable Shares based on the date of receipt of notice requesting repayment. However, in the event of the death of a Member, a formal request for repayment of Withdrawable Shares by a legally appointed representative of the Member's estate will be given accelerated priority.

Exit Strategy

In principle, an investment in Heart of England Community Energy is for up-to a 25-year period, and as such should be considered a long-term investment. As above, the Withdrawable Shares are withdrawable, but this is at the discretion of the Directors and subject to the necessary funds being available to provide a repayment of capital. The Board of Heart of England Community Energy will actively monitor refinancing opportunities which may provide an exit route, but this should not be relied upon.

Voting

All Members hold one vote regardless of the number of Withdrawable Shares held.

Responsibility statement

The Directors and the Society accept responsibility for the information in this document. To the best of the knowledge of the Society and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

About the Society

The Society was incorporated in England and Wales on 29 October 2015 under the Co-operative and Community Benefits Society Act 2014 as a Community Benefit Society with the society name Portworthy Community Energy Limited and registered number RS007232. The name of the Society was changed to Heart of England Community Energy Limited on 22nd November 2017. The principal legislation under which the Society operates is the Act. The registered office of the Society is Overmoor Farm, Neston, Corsham, SN13 9NZ.

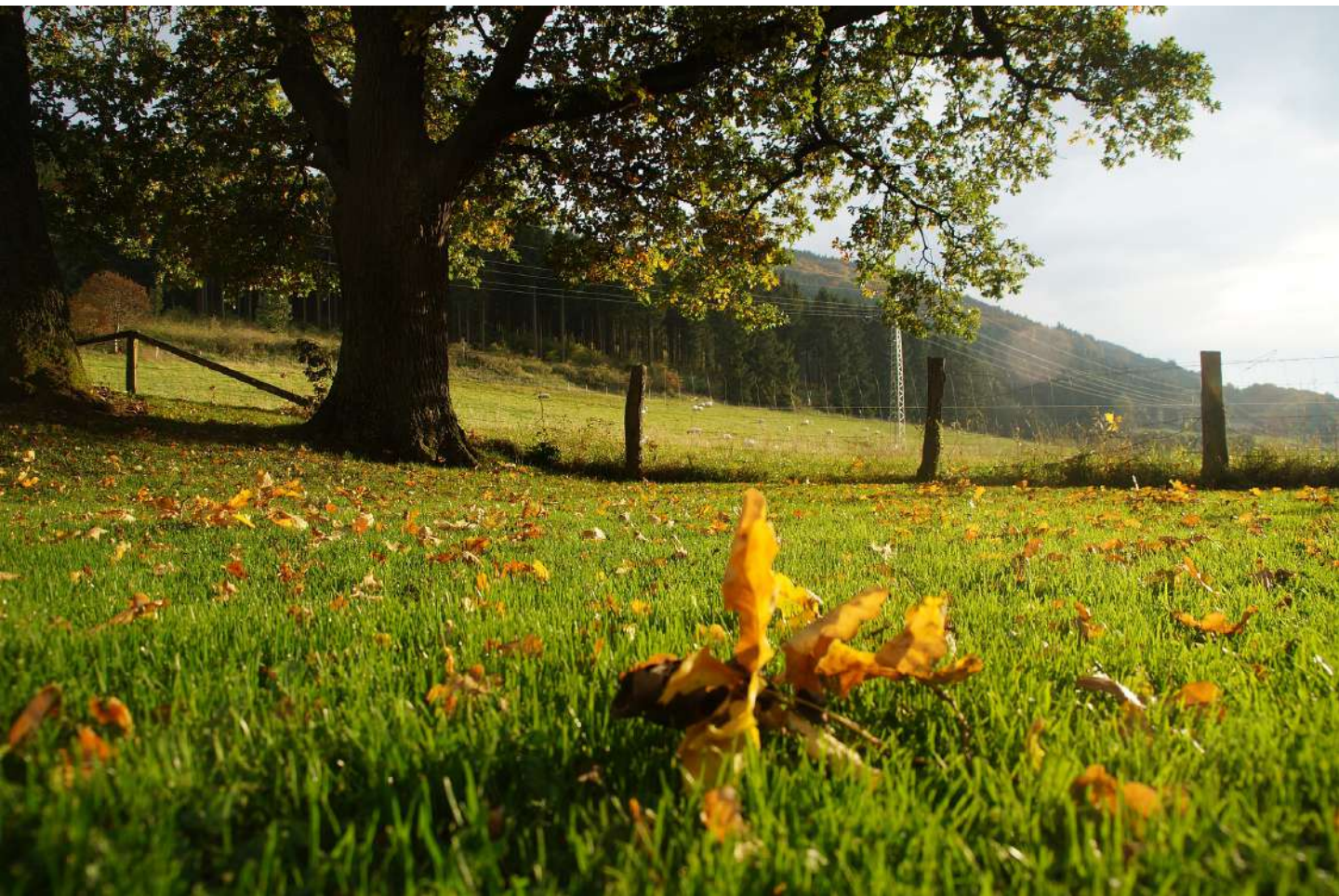
Tax

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

The comments below do not constitute advice and are of a general nature, based on current United Kingdom law and practice. They relate only to the United Kingdom tax treatment of interest payable on the shares. The comments do not deal with any other United Kingdom tax implications of acquiring, holding or disposing of shares, and relate only to the position of shareholders who are the absolute beneficial owners of the shares.

Heart of England Community Energy will pay interest to shareholders without deduction of income tax. However, interest is taxable and should be included in your Self Assessment Tax Return.

Shares in the Society may qualify for Business Relief for Inheritance Tax purposes.



Material Contracts

Lease. Each of the company's CICs (Poplars Solar Energy C.I.C., Willows Solar Energy C.I.C. and Leys Solar Energy C.I.C.) has signed a lease with the landowner of Drayton Manor Farm, granting 26 years and 6 months to operate the solar arrays, with potential to extend the term.

Engineering and Procurement Contract (EPC). There is an EPC contract between each CIC and Anesco Limited, who built the solar farms, and were responsible for testing and commissioning. The contract provides for a guaranteed performance ratio of 86.5% for the arrays. Performance ratio measures the efficiency with which the solar farms convert sunlight into electricity. If the performance ratio falls below this guaranteed level in the first 24 months of operation, Anesco is obliged to pay compensation to the CIC to compensate for under-performance over the life of the solar farms. The company can also claim compensation from Anesco for any defects that develop in the first 24 months of operation.

Approximately 2 years after the solar farm has begun generating electricity, it goes through its final tests and the EPC contractor is then released from its liability if no issues arise. For Leys, these tests are due in March 2018, and for Poplars and Willows they will happen in September 2018. However, Anesco also offer technical support as the Operations and Maintenance contractors (see below).

Operations and Maintenance (O&M). Anesco Limited will manage the operation, maintenance and upkeep of the solar array including replacement of parts, project performance monitoring and regular site visits. The O&M contracts between Anesco and the CICs have a 30-year duration, so they will continue as O&M providers for the lifetime of the projects. Anesco also have an obligation under the O&M contract to pay annual compensation if the performance ratio falls below the minimum guaranteed level.

Management Services Contract (MSA). Under the MSA between Heart of England Community Energy and Mongoose Energy, Mongoose will provide project management and administration services, including securing the best contracts for power purchase agreements, liaising with Ofgem, overseeing of the O&M contractor, creating accounts and performing secretarial services to the companies. Mongoose also receives a fee for raising funds from investors which is payable on financial close.

PPAs. Leys is currently on a fixed long-term PPA with Limejump expiring in April 2018. It is receiving £103.42/MWh. Poplars and Willows are on flexible short-term PPAs, also with Limejump. These expire in February 2018, by which time we hope to have secured the export tariffs. The contract's price is £54.10/MWh.

Battery Agreements. Each solar farm has a package of agreements with the companies that own the batteries. The batteries pay a fixed amount each year to each site to compensate the solar farms for electricity supply, permission to use the grid connection and for co-location on the rented land.

Risk Factors

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 strongly 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 to be the most significant for potential Shareholders. However, they do not necessarily comprise all those associated with an investment in the shares and are not intended to be presented in any assumed order or priority.

General investment risks

1. **Capital Risk:** Investment in smaller, new and unquoted businesses is likely to involve a higher degree of risk than investment in larger, established companies and those traded on a stock exchange. Investing in shares 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.
2. **Repayment:** An investment in a share of this type is speculative and involves a degree of risk. Heart of England Community Energy's ability to repay the shares is dependent on the continued success of its business model.
3. **Liquidity:** The shares will not be traded on a recognised exchange and are therefore non-readily realisable.
4. **Long-term commitment:** Applicants should consider investment in the shares as a long-term commitment
5. **Share withdrawal:** Shareholders can request the withdrawal of their shares, but this is down to the sole discretion of Heart of England Community Energy's directors and board and subject to sufficient funds being available. Heart of England Community Energy has the right to change or suspend withdrawals and will not pay members more than they paid for the withdrawable shares. Withdrawals will only be considered annually at the AGM.
6. **The shares are not covered by the Financial Services Compensation Scheme (FSCS):** This means if Heart of England Community Energy does not fulfil the terms there is no right to get compensation from FSCS.

7. **Past performance** Is not necessarily a guide to future performance: events in the past, or experience derived from these, or indeed present facts, beliefs or circumstances, or assumptions derived from any of these, do not predetermine the future.
8. **Financial projections:** Hopes, aims, targets, projections (including the financial projections in this offer), plans or intentions contained in this document are no more than that and should not be construed as forecasts.

Industry risks

1. **Government legislation:** Heart of England's current solar portfolio has been accredited with Ofgem which means that the FiT tariff (the Generation and Export Tariff) is fixed for periods of 20 years. However, changes in government legislation may affect the profitability of Heart of England's renewable energy projects.
2. **Electricity prices:** The financial projections assume that electricity prices will rise over the long-term. However, those assumptions of future electricity prices may be inaccurate.
3. **Supplier risk:** Heart of England's financial performance is dependent on the ability of our suppliers to provide services effectively. While the performance level and financial strength of suppliers will be monitored, there is a risk surrounding the ability of suppliers to pay compensation that they may be contractually obligated to pay due to failure to perform.

Risks to the projects

1. **Mechanical failure:** Installations are insured for damage, breakdown and loss of income in line with standard industry practice and as required by Close Brothers' bank loan facilities. However, there may be interruptions to the generation of electricity from the installations caused by damage to or mechanic/electrical failure of equipment which cause losses that cannot be recovered, e.g. disruption of the grid.
2. **Solar PV performance:** Heart of England Community Energy's assumptions around energy generation levels each year are based on site capacity and yield calculations provided by the original project installers. However, annual variations in solar radiation and long-term changes to weather patterns and/or equipment under performance may result in lower levels of electricity generation and therefore income.



Definitions/Terms/Glossary

***Act:** The Co-operative and Community Benefit Societies Act 2014

Applicant: An applicant for shares through submission of an application form

Application: An application for shares made in accordance with this offer document and the terms and conditions

Application form: The application form provided by www.mongoosecrowd.co.uk through which applicants may make an application for the shares

Application monies: Money received from applicants in response to this offer

Board of Directors or Board: The Board of Directors of the Society whose names are set out in the Meet the Team Section of this document

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 fund: A fund established to receive a portion of revenue from its projects from which grants will be made to benefit the community.

FCA: The Financial Conduct Authority

Feed-in Tariff: The Feed-in Tariffs (FiT) scheme is a government programme designed to promote the uptake of renewable and low-carbon electricity generation technologies. Introduced on 1 April 2010, the scheme requires participating licensed electricity suppliers to make payments via both a generation tariff and an export tariff for eligible installations. See here for more information.
<http://www.energysavingtrust.org.uk/renewable-energy/electricity/solar-panels/feed-tariffs>

Financial projections: The financial projections for the solar array set out within the section on 'Financial Information'.

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

FSMA: Financial Services and Markets Act 2000

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

Launch Date: 07/12/2017

Leetchi SA: a public limited liability company incorporated in France listed under number 511361073 and registered offices at 4 rue de la Tour des Dames, 75009, Paris, France

MW (megawatt): A unit that measures power and is equal to one million watts

MWh (megawatt hour): A unit that measures energy and is equal to providing the power of 1 MW for the period of one hour.

MangoPay: a public limited liability company incorporated in Luxembourg listed under Number B173459 on the Luxembourg Trade and Company Register and registered offices at 59 Boulevard Royal, L-2449 Luxembourg

Maximum Subscription: The aggregate maximum subscription of £100,000 by Members pursuant to the Offer

Members or Investors: The persons who subscribe for Withdrawable Shares pursuant to the Offer

Mongoose Crowd: a company with registered number 10609738 and registered office at The Dairy, Overmoor Farm, Neston, Corsham, SN13 9TZ

Mongoose Energy Limited: a company with registered number 09415125 and registered office at The Dairy, Overmoor Farm, Neston, Corsham, SN13 9TZ

Share In Ltd: a company with registered number SC408803 and registered office at 5th Floor, 125 Princes Street, Edinburgh, EH2 4AD

Offer: The arrangements whereby Investors will subscribe for Withdrawable Shares in the Society, within and subject to the terms set of this document

Offer Document: This document inviting applications to subscribe for Withdrawable Shares

Ofgem: The Office of Gas and Electricity Markets

RPI: The Retail Prices Index, a measure of inflation defined monthly by the Office for National Statistics

PPA: Power Purchase Agreement

Terms and conditions: The terms and conditions of the offer as set out on www.mongoosecrowd.co.uk which formally invite investment into the offer

Withdrawable Shares: Withdrawable shares of £1 in the capital of the Society