THE COMMUNITY SHARE UNDERWRITING FUND

SOCIAL IMPACT REPORT 1
MAY 2012 – SEPTEMBER 2013

"CREATING POWERFUL AUTONOMOUS COMMUNITIES"

CONTENTS

EXECUTIVE SUMMARY

The Community Share Underwriting Fund (CSU Fund) exists to support communities acquiring or developing revenue creating community assets, which are funded by community share offers. Its overall social impact is to help build sustainable and resilient communities, which have the ambition, organization, financial tools and long term assets to flourish. The CSU Fund was created by Resonance with seed funding from Esmée Fairbairn Foundation and is now looking to raise additional investment. This report presents the early evidence for the social impact of this initiative as well as its potential for the future.

The CSU Fund aims to address the common problem of community funded projects not proceeding due to fund raising targets not being achieved. It delivers both confidence and momentum to community share offers through the provision of an underwriting commitment, effectively providing match funding to communities once 50% of their fund raising target is achieved. The Fund has already made loan offers of £885k, covering six separate community groups with a combined target investment raising of £3.6m, as well as having interacted and assisted with over 30 other community groups. The Fund's decision to underwrite involves assessment of creditworthiness but also, crucially, four headings for assessing social impact: (i) unlocking retail investors confidence, (ii) building momentum for community benefit, (iii) enhancing the future ambition of communities, and (iv) community transformation.

There has also been key learning around the challenges faced by community groups in bringing forward viable projects and the different approaches to structuring community share offers. The Fund has now established a pipeline of potential projects requiring finance, which could exceed a total project value of £14.8m and underwriting commitments of £7.4m.

Although the CSU Fund has only recently been established, there are signs that it is already having a significant social impact through its operations at a number of levels: through the projects financed, the community organisations strengthened, and in stimulating the overall market for the use of community share issues.

At its heart is the powerful idea that local communities can take control of community assets and their financing, ensuring that projects are delivered and the benefits retained at a community level. The CSU Fund has begun to demonstrate its ability to enhance the ambition of local communities to act on this idea and put it into practice, helping to create powerful autonomous communities.

INTRODUCTION

About the fund

The CSU Fund was established in May 2012 by Resonance through its community lending vehicle, Community Land & Finance CIC, with anchor investment by Esmée Fairbairn of £0.5m. In response to significant demand, the Fund is now embarking on a second round of fundraising seeking to increase the Fund by a further £2m.

The Fund invests through interest-only loans to community led organisations in the UK undertaking community share issues to acquire or develop community-held assets, helping to create sustainable and resilient communities over time.

The Fund offers a loan product to the community group, which can be used to finance up to half of the equity target within a share offer. This allows the group to proceed with their project even if the initial community share issue does not reach its full target, a common problem which can lead to abandonment of a project even if significant work has been undertaken and community support demonstrated. Once operational, the project can then attract further investment through subsequent community share issues, which can be used to repay the loan[1]. The availability of this "underwriting" loan from the Fund increases confidence in community groups to proceed with a share offer, and in individual investors to subscribe, by greatly increasing the chances of a successful outcome to the finance raising.

The current status of the Fund is that it has:

- Made underwriting loan offers of £885k to six projects
- Resulting in loans of £425k to four projects, which are currently fulfilling conditions prior to drawdown
- Beyond this, identified a potential future pipeline of projects of a further £7.4m of potential underwriting loans

Background on community sharing issues

Industrial Provident Societies (IPSs) are commonly used vehicles for communities acquiring or developing community-held assets, which can be funded through a community share offer. Shares in the IPS are offered to local people, or those further afield with an interest in supporting the project, based on an offer document which sets out the social purpose of the investment as well as expected financial returns.

The IPS structure means that the assets created are "locked" for the benefit of the community, and also that the share issue can be conducted outside some of the more onerous financial regulations which apply to company share issues. This creates a flexible and efficient way for communities to raise capital for projects, putting individual people directly in touch with the underlying projects they are investing in. The projects can range from hundreds of thousands of pounds to millions, and the individual investments can be from a few hundred pounds up to a £20,000 maximum. Every member of an IPS has one vote in its governance structure, regardless of the amount of their investment, meaning that the structure can be accessed by individuals from a very wide range of economic circumstances.

In the past three years there has been a rapid growth of interest in community shares, which have been used by communities to buy shops, develop local managed workspaces and other community buildings, to fund sustainable energy projects, secure land and woodland and even to help supporters buy a football club.

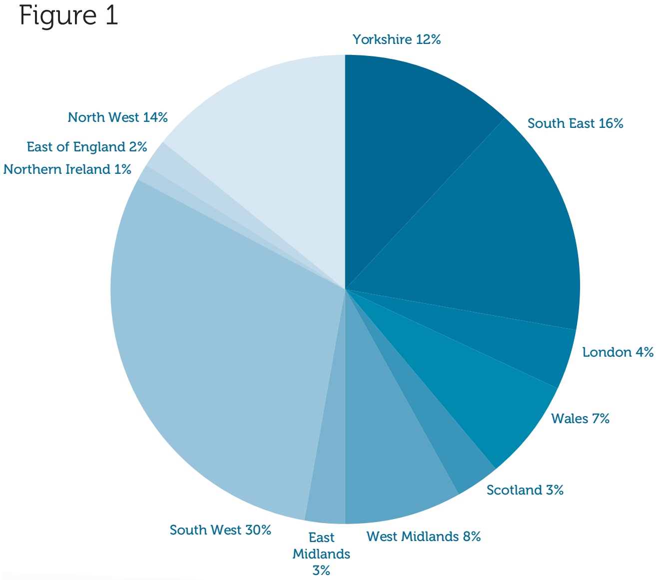
Each community has their own priorities based on their needs and the opportunities

[1] See Appendix A for further details of the loan terms offered to borrowers

open to them. The CSU fund is agnostic about what asset the community wishes to acquire and develop as long as it brings benefit to the wider community. However to date the majority of community groups approaching the Fund have focused on developing sustainable energy installations which offer attractive government subsidies from the Feed-in-Tariff and Renewable Heat Incentive and EIS tax incentive. A community-led approach to these projects brings a wider consensus over local development issues, and shares the economic benefits of the project more widely amongst the local community, than would be the case in a private project. The asset created also gives the community group a revenue stream from which to fund future projects.

In 2008, eight organisations in the UK registered their intention to use the community shares model. By 2012, this number had risen to more than one hundred. Over the past three years, 82 community share issues have been completed, raising more than £15m from 15,000 members. Almost all of these use the legal form of the Community Benefit Society, a new name for a particular type of Industrial and Provident Society. Figure 1 shows the geography of share offers within the UK over the last 5 years.

Figure 1



Purpose of this report

Through its investment activity, the CSU Fund is stimulating the growing initiative for local communities to undertake community share issues to finance community projects.

Resonance Ltd, the Fund Manager, has produced this initial report covering how the social impact of the Fund will be measured, the role of the Fund in shaping the overall market, and the key lessons learned so far from developing and deploying the Fund.

This is the first social impact report on the Fund, which is to be provided annually to investors each year during the Fund's seven year life and, as such, it focuses primarily on learning from the Fund's early operations. Our intent is that the social impact reporting will become more robust as we gather more evidence of its effects during its life.

How do Community Share Issues work in practice ?

How do they start?

Community Share Offers typically start with three or four people getting round a kitchen or pub table and asking some simple questions: "Why couldn't we do that here ?" or "Why don't we do it ourselves instead of campaigning for the local authority to do it?". These pioneers typically have some professional skills or experience and at least one has some 'spare' time.

Building the case

Most then seek the advice of a support consultant or other community group and together they build a case, securing options on sites, planning permission, developing financial models and preparing share offer documentation. Along the way a few friends join in with support, money or time.

Does anyone else care?

By the time the share offer goes live and the publicity starts there is often a small momentum building, but the share offer document is the start of trying to further engage people to join the journey. This typically mobilises 50+ investors and the project can get underway.

It's working!

Once this has been realized, investors and other community stakeholders (the school, the library, the town council) start to collaborate with the new force that has emerged. Gradually new projects are taken on within the same structure or through sister organisations: the pub, the post office, a piece of land for workspace affordable housing or allotments, a wind turbine, even some vehicles for a car club or community transport project. Each project is carefully chosen by the community group to be both economically viable and of additional value to the community. Each attracts more investors and generates some surpluses.

The Legacy

Eventually the community has created a vehicle that has hundreds of members earning money and participating in improving their town, whilst building up reserves which can be used to support new schemes or act as a dowry for keeping the playground in good order, providing funds for families facing redundancy or sponsoring community events.

The recent interest in community share issues reflects an environment in which, on the one hand, the need to preserve assets and services at a community level has never been greater whereas, on the other hand, the availability of traditional financing sources (particularly bank finance) has diminished. Community share issues offer a powerful tool for local communities to supplement, or even bypass, traditional financing sources which may not be serving their purposes. Whilst it is not necessarily the case that Community Share Offer activity will correlate with the most deprived economic areas in the country, in each case there has been the identification of a local need that can be addressed, or benefit created, by local people themselves who are also actively involved in its delivery and financing. This is therefore a powerful model for positive local action across the country.

The success of pioneering community groups such as Mustard Seed Property, Fordhall Farm and others has encouraged others to raise their ambitions for raising finance in this way, and Government has also backed the development of the sector through the formation of a Community Shares Unit. Specialist advisors are beginning to emerge who can help shortcut the learning for community groups with expertise in types of assets, approaches and geography. However, the sector remains at an early stage of development and the next few years will be critical to establishing a mature and healthy market for this source of community financing.

MEASURING SOCIAL IMPACT

Approach

The Fund will collect data annually from borrowers in order to measure the social impact the organisation is achieving at a project and community level, in terms of creating more sustainable and resilient communities. It judges this against four areas, both at the outset of a project (its suitability and potential) and on an ongoing basis.

1. Community impact

In addition to the normal assessment of creditworthiness, the Fund considers four key areas of social impact when considering an application from a potential borrower. The Fund scores each potential project on a scale of 1 to 4 against each of the four impact measures, which are presented and discussed within an Investment Committee and form an integral part of the loan approval process.

Social impacts considered by the Fund

- **Unlocking retail investors' confidence** – The Fund considers how effective the project is, or could be, at attracting local investors to invest their personal savings into a local project, with higher scoring projects showing a good level of participation from the community.

  Evidence is collected over time about the amount of money raised, the number of investors and the proportion coming from the local area. If these factors increase over the lifetime of the loan the project has been successful in demonstrating that retail investors can have confidence in grass roots community organisations. The belief is that retail investors will gradually reduce their reliance on expensive, opaque, financial institutions to steward their wealth, and reconnect with projects with which they share an affinity.

- **Building momentum for community benefit** – The Fund considers the ways in which the communities are engaged with the project, with the higher scoring projects being truly community-led by a growing number of volunteers.

  Evidence is collected about the number of volunteers involved and the spin out benefits of ancillary activity that demonstrates increased confidence and capacity for groups to take responsibility for challenges faced in their communities. The belief is that an engaged group of people feed off success and are genuinely not just 'in it' for themselves.

- **Enhancing the ambition of communities** – The Fund considers the plans for the community group, with higher scoring projects having plans to invest further into the community and also the creation of follow on projects.

  Evidence is collected about the size of projects considered, planned and undertaken as the confidence of communities increases. The belief is that as communities see what they can achieve, they want to do more and they also inspire others.

- **Community transformation** – The Fund considers how the community will improve from the project, with higher scoring projects showing expectations (and, in due course, measured outcomes) relating to increased social cohesion as well as practical issues such as job creation and environmental benefits.

As each community asset that is created can have widely different operational objectives and benefits, the fund works with borrowers to define impacts that can be evidenced, such as job creation, carbon emission reduction and people interacting with and learning from one another. The belief is that all communities can be improved and strengthened. Those that are classed as "deprived" might value economic benefits more, and those that are not might value social or financial inclusion more. All of them benefit from having a mechanism for acknowledging that they are part of a community, which produces tangible results and increases their resilience.

Figure 2 shows the scoring for projects that have been approved by the Investment Committee to date and resulted in loans to the community organisation. The higher scoring projects typically included community groups which played a key role in their community and were primarily motivated by building an organisation for the long term that could steward assets for community benefit for generations to come. These groups typically evidenced wider community involvement and had plans for further, more ambitious projects in the future.

The projects that have been approved for an underwriting loan and have progressed successfully are covered in more detail as case studies in Appendix B.

Over the life of the loan, each project will be judged against the original expectation to see if it has managed to become an effective tool for community benefit. Whilst the only commitment is for borrowers to report the evidence they can collect (i.e. the loan does not default if impact targets are not achieved), knowing how and why their actual impacts differ from a project's ambitions is important to understand best practice in structuring and managing community projects, as well as refining the financial instruments that can be useful in supporting them over time.

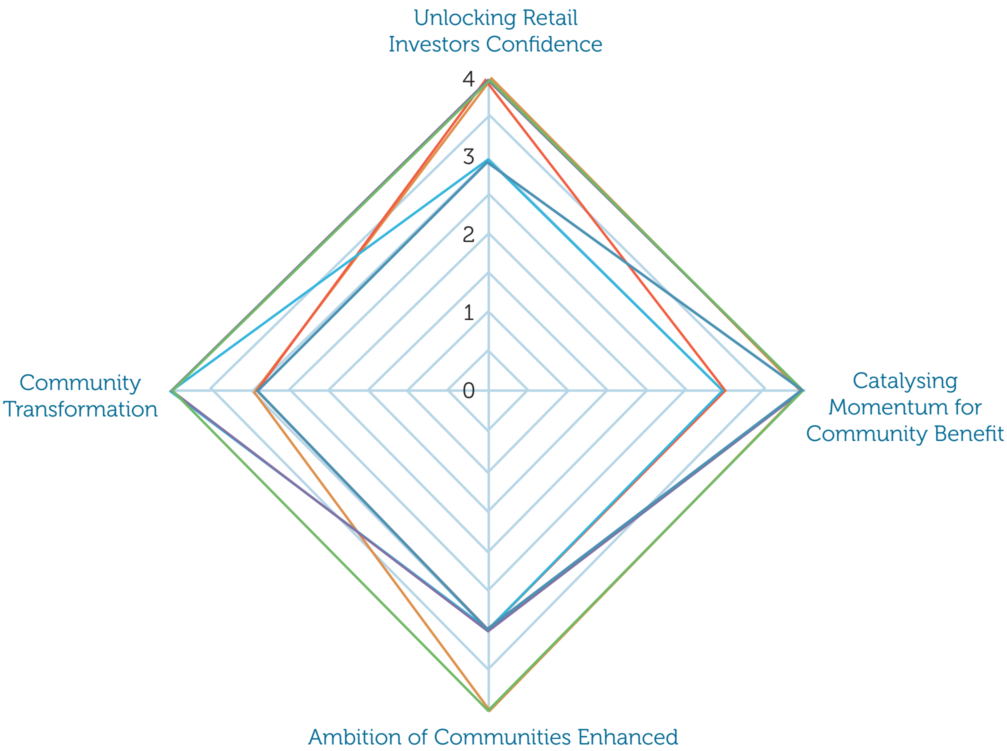


Figure 2: Social impact scoring of loans approved to date

2. Building and Shaping the Market

The Fund is a key player in building the community share offer market, a key social impact in itself, which is achieved through:

- Early stage dialogue – with community groups taking their first steps on a project, offering support and guidance on the key ingredients required to transform their ideas into reality. Resonance Ltd, as the Fund Manager, may also input into some initial discussions to share best practice to help groups shape their vision for the project. Where more substantial "investment readiness" work is required the Fund can signpost groups to appropriate consultancy input. In the case of Stockwood Community Benefit Society[2], Resonance was also able to act as corporate advisor to the CBS on its overall financing structure and share issue strategy, as well as the Fund approving an underwriting loan on an arms-length basis.
- Approach to diligence – the Fund works very closely with organisations going through the application and diligence process for an underwriting facility, which has a number of positive impacts. This intense diligence process challenges key assumptions within the project plan and improves governance. An example of this was the Fund's work with a Community Land Trust which was seeking to raise £700k to acquire and refurbish a local building to be used for affordable housing and as a community business hub. Here, the Fund was able to help them identify delivery partners that gave much needed confidence that they would be able to deliver the project. This was critical in enabling a building society to take a proposal to its credit committee, even though the proposal did not eventually progress due to separate concerns over valuation of the property.
- Working with other funders – the Fund both supplements and complements other funders who are together building the market for community share offers, including ethical banks and other social impact investors that the Fund can invest alongside, in some cases as a direct result of Resonance's efforts to publicise the offer to its angel investor network. An example was the Fund's involvement with the share offer for a potential hydro-electric scheme. Having had a loan from the Fund approved by its independent Investment Committee, Resonance was able to raise a further £14k of equity investment directly. When the contract price for construction of the project came in over budget, Resonance was able to obtain interest from another CDFI to lend alongside the fund to potentially bridge the gap, though the executive team eventually opted to shelve the project in favour of a smaller solar PV scheme.
- Sharing knowledge – another of the broader positive impacts of the Fund's initial operations has been establishing a network of links amongst other key participants within the emerging community shares market.

[2] See Appendix B for further details

This includes, working with Co-operatives UK (the national trade body for co-operative enterprises), Ethex (web platform to invest into share issues), consultants within the market and also the ethical banks. The impact includes sharing of best practice and learning, as well as simply encouraging local groups with the knowledge that barriers to financing have been lowered, and the probability of a successful share issue dramatically increased, by the Fund's operations. We see direct evidence of this enhancing the ambition of community groups to raise greater amounts through the community share offer element of a financing, reducing dependence on bank financing[3].

3. Lessons learned to date

In this section we outline a number of key lessons learned from the Fund's initial period of operations:

(a) avoiding pitfalls in project planning

Successful share offers will have a motivated team of people (mainly volunteers) who have selected a realistic project that has a strong sense of community buy in. The team will have a strong leader who is championing and driving the project and will ensure the team has both financial acumen as well as the relevant experience and track record of undertaking a similar project in the past. Projects that have these attributes are able to prepare a more robust business plan for their project, mapping out both key milestones and the critical path to ensuring a successful project.

One example of the challenges that can arise was a project that had launched a share issue on the basis of early stage cost estimates, only to find tenders come in at a late stage substantially higher than anticipated, making their project financially unviable. This highlights the important of fixed price contracts being in place before attempting to raise money from the public.

(b) getting the right financing mix

Successful share offers have typically taken corporate finance advice from an advisor experienced in producing and marketing share offers, which has given them additional capacity, a stronger financial (and often social) business case and has also increased confidence in the market place.

Creating a sensible financial capital structure is paramount to success and the community groups should carefully consider (i) offering a return that is transparent and fair, (ii) avoiding over reliance on bank debt, and (iii) allowing flexibility to take on other types of funding if the target raise is not reached.

The Fund has experience of projects relying too heavily on bank debt in their capital structure and having their loan application declined at a late stage, resulting in the project not being funded.

Even if available, the need to amortise significant amounts of bank debt in financing plans has often limited the cash returns available to shareholders, which may in turn limit the appeal of the offer to investors. In many offers, it appears perverse to be offering long term bank debt a higher return (5-7%) and higher security ("first charge") than the community shareholders (3-5%). Using less bank debt and increasing the share offer component with a higher return on offer may widen the investor base to individuals who are looking to use a proportion of their savings (rather than quasi-donation) funds to invest. This also rewards the greater commitment and risk-taking of shareholders. The CSU Fund's involvement in financings helps to stimulate this ambition, since it absorbs less cash flow as an interest-only loan and is specifically designed to be refinanced by future share offers. In the case of the Osney Lock share issue[4], the community benefit society had offers from a bank and the CSU Fund and decided to only draw down money from the CSU Fund as the interest-only nature of the loan meant that in cash tems it was less expensive than the bank loan, despite having a higher headline interest rate.

We have also seen examples of share offers in which equity returns were set on the assumption that investors would benefit from Enterprise Investment Scheme (EIS) tax breaks. Research has shown that in most cases community investors do not back projects because of EIS and, indeed, many do not get around to registering for the benefit. Conversely, investors who base their decisions primarily on tax

[3] See Appendix B for further details
[4] See Appendix B for further details

breaks tend not to be a good fit for community benefit societies – there is a risk that they are not prioritising the connection with the community, instead treating the investment as a "faceless" institutional investment product, which if coupled with the "one member one vote" governance structure for an IPS can be problematic. Whilst for some EIS remains a valuable motivator for investing (the "icing on the cake") we do not believe that community benefit societies should be pricing returns to shareholders artificially low in the first 3 years because of an assumed EIS benefit.

(c) launching a successful offer

It is important to prepare the community before launching a share offer, for example by involving local people in the development process such as planning consultations and using this as an opportunity to inform them that there will be an opportunity to invest in the scheme, enabling them to begin to allocate some of their resources for this purpose.

Local and national publicity remains a significant influencer and some coordinated advertising can also generate significant paybacks. Community events provide a platform for further advertising, particularly if a local dignitary or celebrity can be involved, but more importantly are essential to building a sense of community ownership in the project.

The Osney Lock project in Oxford[5] was a good example of this, where success in raising over £500k in two months, mostly from a very local investor base, was testimony to the planning and execution of the team from Low Carbon Hub (supporters of Osney Lock) and the volunteer directors of Osney Lock.

Groups can also take advantage of a number of brokers in the market who operate web based platforms for raising funds. For example, Stockwood Community Benefit Society's share issue[6], which the Fund has supported, was also listed on the new Ethex platform for social investments.

[5] See Appendix B for further details
[6] See Appendix B for further details

PROSPECTS FOR THE FUTURE

Overview of Deal Pipeline

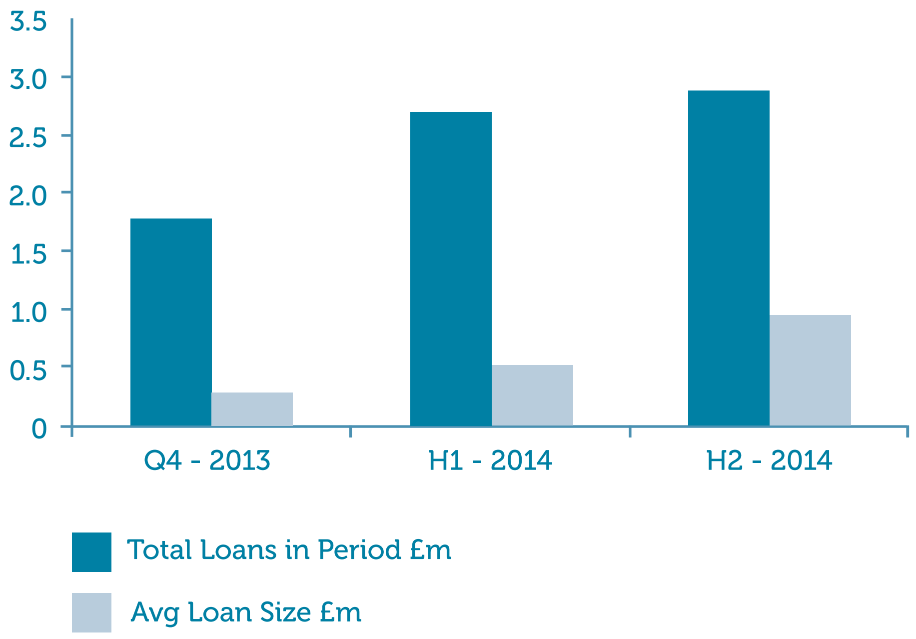
The Fund currently monitors a pipeline of projects requiring finance over the next 12 months totalling almost £15m. Renewable energy projects (solar, wind and hydro) make up a significant section of the pipeline, however, the Fund is also in dialogue with community groups who are involved with a range of projects including community business parks, community farms, community shops & pubs, community bioenergy and community broadband. There is a good spread of geography with projects being established throughout the UK, ranging in size from £200k to £4m, with an average target investment raising of just over £1m.

Future funding needs

The Fund is close to having committed its initial round on investment and is now seeking to raise at least a further £2m to continue investing into the significant pipeline of projects ahead, totalling project value of around £14.8m and potential underwriting commitments of £7.4m (See Figure 3 below). Increasing the total size of the Fund to over £2.5m in this way will also allow the Fund to underwrite larger community share issues without the risk of excessive concentration of investment in a single project. In this way, we would expect a further increase in the Fund's size to further accelerate some of these larger projects, which would otherwise need multiple funders.

The outlook for community share offers looks promising, but remains at a stage where confidence to invest is still a barrier to community groups reaching their target finance raising. We believe that the CSU Fund can continue to play a critical role in addressing that confidence issue and giving communities the tools they need to succeed in their goals.

Figure 3



APPENDIX A: CSU FLIER

Community Share Underwriting Fund

The Community Share Underwriting Fund provides short-term bridging loans to organisations raising funds through a community share offer so that they may commission their projects, even if they only manage to raise 50% of the equity required.

- Fundraising target between £100,000-£1,000,000
- Underwriting support up to 50% of fundraising target
- Loans will typically be interest only for 1-5 years with a bullet repayment through subsequent share issues
- Minimum 7.5% annual interest

Who is it for?

Community benefit societies seeking to raise funds for asset-backed projects via a community share offer. Underwriting support increases the chances of the fundraising target being met, enabling the organisation to proceed with the project plan, rather than have to scale down, postpone or even cancel all plans and have to refund all investors.

What are the key eligibility criteria?

The Fund will consider propositions from entities that satisfy the following criteria:

• the project and share issue are being run by an experienced project manager that has both successfully completed at least one community share issue and implemented at least one other sufficiently similar project. This may be an external organisation or the community benefit society itself.
• the community benefit society has the projected revenue to afford to pay at least 7.5% pa interest on funds drawn or 2% higher than is offered to the equity investors in the prospectus, whichever is the higher.
• the community benefit society must have measurable social impact ambitions and the mechanisms in place to report on these.
• the community benefit society must not be seeking greater than 60% bank debt as part of their overall funding package.
• community share issues must have a viable equity fundraising target of at least £100,000 and have a fixed offer period of no longer than 6 months

How much will it cost?

• 1% of the amount offered (in order to underwrite your offer)
• 1% of the amount of drawdown (a successful share offer may result in zero drawdown)
• 2% of any additional share capital introduced via the promotional activities of Resonance

How do I apply?

By submission of an application form available from our website: http://www.resonance.ltd.uk/funds/underwriters-club. Each proposal will be considered on its individual merits, including the extent to which it meets the Investment Criteria and aims of the Fund.

Or to discuss your suitability to the Fund, please contact Resonance Limited:
John Williams, john.williams@resonance.ltd.uk, 07508 910 2631
Simon Chisholm, simon@resonance.ltd.uk, 01422 728738

ECODYNAMIC

Key facts

Borrower: Ecodynamic CBS Ltd*
Project: 55kW wind turbine
Location: Redruth, Cornwall
Status: Completed

Total cost: £350k
Share issue: £300k
Underwriting: £150k**
Equity returns: 3%

Launch of the share offer

Installation of the wind turbine

Social impact

A successful community share offer was achieved, raising £192k from a wide range of investors. Ecodynamic has set aside £2-5k per annum from operating surpluses to support local social enterprises furthering BDLT's mission.

The story

Ecodynamic was set up by the Biodynamic Land Trust (BDLT), a CBS focusing on securing farmland for community connected biodynamic agriculture. BDLT wanted to invest some of their endowment into community renewables, and at the same time establish a stand-alone community share offer around the project. BDLT took the risk on construction of the project, which was then sold to Ecodynamic CBS. The project appealed both to those in the local community who wished to buy into renewable energy, as well as BDLT's wider "community of interest" at a national level.

How the Fund helped

BDLT / Ecodynamic directors were aware of Resonance and the Fund's work in supporting community share issues. The Fund's early involvement enhanced the articulated social impacts at the community level, as BDLT operated as a national body. The offer of a £150k underwriting was eventually scaled back to £100k since the share offer was already underway and successful by then, of which £75k has eventually been drawn down. BDLT also co-lent to the project, using loan and security documentation provided by the Fund.

* Through its subsidiary Croft West
** Approved by investment committee

OSNEY LOCK

Key facts

Borrower: Osney Lock Hydro Limited (OLH)
Project: 49kW hydroelectric scheme
Location: Osney Island, Oxford
Status: Under construction

Total cost: £670k
Share issue: £620k
Underwriting: £200k*
Equity returns: 4%

Construction begins on the weir

The hydro-electricity installation

Social impact

An extremely successful share offer raised £543k (£420k within first 3 weeks) from 197 investors, with 80% from Oxford area and over 50% within 1 mile of the project. No bank financing was needed. A proportion of surpluses from the project will fund LCWO, promoting further local projects in low carbon transport, food and waste. The project is in a prominent area of Oxford and will showcase community funding to a wider audience.

The story

Four of the five directors of OLH also run West Oxford Community Renewables (WOCR), which has already created 4 solar projects in the area funded in part by community shares. WOCR donates the majority of its surplus to a partner volunteer-driven charity, Low Carbon West Oxford (LCWO), with 240 members and supporters in the local community. The OLH initiative therefore grew organically from this strong existing base of local activity in renewable energy.

How the Fund helped

Resonance identified OLH / WOCR / LCWO as a particularly strong example of successful community initiative, and introduced the Fund. Osney had offers from a bank and the Fund and decided to only draw down money from the Fund (at a reduced level of £100k) as the interest only nature of the loan meant that in cash terms it was less expensive than the bank loan. This is clear evidence of the Fund allowing a community group to think more ambitiously about future share offers rather than being dependent on, and locked into, bank financing.

* Approved by investment committee

STOCKWOOD

Key facts

Borrower: Stockwood CBS
Project: Community business park and farm
Location: Redditch, Worcester
Status: Share offer ongoing

Total cost: £2,765k
Share issue: £1,000k
Underwriting: £200k*
Equity returns: 5%

Business park within farm land

local volunteers on the farm

Social impact

A successful community share offer is ongoing (£191k from 60+ investors, 1/3 local as at 19/10/13) and has generated a large amount of local interest in the farm and local businesses on the business park. A proportion of surplus from the CBS will be reinvested into community projects linked to education, conservation and employment related to the farm and business park.

The story

Stockwood business park and farm have been owned and run by the Parsons family Elysia Group since 2005. The family initiated the transaction in order to allow the local community to own the business park and farm and to take on its future stewardship for community benefit. Biodynamic Land Trust, a charity promoting biodynamic agriculture has supported this move. Due to the scale of the assets to be acquired, lending from ethical banks was included in the financing package alongside an ambitious community share issue.

How the Fund helped

Resonance acted as corporate advisor to Stockwood CBS on its overall financing strategy and structuring of the share issue, introducing the Fund which took a decision to underwrite on an arms-length basis through its independent investment committee. It was also possible to introduce the CBS to the newly launched Ethex platform for online marketing of socially motivated investments.

* Approved by investment committee

APPENDIX C – IMPACT MEASUREMENT TABLE

We anticipate refining this impact measurement table over time.

Impact	Why Important?	How Measured?	Example[7]
Unlocking retail investors confidence	Will individual investors be empowered to invest directly into social enterprises with which they have a common interest?	• amount raised in share offer • number of individual retail investors participating • reported likelihood of shareholders investing in a future CSO (where possible)	Osney Lock – encouraging an "all share" financing without need for bank debt
Building momentum for community benefit	Will local communities benefit from increased levels of ownership and involvement in common assets?	• % of investors from local community • number of volunteers involved from local community • local community representation at board level	Stockwood – local community taking over family assets for future stewardship
Enhancing the ambition of communities	Will the project's success contribute to greater ambitions for future projects in that community?	• number and size of potential "follow on" projects • increase in probability of achieving these projects	Osney Lock – programme of new projects being built on track record of success
Community transformation	Will the project bring benefit to the community, both in terms of social cohesion and direct benefits?	• project specific measures (jobs, green energy etc) • revenue streams created for local projects	Ecodynamic – jobs, green energy, revenue streams created at local level

[7] See Appendix B for further details of the projects mentioned here as examples

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