

COMMUNITY SHARES

OFFER SUMMARY

Tyddyn Teg Cyf Limited are undertaking a share issue to raise capital to £400,000.

Opening date: June 26th 2023

Closing date: September 25th 2023

The board of the society may choose to extend the period of the share offer by up to 6 weeks if they believe that by doing so they increase the chances of reaching the maximum target.

- **Minimum target to be raised: £80,000**
- **Optimum target to be raised: £400,000**
- **Maximum target to be raised: £450,000**
- **Minimum share subscription per person: £100**
- **Maximum share subscription per person: £20,000**
- **Maximum share subscription per organisation (which is a not a society): £100,000**
- **Interest of 3% paid annually from year 1 onwards**
- **Withdrawal of capital targeted from year 3 onwards**

Tyddyn Teg Cyf Limited is a Co-operative Society which converted from a company to a society on 29th May 2020 under the Co-operative and Community Benefit Societies Act with the Financial Conduct Authority (registration number 4707). The registered address is Tyddyn Y Berth, Bethel, Caernarfon, Gwynedd, LL55 3PS.

By subscribing for shares issued by the society in this share offer you will become a member of it thus and owner of the society and its assets along with other members. Our rules and other supporting documents are available on our website: www.tyddynteg.com

WHAT ARE COMMUNITY SHARES?

Community shares are withdrawable shares that cannot be sold, traded or transferred between Members, unlike shares in a typical company. All Members are entitled to one vote – regardless of how many shares they hold. Members can be paid interest on their shares if the Board believes it would be sensible to do so, and can also withdraw their shareholding, along with any interest accrued, again subject to the approval of the Board.

COMMUNITY SHARES ARE FULLY AT RISK

You could lose some or all of the money you invest. You have no right to compensation from the Financial Services Compensation Scheme, nor any right of complaint to the Financial Ombudsman Service. Please don't invest any money you can't afford to lose.

OVERVIEW:

In 2015, Tyddyn Berth farm was purchased on a going-concern basis from its previous owners, John and Pippa Evans, who had converted it from a livestock farm to a vegetable farm 20 years before. Tyddyn Teg Co-operative was then founded to operate the farm and provide quality, regeneratively farmed vegetables to the local community. In many ways, this was a 'succession project', building on the lifetime achievement of John and Pippa and continuing their legacy.

We were able to purchase the farm due to the spectacular generosity of the Scrase family (one of whom, Franklin, is a founding member of Tyddyn Teg), who initially bought the land and allowed the newly formed co-op to operate the business rent-free for several years. In 2021, they loaned us £320,000 to buy the land from them and carry out a program of upgrades to infrastructure and buildings that would allow us to better operate as a co-operative and as a community farm.

The security of tenure that this created in turn allowed us to secure another loan of £60,000 from the Real Farming Trust under their Loans for Enlightened Agriculture Program (LEAP) to upgrade

our farming equipment and crop storage facilities and to expand our onsite shop.

These two investment programs are still on-going, and have already yielded dividends in terms of increased crop yields and sales, as well as allowing us to pay better wages to our workers, who historically have volunteered thousands of hours of their time with a value of at least £200,000 to building Tyddyn Teg. In order to keep pace with our expanding business and ambitious site development plans, we have also taken on new worker-members: doubling our numbers from 7 in 2021 to 14 this year.

It has always been our ambition to transfer ownership of the land and business to the wider community because we strongly believe that land and community are the true capital of resilience; and that connecting land, food and people empowers us all to take control over our future and our relationship with the environment that sustains us.

Through this Share Offer we invite investors to share our vision for local resilience and food security, climate change adaptation, food production in harmony with nature and land access for all.



WHY ARE WE DOING THIS SHARE ISSUE?

At Tyddyn Teg, we think a lot about the future and we try to learn from nature. We want to have a legacy and we want the future to be more diverse and abundant than the present. In nature, diversity is resilience and we want to be resilient, so we are diversifying the ownership of the farm through the community share offer while we diversify the management of the farm through being a workers' co-operative with flexible membership.

This means that the future of the farm does not depend on the commitment and resources of only a few people. If someone needs to cash in their investment (i.e. withdraw their shares), they can and nothing is derailed because there are many people with shares. If a worker wants to move on and put their energy somewhere else, they can because there are many workers. We can replace both shareholders and workers over time because our system is stable and diverse enough to deal with change.

Every year we run a farming traineeship program, which means that we always have trained personnel who know our systems to recruit new co-op members from if we need to; and we plan to launch an Open Share Offer within the next 3 years to make sure that we also always have new shareholders, allowing easy withdrawal of capital by earlier investors.

This is what the share offer will enable:

- A community-owned farm operated by a workers' co-operative in service to the community and nature.
- A co-operative future in which workers and consumers collaborate to take back control over their relationship with land and food and make it regenerative for nature and for the community.
- An abundant future in which healthy food is grown and consumed locally.
- A resilient future in which connected and engaged communities support each other to face the changes that are coming.



WHO ARE WE AND WHAT IS OUR VISION?

'Tyddyn Teg' is Welsh for 'fair farm' and this simple phrase lies at the heart of our vision - we want to be fair to workers, our community and our natural environment now and over future generations.

Local Food Local Resilience

In an uncertain world with a highly globalised food system that relies on long and complicated supply chains, increasing the amount of local food available supports the food security of our community. We saw this in the COVID pandemic, as supermarket shelves were becoming empty whilst our shop was abundant, and we are seeing it again in the Cost of Living crisis. In Wales, we have the skills and the land to build an abundant future for those that will come after us, and at Tyddyn Teg we want to play our part in this by feeding our local community and sharing our knowledge and skills.

Space for Nature

At Tyddyn Teg we believe that growing good food doesn't need to cost the earth - we can have a really productive farm AND look after nature. We do this by using regenerative farming practices that don't rely on toxic agrochemicals, by planting trees and caring for woodlands that are home to thousands of birds and insects and above all by looking after our precious soil and all the life that is in it. Scientists say that we are living through the sixth mass extinction, and a major contributing factor to this is industrial farming. We want to help put things right by farming in a way that actually increases the diversity of life on our land.



Facing up to Climate Change

We know that it's happening and we feel disempowered to stop it. What we do know is that chemical-free farming is better for the climate than chemical farming because agrochemicals are energy intensive to produce as well as poisoning wildlife. Reducing food miles also reduces carbon emissions. Whilst the seasons are increasingly unpredictable, we are working hard to make sure that we can continue to produce plenty of food all year round by diversifying our crops, upgrading our irrigation infrastructure and increasing our protected cropping areas; as well as planting thousands of trees to protect our soil and lock up carbon.

Land for Everyone

Humans are part of the ecosystem and we should have the right to move freely through the landscape and enjoy natural spaces, but in Britain our access is severely limited because land ownership is concentrated into too few hands. We want to make sure that people feel welcome to roam through our land and we are upgrading our footpaths and signage so that people can enjoy the beautiful woodlands and stream as well as connecting with local villages and footpaths. Land is for everybody.



OUR TEAM

We are a diverse crew of 7 women and 7 men from a variety of backgrounds and spanning 4 decades in age range: the youngest of us is 22 and the oldest is 62. We are united in our passion for food culture, care for land and community and co-operative living and working.



FRANKLIN SCRASE:

With a PhD in soil science and a background in management and community development, Franklin is our talented in-house baker as well as a visionary founding member of the co-op. As well as

being the brains behind much of the development and direction of Tyddyn Teg, Franklin is also a key player on the infrastructure team, helping to roll out the gradual upgrade of our tracks, drains and buildings.



SIMON WHITE:

After playing a key role in founding Stepney City Farm in East London and developing the project for 7 years, Simon moved to Tyddyn Teg to expand his horizons and grow food

regeneratively at scale. He is now co-manager of our field crops as well as taking a leading role in delivering our traineeship, running our payroll and keeping our finances in order.



ALICE GRAY:

With a BSc in Ecology and an MPhil in Soil Science Alice is a registered Permaculture Educator with the UK Permaculture Association with 10 years experience as a practitioner

and consultant in the Middle East before she got involved with helping to found Tyddyn Teg. She manages our intensive no-dig vegetable garden as well as helping to deliver our traineeship and mastermind our investment programs.



SALLY MEES:

As the manager of our plant nursery, Sally is the main reason we have any crops to plant out! She handles the production of seedlings for all areas of the farm as well as helping to harvest,

pack and deliver our veg. She also jumps in to support the growing team during the busiest farming times.

OUR TEAM: CONTINUED



AGLAÉ BINDI:

With a Masters in Creative Studies, Aglaé often worked with film and theatre crews in the past with a particular interest in place identity and nature in films. She also has a background

in the food industry and hospitality, and her will to source sustainable food led her to our co-operative farm. She manages our accounts as well as having a key role in our admin team. She takes part in our community events and is currently developing our new glamping business.



JAMIE STROUD:

With a degree in ecology and a PhD in plant pathology and plant breeding, plus a background in nature conservation and land management, Jamie primarily works as part of our infrastructure team, as well as co-managing our

field crops. He is the farm's mechanic and bodger. He also contributes to business and financial planning.



BEA LUPINO:

After completing our 2020 farm traineeship, Bea has become a powerhouse of our farming and retail teams, co-managing the polytunnels and the farm shop as well as ordering stock

and keeping accounts. She also enjoys organising educational farm tours and activities for children.



ARTHUR MILLER:

With a background in political science, ecology and forestry, Arthur is a key member of our infrastructure team, managing the woodlands and hedgerows as well as all manner of building

projects. He also helps with marketing and delivering our products. He is passionate about the natural world and all it has to offer for humans to play with!



CHARLOTTE LATTER:

Charlotte joined Teg in October 2021 as part of our infrastructure, deliveries and social events team. She enjoys the varied nature of her role, much of which involves driving the mini digger, but also

includes more creative aspects such as painting and installing our new farm shop signs, and making the stained glass windows for the shop. She is also one of our friendly Thursday delivery drivers, and is helping Aglaé in developing the new glamping business.



TOM EDWARDS:

With a Msc in global environment, politics and society, Tom is passionate about building a sustainable food network in Wales. After completing our 2021 traineeship, he is now

co-managing the field blocks and growing many of the storage crops we have on the farm. He also coordinates the delivery team and is one of our delivery drivers.



TILLY FULLER:

After completing our 2021 traineeship, Tilly is now co-managing our highly productive polytunnels. Her experience in social prescribing and public health drove her interest in

Tyddyn Teg and growing. She is passionate about being able to do a practical and thoughtful job with a great bunch of people.



ASPEN LAWRENCE:

With a background in social media and marketing, Aspen's role largely covers Tyddyn Teg's admin, accounts, and online presence. Having studied zoology and conservation at university, he

is passionate about Tyddyn Teg's mission to grow food sustainably in harmony with local wildlife.



ALEX TURNER:

After completing our 2022 traineeship, Alex is now co-managing our intensive no-dig vegetable garden and has ambitions to start producing and selling flowers from the farm. He

will also help manage our wholesale business in 2023, taking orders and harvesting and delivering veg for restaurants and shops.



CHARLOTTE ELVIN:

Charlotte was a Teg trainee in 2022 and became a co-op member in Spring 2023 to support Franklin in running and developing the the Bara Teg bakery as well as supporting the

Growing Team in the polytunnels and fields and joining the Deliveries team to distribute veg in the trusty Teg Van.

HOW WILL THE SHARE CAPITAL BE SPENT?

We have borrowed £380,000 to get to where we are today and we would like to swap this debt owed to our lenders to equity provided by our supporters, securing Tyddyn Teg as a community asset far into the future. Ideally we would also like to raise a little bit more besides to cover the cost of running the share offer and to make sure we can deliver on all of our development targets. We could find productive ways to spend an additional £20,000 - £70,000 if we had it!

We are in quite a luxurious position because we do not have to pay off our loans in full until 2028, so work can and will go ahead if we don't reach our total, and we will find another way to meet our financial obligations either through another share offer, another loan or through mortgaging the property.

This is why our minimum raise for this offer is relatively low at £80,000, our optimum raise is £400,000 (an amount that will allow us to pay off all out-standing debts as well as almost covering the cost of the share offer) and our maximum is £450,000, as this is the amount we feel sure we have an immediate use for and can sustain the interest payments on.

TABLE I: OVERVIEW OF COMMUNITY SHARES SPENDING

Investment Program	Amount	What for?
Scrase Development Fund Loan (SDF)	£320,000	Land Purchase Infrastructure Upgrades
Loans For Enlightened Agriculture (LEAP) from the Real Farming Trust	£60,000	Farming equipment and infrastructure Shop upgrade/expansion Share Offer Launch
Cost of Community Share Raise (assuming we hit targets)	£27,378	Platform fees (Crowdfunder and Ethex)
Contingency budget	£42,622	Top up to building and infrastructure upgrade program
Total	£450,000	

In addition to these loans, we have received 2 grants in the past 2 years, one for £10,800 from the Real Farming Trust and one for £7,681 from the Welsh Government, which have allowed us to further invest in upgrading our infrastructure, as well as support from Co-ops UK to give us access to expert help in preparing this share offer. We know that we are part of a vibrant and growing community ownership movement across the UK. In the future, we want to do our part in supporting others as we have been supported, sharing experience and strategy and encouraging more people to take affirmative action to create the future that we want to see.



THE SCRASE DEVELOPMENT FUND PROGRAM

We received this £320,000 loan from the Scrase family in June 2021 for the purchase and development of the land of Tyddyn Berth farm by Tyddyn Teg Co-operative. The loan is to be repaid in full by December 2027, with a very friendly annual interest rate of 2.5%.

The farmhouse and its curtilage was not included in the sale and are still owned by the Scrase family, thus some of the infrastructure developments we have contractually agreed to undertake as part of the purchase of the farm are to separate services including water and electricity, whilst also upgrading other things like sewage and driveways.

This program is still on-going with approximately £70,000 remaining unspent.

When we have completed it, we should have:

- An upgraded driveway for accessing the farm shop (in progress).
- An accessible customer toilet next to the shop (following the barn renovation).
- A sewage treatment plant to serve both the farm buildings and farmhouse (still to be completed).
- A new site office that isn't in the farmhouse (following the barn renovation).
- An upgraded electricity supply that can cope with the needs of our business (in progress).
- A separate water supply for the farm that isn't routed through the farmhouse (in progress).
- A new farmyard for storing machinery and implements (in progress).
- A bigger and more accessible customer car park (in progress).

TABLE 2: SCRASE DEVELOPMENT FUND BUDGET OVERVIEW

Item	Description	Budget
Land Purchase	Purchase of Tyddyn Berth Farm excluding the farmhouse	£178,000
Repayment of Directors Loans	The business was originally purchased as a 'going concern' with a Directors Loan	£48,000
Solicitors fees	Solicitors fees for land purchase and sales contracts	£1,700
Electricity system upgrades	New higher capacity electricity supply for running produce fridges and heated benches in the plant nursery, separate from farmhouse supply.	£18,000
Water system upgrades	Upgrading and separating the water supply for the farm and farmhouse	£3,500
Drive upgrade	Improving access to the farm shop from the road	£6,000
New farm yard behind barn	Creating storage space for farm machinery and freeing up space in the customer carpark	£5,500
New sewage system	Upgrading old system to cope with increased usage levels and allow installation of customer toilet by shop	£10,000
Barn upgrades	Put a roof on derelict barn next to shop, install customer toilet and site office	£49,300
Total		£320,000

THE LOANS FOR ENLIGHTENED AGRICULTURE PROGRAM

We received a £60,000 loan from the Real Farming Trust in June 2021 following the purchase of Tyddyn Berth farm by Tyddyn Teg Co-operative. The annual interest rate is 5%, and repayment has already begun. The full amount will be paid down by June 2028. Its purpose was to allow us to upgrade our farming machinery and infrastructure, vegetable storage facilities and on-site shop, setting the stage for an up-surge in production and sales.

In 2022, we received a £7,681 Horticultural Development Scheme grant from the Welsh Government which allowed us to expand our ambitions under the LEAP grant and put up a brand new polytunnel as well as upgrading our outdoor irrigation capacity, future-proofing our operation against droughts.

We have now made all the purchases and investments we were planning on, and the increase in turnover is already apparent and set to continue (see Business Plan for details).



CURRENT FINANCIAL POSITION AND PLANNED EXPANSION

Since our establishment in 2015, Tyddyn Teg's turnover has been steadily increasing (from £30,873 in 2015/16 to £162,205 in 2021/22) along with our veg scheme customer numbers (which have grown from around 60 to around 180), with the largest single annual increase (£40,832) happening in 2021-22 as a direct result of the investment we received from the Scrase family and the Real Farming Trust combined with the developing skills and experience of our workers. Much of this growth has taken place against the background of the pandemic and the Cost of Living crisis (2020 to present).

TYDDYN TEG ANNUAL TURNOVER (£) 2015-22

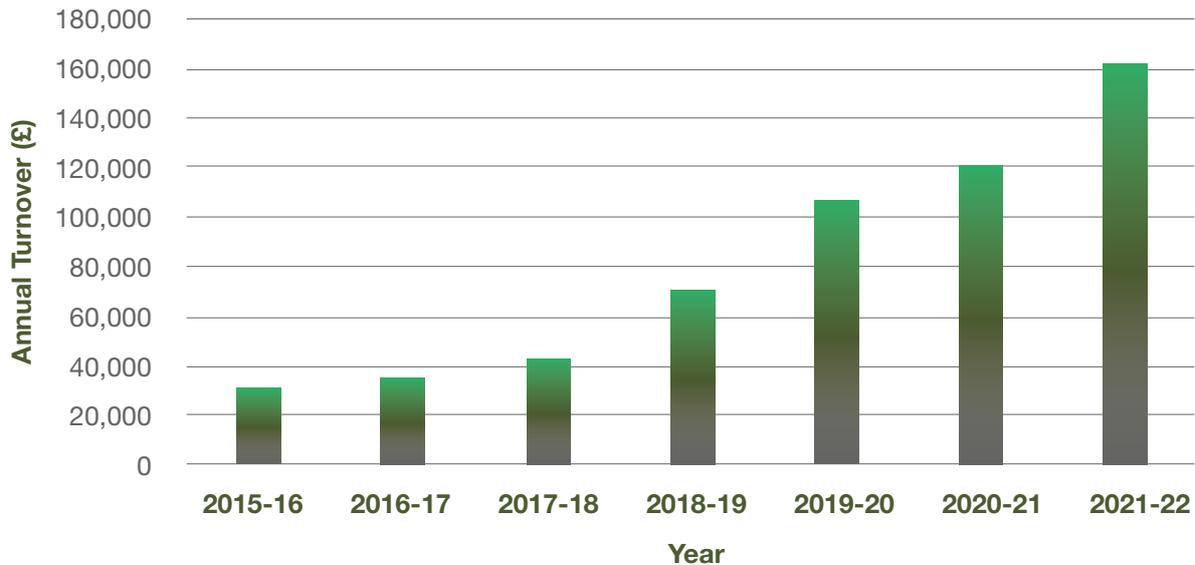


FIGURE 2: GROWTH IN ANNUAL TURNOVER SINCE 2015.

We feel very confident that we can continue the trend. We have only recently finished installing the infrastructural upgrades funded by the LEAP investment Program (including a new 300m² polytunnel and enhanced irrigation capability) that should see our crop production continue to increase in 2023-24. We also believe that we are fielding the strongest farming team yet assembled for the season ahead!

We will run multiple marketing campaigns throughout 2023-25 to make sure we take full advantage of this surge in productivity and continue to increase our sales. We plan to expand to having 200 Veg Scheme members by Christmas 2023 and ultimately 250 by 2028, as well as increasing the proportion of our own veg on the scheme, thus decreasing our cost of sales and increasing our profit margin.

Whilst our growth as a business has been extremely healthy, our profit margin has not expanded at the same rate because our team has grown and we have been paying better wages to our workers.

As well as having generous early investors who have backed us financially, Tyddyn Teg has benefitted from enormous in-kind donations of time and skill by its founder-members and pioneers, who have at times donated over 50% of their hours unpaid to getting things up and running. This year, by common agreement, all co-op members are donating 25% of their hours (an amount equivalent to time spent on 'Director Duties' i.e. meetings and admin). Our aim is to bring this down to zero and for all workers to receive minimum wage levels for all hours worked, and then move up from minimum wage to living wage.

TABLE 3: ESTIMATED VALUE OF TIME DONATED BY TYDDYN TEG WORKER MEMBERS

Year	Co-op members	Wage Bill	In-kind contribution by workers	% hours worked paid in real wages:
2015-16	Steve Collings, Rania Collings, George Tsantanis, John Gregory, Owain Dalton, Franklin Scrase, Jono Hughes	£20,939	£27,461	43%
2016-17	Owain Dalton, Franklin Scrase, Jono Hughes, Alice Gray	£19,521	£25,065	44%
2017-18	Franklin Scrase, Jono Hughes, Alice Gray, Simon White, Marta Ellero	£29,256	£33,827	46%
2018-19	Franklin Scrase, Jono Hughes, Alice Gray, Simon White, Holly Tomlinson	£22,884	£28,630	44%
2019-20	Franklin Scrase, Jono Hughes, Alice Gray, Simon White, Holly Tomlinson, Romy Strubel, Scott Summers, Sally Mees	£39,365	£28,210	58%
2020-21	Franklin Scrase, Jono Hughes, Alice Gray, Simon White, Holly Tomlinson, Romy Strubel, Scott Summers, Sally Mees, Aglae Bindi	£49,642	£23,061	68%
2021-22	Franklin Scrase, Alice Gray, Simon White, Sally Mees, Aglae Bindi, Jamie Stroud, Bea Lupino	£69,659	£18,479	79%
2022-23	Franklin Scrase, Alice Gray, Simon White, Sally Mees, Aglae Bindi, Jamie Stroud, Bea Lupino, Tilly Fuller, Tom Edwards, Charlotte Latter, Arthur Miller	£97,884 (estimated)	£17,712	85%
2023-24	Franklin Scrase, Alice Gray, Simon White, Sally Mees, Aglae Bindi, Jamie Stroud, Bea Lupino, Tilly Fuller, Tom Edwards, Charlotte Latter, Arthur Miller, Aspen Lawrence, Alex Turner, Charlotte Elvin	TBC		
TOTAL		£349,150	£202,445	63%

NB: Value of donated time is derived from labour records at minimum wage for the relevant year (which is itself an undervaluation of worker time given that the knowledge and skills of our team are generally well above those entry-level employees on minimum wage levels would normally possess.)

We could achieve better conditions for our workers much more quickly if we put our prices up to cover the ‘real cost’ of producing food regeneratively. However, we know that the inflated cost of housing as well as the cost of living crisis put immense financial pressure on people and we want our veg to be accessible to as many people as possible, so we are content to make slower gains by improving our labour efficiency and skill at farming to close the financial gap. Every year that we farm together, we grow stronger as we learn better ways of working with the land and with each other.

Due to this generous donation of time by workers, we have so far just about broken even in terms of cash flow (£13,561 Net EBITDA); but have been unable to put much money aside to cover the gradual repair and replacement of equipment.

The LEAP Loan has plugged this gap since it has covered the repair and upgrade of most of our farming equipment from 2020-23, meaning that we expect to be able to run without needing significant re-investment for at least another 5 years, and our financial projections indicate that, if we meet our targets, we will both be making a profit and holding significant cash in reserve by 2028.

In 2020/21, we started to invest a lot of worker time into sorting out our financial situation, securing the LEAP and SDF Loans and starting work on associated infrastructure upgrades, and thus we ran at a small loss despite doing our best year of business up to that point. However, this investment has set the scene for the impressive gains we have made since then.

HISTORIC EBITDA 2015–2022

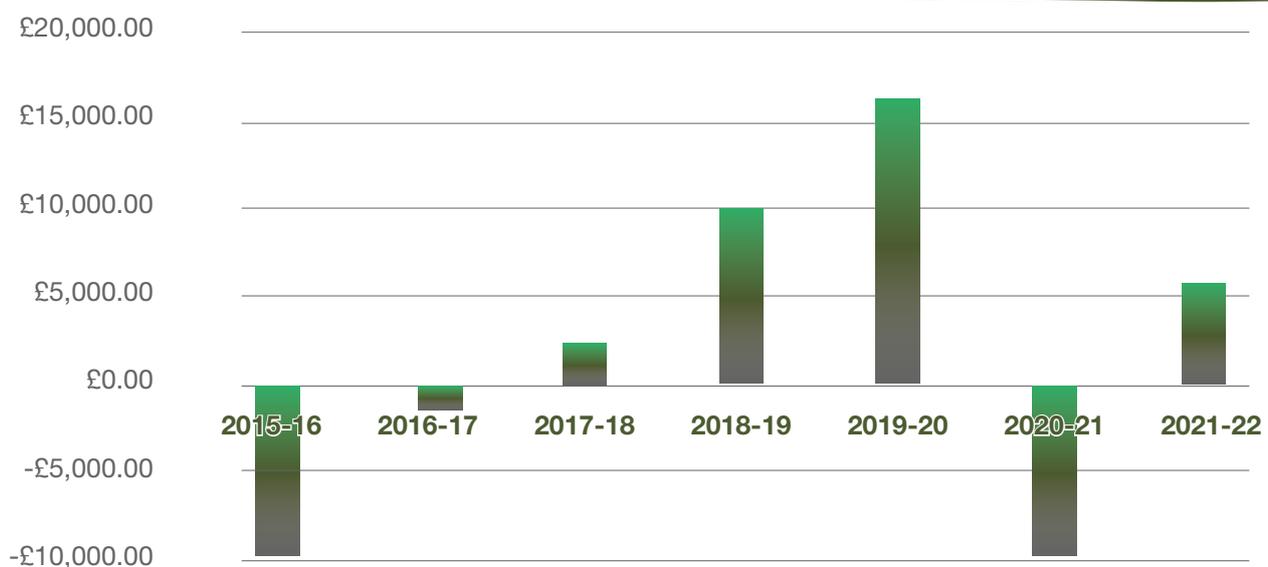


FIGURE 3: HISTORIC EBITDA 2015–2022

We expect these gains to continue, and are hoping to increase our annual turnover to around £284,000 by 2028, using only a little bit more labour than we do today (11,400 hours per year compared to 10,500). This will mainly be achieved by increasing our crop production efficiency using the new farm infrastructure purchased under the LEAP investment program which was completed in Spring 2023 (see Business Plan for details). Our projections show that our profit margin (after deducting depreciation and other non-cash items) will probably be about £1,800 by 2028.

TABLE 4: FINANCIAL PROJECTIONS ASSUMING CONDITIONS OF THE SHARE OFFER (AS SET OUT IN THIS DOCUMENT) AND BUSINESS TARGETS (AS SET OUT IN THE BUSINESS PLAN) ARE MET

Year	2023/24	2024/25	2025/26	2026/27	2027/28
Turnover	£208,711	£239,224	£253,844	£268,841	£284,235
Cost of Sales	-£183,162	-£200,121	-£205,603	-£216,624	-£227,815
Gross Profit	£25,549	£39,103	£48,241	£52,217	£56,420
%	12%	16%	19%	19%	20%
Overheads	-£26,962	-£27,502	-£28,052	-£28,613	-£29,185
Share Offer Project Costs (non-recoverable)	-£44,531	£0	£0	£0	£0
EBITDA	-£45,944	£11,601	£20,189	£23,604	£27,236
Non-cash expenses	-£38,512	-£36,049	-£28,788	-£33,200	-£25,393
Profit	-£84,459	-£24,808	-£8,600	-£9,597	£1,843

EBITDA stands for Earnings Before Interest, Tax, Depreciation and Amortisation

This uplift in production, sales and efficiency will put us in a position to provide a decent and dignified living to our workers whilst still servicing the interest on our shares and covering the depreciation of our equipment. We expect the business to become profitable on these terms by 2028 at the latest, and we need the capital we will raise in shares to help us get to this point.



THE COMMUNITY SOLIDARITY FUND

The single most important purpose of the Share Offer is to secure the future of Tyddyn Teg so that we can continue to do what we already do best: growing great food using regenerative methods, providing a healthy and environmentally sustainable source of food for our community and regenerative livelihoods for our workers, all whilst training the next generation of regenerative growers and strengthening the sustainable farming movement.

The innovative aspect of our Share Offer is the **Community Solidarity Fund (CSF)**. The CSF will allow us to support Local and Global Food Sovereignty and community to a much greater practical extent than we have been able to so far as a fledgling business.



How will the CSF work?

Shareholders will be able to choose to have a proportion of the interest that their shares earn (or all of it) paid into this fund. We will use the fund to further local and global food sovereignty by:

- Subsidising veg boxes for struggling families (at 25% or 50%)
- Organising open days and educational events for people to learn about food production and sustainable farming
- Organising social events to bring people together around food, sharing ideas and increasing connectivity
- Supporting land-based projects in the Global South that are on the front-line of developing strategies for resilience in the face of environmental, political and social upheaval

Every year we will invite the election of two people from among our investor members to help us run the CSF, to strategise with us about community impact and outreach, and to oversee how we spend these funds. This is a fundamentally important component of our share offer design: embedding community solidarity into the DNA of Tyddyn Teg.



THE TYDDYN TEG CHARTER BETWEEN WORKERS AND INVESTORS

We are very excited about this share offer as we believe that it is an innovative model for Community Supported Agriculture that will break new ground on our pathway to a sustainable future. It shows that together, we can and will make the positive changes that are needed to be a resilient community, to care for our land, to protect and enhance biodiversity and to produce quality, healthy food. We hope that others will follow in our footsteps, that the regenerative farming movement will grow, and that ultimately there will be a community farm for every community.

Being a community-owned farm operated by a workers' co-op with flexible membership is a model for land ownership and management that transcends many of the succession and start-up problems that hamper the regenerative farming movement's growth. Retiring farmers are often forced to sell their farms to fund their retirement and see their life's work undone, whilst new farmers lack the capital to purchase land.

Putting land into the hands of the community to be owned by them in the long-term, but managed for the good of the community by skilled and committed people who don't need to raise the funds to start a new business (and get paid a decent and fair amount) seems like a great way to circumvent these problems, besides providing a continuity of management that should see both land and people flourish.

We're trying to create a meaningful balance of rights and responsibilities between ourselves as workers, and our investor members as supporters of our core goals and providers of capital. As we're all based

on the farm, in practice our board meets every day in the fields and over our collective meals, although we do have one formal, minuted board meeting per month, which operates on a consensus basis.

We don't want to oblige any investors to attend our meetings, and due to our consensus decision making process, voting rights in this context are meaningless. However, the board has the power to co-opt up to two other Directors in our rules, and so we could co-opt people elected as representatives by investors who could attend our monthly board meetings if they felt it was useful to do so or had important shareholder interests to discuss, and they would be forwarded all the minutes of meetings that they did not attend. They would be the main point of liaison between investors and workers and could take the lead on engaging with investors on behalf of the Board.

It is not essential to the organisation that shareholders donate their time in this way and it is possible that no-one will want to. We will discuss this with investors after the share issue has concluded.

However, to ensure that this becomes a genuine co-owned enterprise, we've also created a Charter that describes why Tyddyn Teg Cyf exists and what it should be doing and not be doing.

So, after the share issue, the Charter can **only** be changed with the agreement of 75% of Worker-members **AND** 75% of Investor-members, and the farm **CANNOT BE SOLD** by worker-members without first receiving the permission of investor-members (and vice-versa!)

We believe that this arrangement strikes a balance between preserving worker autonomy and control over the work environment, whilst collectivising the core mission which guides what we do and why we do it. We also believe that our supporters are most invested in this core mission, rather than having any desire to micro-manage the day-to-day running of the business. The Charter gives investors power over the things that matter most to them, whilst leaving workers with power over the things that matter most to us.



CHARTER OF TYDDYN TEG CYF

When we formed Tyddyn Teg in 2015, we had a vision of a farm which was integrated into the local economy and was co-operatively run by inspired people with a shared and equal stake in its success and sustainability. We would produce good, healthy food for people who were located within 10 miles or so of the farm itself.

We had a vision of a farm in tune with its surroundings, where sustainability was paramount, and our impact on the land and landscape was as minimal as possible. We had a vision of using regenerative farming methods with no toxic chemicals introduced into the land and no negative impact on wildlife habitats.

We had a vision of a community farm that was a welcoming place for folk to get to know the people and the land that produces their food; and of participating actively in local and global networks of land-based projects to be part of a thriving movement for people and the planet.

We remain deeply committed to this vision, but in seeking your investment, we invite you to share ownership of the vision with us.

So, from this day June 26th 2023 forward, the vision that animates the co-operative is no longer the sole property of the workers, and whilst only workers can propose a change to it, that change can only be agreed by the combined weight of the workers on the farm and you, our wider community of investor members.

We have broken down the content of this charter into why we exist – the goals we seek to achieve – and what this charter prevents us from doing in order to achieve those goals.

What we want to achieve:

- Produce plenty of good food for the community and market it locally
- Look after our land and all the life on it, caring for old woodlands and hedgerows and planting new ones
- Protect and enhance our soil
- Make a decent living for ourselves whilst sharing power and responsibility equitably between workers
- Share our knowledge and skills to build a stronger regenerative food movement

What we will not do in working to achieve these goals:

- Use toxic agrochemicals to grow food
- Fail to produce food
- Close our land to the public
- Destroy woodlands or hedgerows
- Sell any part of our land or buildings without the permission of investors (66% agreeing with at least 33% voting) unless such a sale were required to pay any debts owed by the co-operative
- Borrow funds greater than 20% of the last recorded asset value of our land and buildings
- Distribute any residual profits generated by the sale of land or buildings to workers

This text above can only be amended by a proposal submitted by Worker Members and approved by a vote

in which 75% of all workers vote in favour, and 75% of those investors voting approve it too.

HOW DO COMMUNITY SHARES IN A CO-OP WORK?

This is a community share issue, which is a much snappier name for what they are legally-speaking: 'withdrawable shares in a Co-operative Society'.

A co-op is a business owned and controlled by its members on an equitable basis. Tyddyn Teg is a Worker's Co-operative which means the people eligible to be 'core' members are those who work on the farm. Unlike a company, where the more shares you own, the more power you have, in a co-op you have one vote regardless of how much you own.

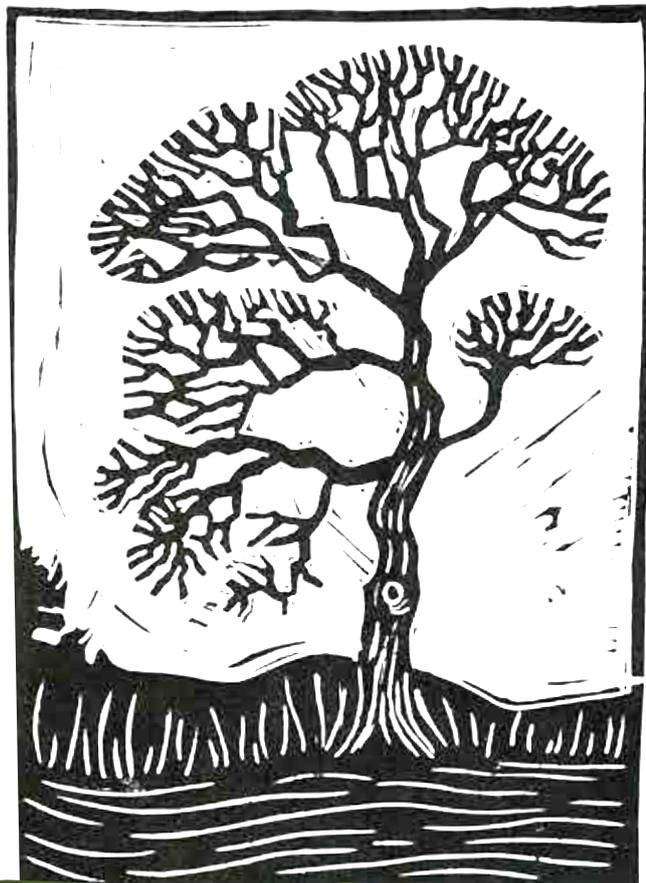
Profits in a co-op are not distributed on the basis of how much of the share capital you own, but according to the contribution each Member has made to the generation of those profits. Only workers can get dividends, and those are linked to how many hours across the year each member has worked.

Investors instead are paid a thank-you for the use of their capital to help us grow in the form of an annual interest rate paid on share capital, and this payment is made before profits are calculated. Investors can also withdraw their funds provided the business has sufficient retained earnings (or has had new capital invested recently which we can use to enable existing investors to exit).

HOW WILL INTEREST BE PAID?

For at least the first 3 years, all interest due to shareholders will be paid as shares, which will accrue to share capital accounts. This means that the total amount you can withdraw will grow by the agreed interest rate every year and will compound as time goes by. The longer you leave your money with us, the more you can withdraw in the end.

In contrast, interest that investors choose to donate to the Community Solidarity Fund will be paid in cash to a separate account that we hold for that purpose, and will provide a budget for delivering community benefits over the following 12 months as agreed upon by the Community Solidarity Team which will include up to two investor members who will be elected at the AGM each year.



Each year, the Board will decide exactly how much interest to pay, how much profit to distribute to workers, how much to reinvest in the business and, from year 4 onwards, how much to allow investors to withdraw their funds. The maximum rate of interest we can pay is defined in our rules as 5% or 3% above the Bank of England base rate, whichever is higher (we have modelled 3% interest in our financial projections for indicative purposes).

WITHDRAWING YOUR INVESTMENT: ONGOING OPEN SHARE OFFER

Our early years were driven by being cash positive so we could afford to pay for the things we needed to run the business. However, because we own our farm, our formal year-end return was negative because of the costs of depreciation. This situation will continue into the future, and will be exacerbated by the addition of the costs of executing the share offer and then covering interest payments on shares from an early stage.

As a result, whilst we will be going from strength to strength as a business and in cash terms, FCA guidelines will prevent us using this cash to fund withdrawal of share capital to investors until such time as we can generate sufficient year-end profits to cancel out these accounting losses.

So, our solution will be to launch an Open Share Offer within 3 years from our growing customer base whose capital we can use to allow withdrawals by earlier investors. We think that due to our plans to expand the business and recruit new customers and our active participation in a number of regenerative farming and land management networks, we will have good access to people who are keen to support projects like ours and will therefore be able to recruit new investors with relative ease.

But, whilst the lack of liquidity will affect investors, it won't impinge on workers, and so to ensure that we as workers (and our successors) are motivated to prioritise operating and promoting the Open Share offer, we will make 10% of capital raised in this way available to workers to distribute amongst themselves as a 'Success Fee', also mitigating against the persistently low wages that skilled land workers accept.

We will make at least 50% of what is left available to fund share withdrawals, and if these are not taken up then the board may allocate the capital to reinvestment or reserves. We hope to be able to fund share withdrawals at around 5% of total capital - around £20,000 - per year in this way from 2026/7 onwards. We will update our shareholders on the amount of capital currently available for withdrawable every 6 months, commencing from when we launch our open share offer.

In addition to this, we are permitted under FCA guidelines to use interest paid as shares (which is considered to be new capital) to fund withdrawals, which will provide a comfortable baseline on which to build with the Open Share Offer. We will look carefully at the Capital Needs of the Society before allowing withdrawals in order to ensure that we hold enough cash in reserve to meet them.

This is in line with our objectives to have Tyddyn Teg as a Community Farm owned by the community in perpetuity: binding workers to the objectives set out in our Charter, which also prohibits workers from profiting from the sale of the farm.

WHAT DO INVESTORS GET?

Investors will get:

- 3% interest on share capital paid from year 1 as shares
- A vote at the AGM on important issues facing the co-op and the Board of Directors, including co-ownership and co-decision over the guiding Charter of the Co-op
- The chance to stand for and be elected to the Community Solidarity Team
- The chance to stand for and be elected as a shareholder representative with the right to attend monthly Board Meetings and access to the minutes
- The chance to get their money returned on a

HOW IS TYDDYN TEG RUN?

first-come-first-served basis

Tyddyn Teg Cyf is a Workers Co-operative. It's owned equally and jointly by everyone who is admitted to membership of the co-op by the existing members. Worker Members get an equal hourly rate for our labour, and any surpluses are split between paying dividends to Worker Members, reinvestment in the business or saved in reserve at the discretion of the Board.

Dividends are divided amongst Worker Members on the basis of how many hours we've worked that year; the more hours we work, the more we've contributed to the generation of the surplus that forms the basis of the dividends, and so the bigger that member's cut is. So far we've not been paying dividends as we've been growing the business via our investment programs, but we expect to be generating some profit soon.

The co-op is currently run by the 14 Worker Members. Each Worker Member is a Director of the co-op and every Director is a Worker Member, with a minimum time contribution of 15 hours per week. The whole group meets formally once a month for a board meeting and an operational meeting. Day to day running of the business is carried out by Working Groups made up of Worker Members, who share responsibility for implementing the decisions that come out of the monthly co-op meetings.

Recruitment of Worker Members is done by mutual agreement when it is recognised that we need extra labour to grow the business, or that a member is leaving imminently, or that someone wants to change their role or hours. Co-op roles are advertised via our networks within the sustainable food sector (unless there is an obvious internal candidate who has expressed an interest); however, they are often snapped up by ex-trainees who know us and our systems and want to return to Tyddyn Teg.

New members remain 'probationary' for one growing season and are confirmed in the following autumn assuming everyone is happy with their performance and integration into the team.

Competition for places on our annual traineeship program is quite fierce, with as many as 40 skilled applicants coming forward each year wanting to train with us. Our impression is that the sustainable food movement is growing and that there are more intelligent, skillful people than there are farms with opportunities to offer.

Whilst we hope that this will improve, it does mean that we are not very worried about finding skilled people to help run the farm with us should any of our current team want to move on; whilst the working group system means that many members understand the work involved in every aspect of the business so that new members do not have to be 'direct replacements' for departing members but that roles can be reshuffled to ensure the continued smooth running of Tyddyn Teg.

As we are a Worker Co-op, the provisions governing the input and influence of investors differ from many other community share issues. The FCA (our registrar) requires that workers be the majority in any vote, regardless of their raw numbers. As a result, our rules dictate that the 14 workers' votes will always count for 75% of votes cast at the AGM on resolutions, and be 100% of those votes cast on resolutions to convert the co-op into a private company. In addition, the Board will always be dominated by workers, but as noted above, we will be happy to have up to 2 representatives on the board.

Investors do have real influence though – under our charter, any sale of land or buildings must be backed by two-thirds of investors, in which at least one-third of investors also vote. To amend the Charter requires the support of investors, with 75% of those investors voting needing to support any change. We will also elect 2 investors each year to help us manage and improve the Community Solidarity Fund.

FAQS

How can I invest?

We are running this share offer through the Crowdfunder website. When you click to invest, you will make a payment which Crowdfunder will hold until the project is successful and they will then pass the money to us. If the project does not raise its minimum target (£80,000) by the end of the share offer (September 25th), Crowdfunder will return your funds to you within one week of the deadline passing. The Share Offer will be closed if and when we reach our maximum target of £450,000.

What is the minimum and maximum investment?

Shares are £1 each. The minimum investment is £100. The maximum is £20,000.

Who can invest?

Anyone over the age of 16 can invest.

Can organisations and businesses subscribe for Community Shares?

Yes. A representative of that organisation will need to become a member of the society as nominee for their organisation/business.

Can people club together to buy shares?

Yes, but as with organisations, you'll have to nominate a member of your group to be the named shareholder in our share register.

What if the society isn't financially successful enough to survive?

If we did become insolvent, the ability of investors to recoup the funds they have invested would depend on firstly the value we (or the appointed insolvency practitioners) could get for the assets of the society and secondly, the value of our debts at that point.

In the event of our insolvency or orderly winding-up, the proceeds from the sale of those assets and our cash would firstly pay off all our creditors, and if there were any funds left at that point, would be used to pay back shareholders as much of their investment as they have outstanding as possible, on a pro-rata basis.

According to our Charter, if there is any surplus left after paying off creditors and then shareholders, this will be passed to an organisation with similar aims and objectives to Tyddyn Teg, as geographically close as possible to it.

What happens if I don't get all my investment back?

Although we are registered as a society with The Financial Conduct Authority (FCA), the sale of withdrawable shares in the society is not regulated by the FCA. Like many investments, these community shares are at risk and you could lose some or all of the money you invest.

Unlike deposits with high street banks, community shares are not covered by the Financial Services Compensation Scheme, nor is there any right of complaint to the Financial Ombudsman Service. If you are considering investing a significant amount then you may wish to seek independent financial advice before doing so.

Can my investment be gift aided?

No, because we aren't a charity.

Can I sell my shares?

No. This investment is in withdrawable share capital which cannot be transferred, sold or given to anyone else, except upon your death. You can tell us in advance who you wish to transfer your investment to upon your death, and we can transfer the first £5,000 of your investment to them; any investment above £5000 requires your beneficiary to be explicitly named in your will. If you do not nominate anyone, then the Board will rely on the instructions given by your executors.

Can shares increase in value?

Shares cannot rise in value, so there will never be a capital gain. They may be reduced in value if our auditors instruct us to do so if they believe that the value of our assets has fallen.

Will I get a Share Certificate?

Everyone who invests will receive a community share certificate.

What will you do with my personal details and data?

Your personal details as submitted on the application form will be held by the society and used in accordance with the provisions of the rules and of the 2014 Co-operative and Community Benefit Societies Act. Only members can inspect the members' register and view members' names and addresses (but not how much they have invested) but the society will not share, sell or provide my details to any other individual or organisation and will ensure compliance with the GPDR regulation in accordance with its responsibility as a data controller.