

# SHARE OFFER 2019

Invitation to become a shareholder in and member of  
Brighton & Hove Energy Services Co-operative Ltd



# SUMMARY OF KEY FACTS OF THIS SHARE OFFER

Target interest rate, subject to risks as outlined in this document	5% per annum
Interest payment	Interest will accrue from the 1st of the month following the issuance of shares and will be paid out annually upon approval of the members at the AGM as long as funds are available.
Rights	Purchase of shares entitles the holder to full member rights as outlined in BHESCo's Rules which are available at <a href="http://www.bhesco.co.uk">www.bhesco.co.uk</a> .
Withdrawal	Shares are withdrawable, subject to funds being available and at the discretion of the Members and Board of BHESCo. Shares are neither transferable nor redeemable.
Minimum investment per applicant	£250
Maximum investment per applicant	£100,000
Minimum sum to raise	There is no min. fundraise. Some of the projects have been started due to the time sensitivity of securing FIT.
Maximum sum to raise	£500,000
Purpose	To fund the installation of projects which will result in 295kW of renewable energy and savings capacity.
Tax relief	Shares are not eligible for EIS tax relief. They will normally be exempt from inheritance tax providing they are held for two years. You should seek further advice from a financial advisor or accountant on tax matters as appropriate.
Timeline	The offer will remain open until 13 <sup>th</sup> December 2019. The Directors may extend the offer period at their discretion.
Eligibility	Anyone over the age of 16 may apply for shares. Co-operatives, community benefit societies, companies and other incorporated associations may also apply for shares.
How to apply	Invest online at <a href="http://www.ethex.org.uk/BHESCO2019">www.ethex.org.uk/BHESCO2019</a> This will take you to the Ethex website where our share offer is listed. Our preferred method for investing is online. It's paperless and efficient. If you have any problems, or if you need help, please call Ethex on 01865 403304. Alternatively, you can send a cheque with the paper application to Ethex. You will find the application form at the end of this document.

Capital is at risk. Investors may not get back all or any of the money they have invested. Interest is not guaranteed. This offer is not covered by any deposit guarantee scheme or financial ombudsman.



# AN INVESTMENT IN BHESCo

To avoid irreversible runaway climate change will require unprecedented levels of investment in green and low carbon technologies.

Whilst this presents a considerable challenge it is also a tremendous opportunity for investors who are looking to align their financial goals with their personal values.

By investing in BHESCo's 2019 Share Offer, our members can be sure that their money will deliver a meaningful and measurable impact whilst still providing an attractive financial return.

As a not-for-profit social enterprise, we count on community investment to finance all of our projects. New shareholders become members of our co-operative and will earn up to 5% interest on their investment.\* To date we have been able to pay our shareholders the 5% return, distributing £45,750 in interest since our first share offer in 2016.

BHESCo have completed over 42 community-owned energy projects this way, including helping a local community centre to reduce energy bills by 90% through solar PV and insulation, and helping an indoor bowls club to reduce annual energy bills by nearly £2,000 by installing energy saving LED lighting.

This is all down to the belief and support of our forward-thinking investors.

Our projects include roof-mounted solar PV with battery storage, renewable heat generation, LED lighting, insulation and energy efficiency measures. They are already saving customers £83,880 a year on energy bills while also reducing annual carbon emissions by over 321 tonnes – and we're only just getting started.

By raising funds from the community, we empower everyone to take part in the energy revolution – meeting the cost of their needs with clean, affordable, community-owned energy.





# A CATALYST FOR CHANGE

We stand at a crossroads.

In October 2018, the United Nations' 'International Panel on Climate Change' (IPCC) issued a stark warning that the world has until 2030 to radically curb climate damaging emissions or face catastrophic consequences.

This wake up call has inspired a tidal wave of activism across the globe: young people in 2,000 cities have engaged in monthly strike action; grassroots action groups have been staging headline grabbing stunts and the UK government passed a motion declaring a state of climate emergency.

The public are demanding greater government action, but government action takes time and in the fight against climate change, time is in short supply.

This is why communities all over the UK are taking matters into their own hands by investing in local energy projects that deliver immediate and meaningful results.

Since 2010, there has been more than £92 billion invested in clean energy in the UK. There are now over 48,000 members of community energy groups invested in projects that reduce CO<sub>2</sub> emissions by an incredible 71,000 tonnes per year – the equivalent of taking 15,000 cars off the road.

We hope that you will join our community energy revolution, harnessing the power of communities to catalyse this essential transition away from fossil fuels, building a more resilient and sustainable economy in the process.





# OUR IMPACT

£592k

Funds  
raised

170

Shareholder  
members

42

Projects  
completed

£83k

Annual  
project  
savings

670+

Energy  
surveys  
completed

321

Tonnes annual  
CO<sub>2</sub> saved

1,513

Customers  
advised

£152k

Customer  
savings



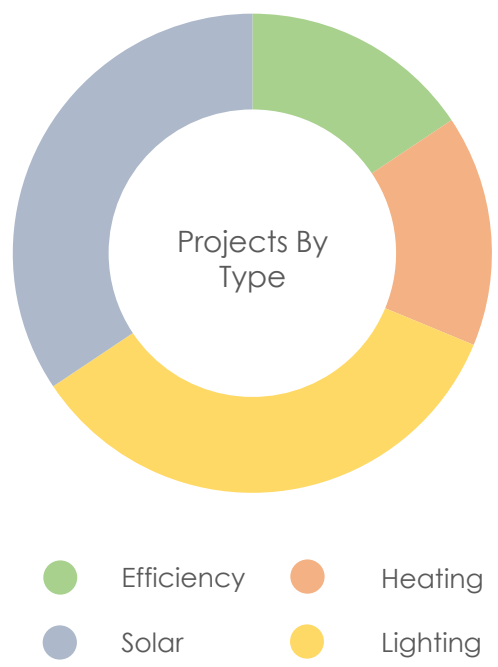
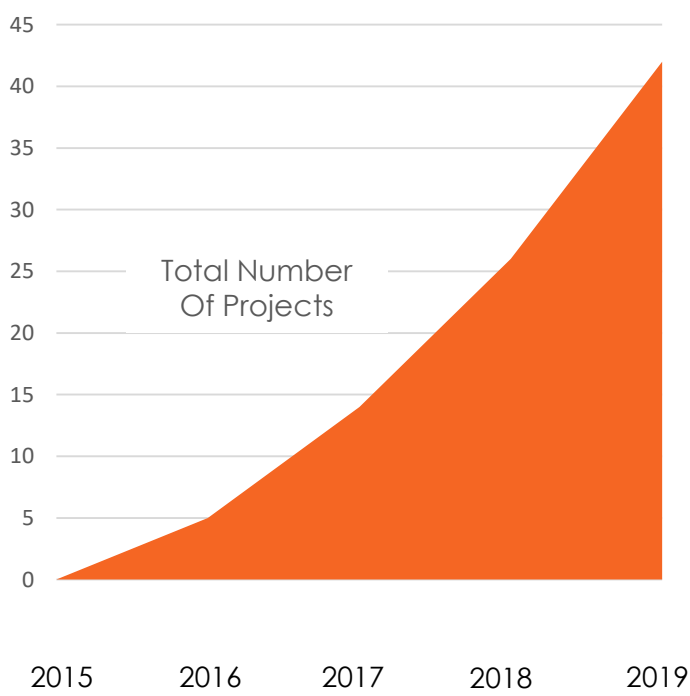
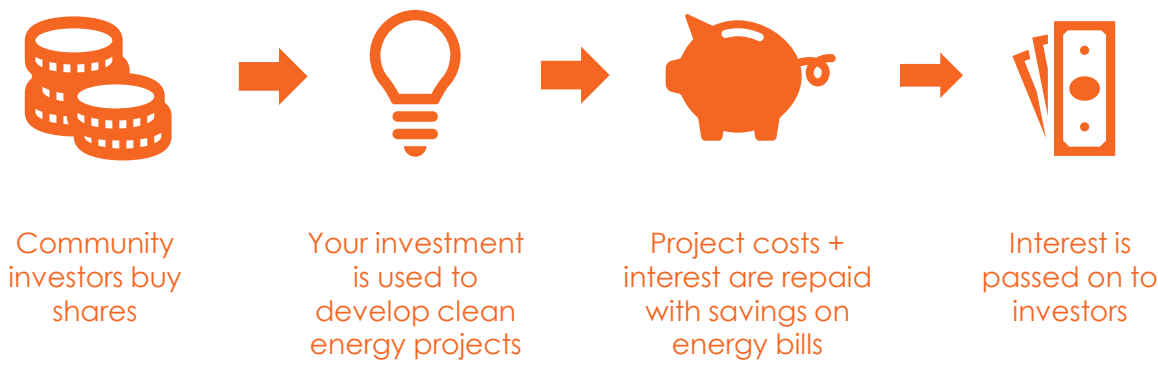
# How Do We Use Your Investment?

We know that most property owners in the UK want to make their buildings more environmentally sustainable but often cannot afford the upfront costs.

To overcome this obstacle, BHESCo finance all of our energy projects on behalf of our customers using our 'Pay As You Save' initiative.

Your investment is used to finance the upfront project costs on behalf of our customers. These costs are then paid back (plus 5% interest that we pass on to you) through savings achieved on our customers' monthly energy bills.

In this way, everyone can take action to reduce their carbon footprint, while also saving money and without the barrier of high initial expenses.



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# FOUNDER'S LETTER



September 2019

Dear Potential Co-op Member

BHESCo is looking to raise £500,000 to complete an exciting and diverse portfolio of 9 energy efficiency and energy generation projects on buildings in and around Brighton and Hove.

We are pleased to present our Share Offer Document which sets out a compelling opportunity to make an ethical investment in our co-operative for the benefit of local communities. This is our fourth share offer and it will fund our next tranche of innovative energy projects.

These projects will:

- Revitalise an iconic building in Lewes, introducing renewable heat and improving its energy efficiency;
- Contribute to the future our children deserve by installing solar on their schools;
- Enable a church to achieve its gold-standard environmental goals with a roof-top solar installation;
- Provide a local brewery with the means to produce their ale without harming the environment;
- Deliver over 87 tonnes of CO<sub>2</sub> savings per year on top of the annual savings of 234 tonnes that our existing projects are delivering;
- Offer an attractive annual return on your investment of 5%.

Brighton & Hove Energy Services Co-operative Ltd is an ethical, not-for-profit, social enterprise aiming to become a community-owned energy supplier.

Thank you for your interest in this share offer. We look forward to welcoming you as a new member.

A handwritten signature in black ink, appearing to read 'Kayla'.

Kayla Ente  
Founder and CEO





# What Are People Saying About BHESCo?



BHESCo works hard to improve the quality of life for local families by reducing the amount of energy they need and by encouraging the uptake of clean, locally generated, renewable energy to reduce our dependence on fossil fuels.

**Caroline Lucas, MP for Brighton & Hove**

BHESCo is an amazing organisation helping our community to secure lower bills and helping Brighton and Hove reduce its carbon footprint.

They are continuously examining ways that their work can remain relevant to communities and pushing for the fairest deal for residents and planet alike.

**Phelim MacCafferty, Brighton & Hove Councillor**



It's a great local idea whose time has come: insulation, warmer homes, lower bills, community ownership, and renewable energy – Brighton & Hove's ready for it!

**Thurston Crockett, former Sustainability Team at Brighton & Hove City Council**

BHESCo is giving us the best service, working really hard on getting the best solution for the biomass boiler. There is a real professionalism in the team and a real passion for helping us develop green energy. It is a pleasure to work with BHESCo.

**Florence Nafici, Director at Nafici Environmental Research**



# OUR NEW PROJECTS

Your investment will start by funding our next batch of projects. Once those projects have generated sufficient income to break-even, your investment and any profits from the projects will fund future projects.

Business and home owners frequently have a desire to reduce the environmental impact of their properties but do not know how to go about it and don't have the time to investigate it.

BHESCo offers a turn key service from the initial energy survey to post installation monitoring of the system, that will deliver the most energy efficient, cost saving and technologically advanced result, without impacting cash flows.







## Varndean College, Brighton

Vardean College is a higher education facility on the edge of Brighton, which offers students a wide range of academic and vocational courses, as well as being the only state-funded college in the area to offer the International Baccalaureate Diploma.

For this project, BHESCo have partnered with EcoSphere Renewables to support the delivery of a large scale solar array for the college.

### Technology

49.5 kWp rooftop solar PV (180 panels)

Multiple Solis 'Three Phase' Inverters

### Lifetime Savings



£98,370



271 Tonnes CO<sub>2</sub>





## Brighton Road Baptist Church, Horsham

Created in a modern, contemporary design to meet the needs of its vibrant 21st Century congregation, Brighton Road Baptist Church already engages in a variety of ecologically friendly and sustainable practices. The addition of rooftop solar panels will help the church achieve its goal of becoming one of only four Gold Rated Eco Churches in the UK.

Its large south facing roof makes it an ideal candidate for rooftop solar PV.

### Technology

30kWp solar PV (109 panels)

### Lifetime Savings



£30,600



160 Tonnes CO<sub>2</sub>





## The Unity Centre, Lewes

The Unity Centre is located in the former Turkish baths in Lewes and is a community centre of health and wellbeing. There is a float pool, two large studios for yoga and dance, a community arts room, an art gallery, a sauna, two treatment rooms and a café.

When it was taken over by the Unity Centre the building was an empty shell with no heating or lighting. Insulation has since been provided by Lewes District Council.

Sevanti Attwood, founder of the Unity Centre, said: **"We're so grateful to BHESCo as we could never have realised this project without their help"**

### Technology

Mastertherm 22kW Air Source Heat Pump

An underfloor heat network with individual room control settings

LED lighting

Ventillation

### Lifetime Savings



£27,420



68 Tonnes CO<sub>2</sub>





## Saltdean Primary, Saltdean

Saltdean Primary School is a larger than average primary school, tucked between the Downs and the sea just outside Brighton. The school is a three-form entry primary, serving children from the ages of 4 to 11.

They are a mainstream primary school with an average of 530 pupils on roll.

### Technology

49.78kWp rooftop solar PV (181 panels)

### Lifetime Savings



£52,261



198 Tonnes CO<sub>2</sub>







## Brunswick Primary, Brighton

Brunswick Primary is a large school with over 900 pupils aged four to 11 years. The school has 8% of children with a wide range of additional needs.

It is a very popular school, which is usually oversubscribed.

BHESCo is working in conjunction with Brighton Energy Co-op to design and install this project.

### Technology

71kWp rooftop solar PV (260 panels)

### Lifetime Savings



£87,189



289 Tonnes CO<sub>2</sub>





## Franklins Brewery, Ringmer

Franklins Brewery is based at a 2,000 litre purpose built facility on the Sussex Downs where they brew 'traditional beers with a modern twist'.

Franklins are focused on sustainability and reuse throughout all stages of the brewing process. They endeavour to work with suppliers, customers and collaborators who share their ideals and their beers are vegan where possible.

### Technology

22.5kWp ground-mounted solar PV (60 panels)

Heliomotion solar tracking system

### Lifetime Savings



£15,243



116 Tonnes CO<sub>2</sub>





## Bunker Housing Co-op, Brighton

Bunker Housing is a self-build housing co-operative based in Brighton whose aim is to deliver high quality affordable housing for low-income families.

Their first self-build project is on a derelict council owned garage site located off Plumpton Road, on the Pankhurst Estate in the Queens Park area in Brighton.

BHESCo will own the energy provision for 25 years. This allows the housing co-op to get 100% renewable local generation in addition to. We believe this is a truly innovative and highly replicable project that will act as a shining example of co-ops working together to improve quality of life and living circumstances for residents.

### Technology

3.2kWp rooftop solar PV (16 panels)

Air Source Heat Pump

### Lifetime Savings



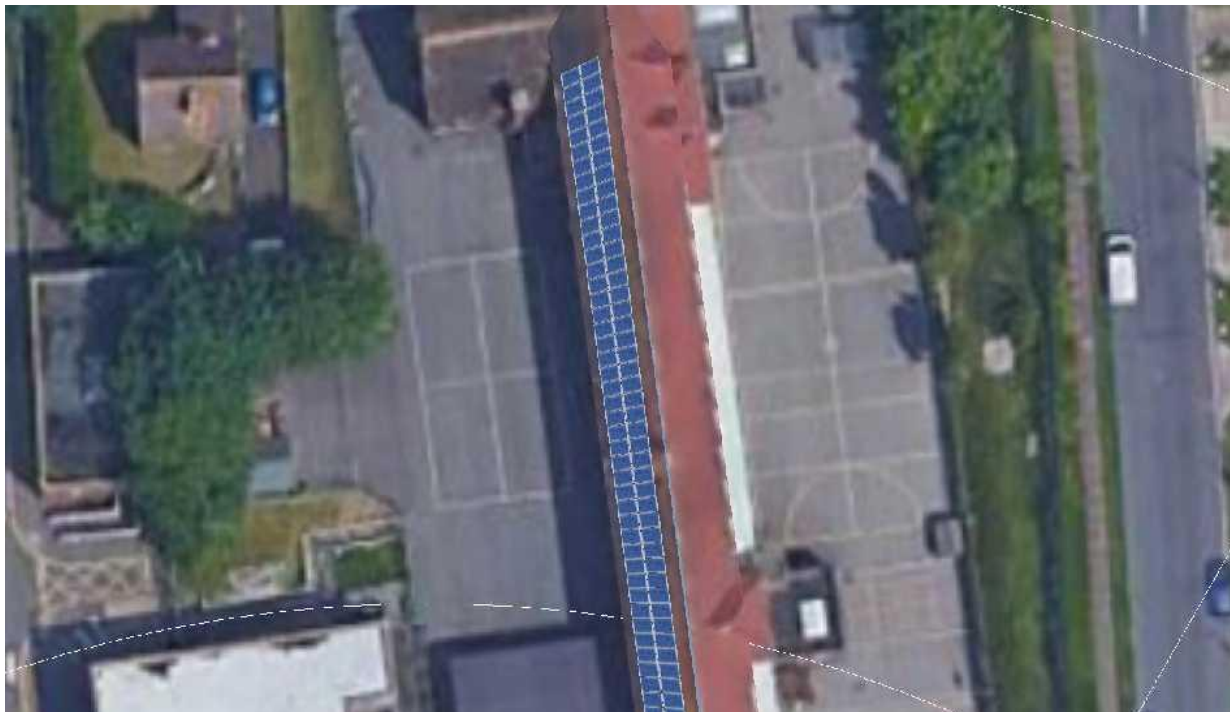
£13,740



37 Tonnes CO<sub>2</sub>







## Patcham Junior, Brighton

Patcham Junior is a three form entry junior school with 376 pupils.

Patcham Junior School say they believe that 'positive relationships are the key to a successful and happy school. Our pupils are inspired to learn through our innovative and creative curriculum'.

### Technology

28.7kWp rooftop solar PV (108 panels)

### Lifetime Savings

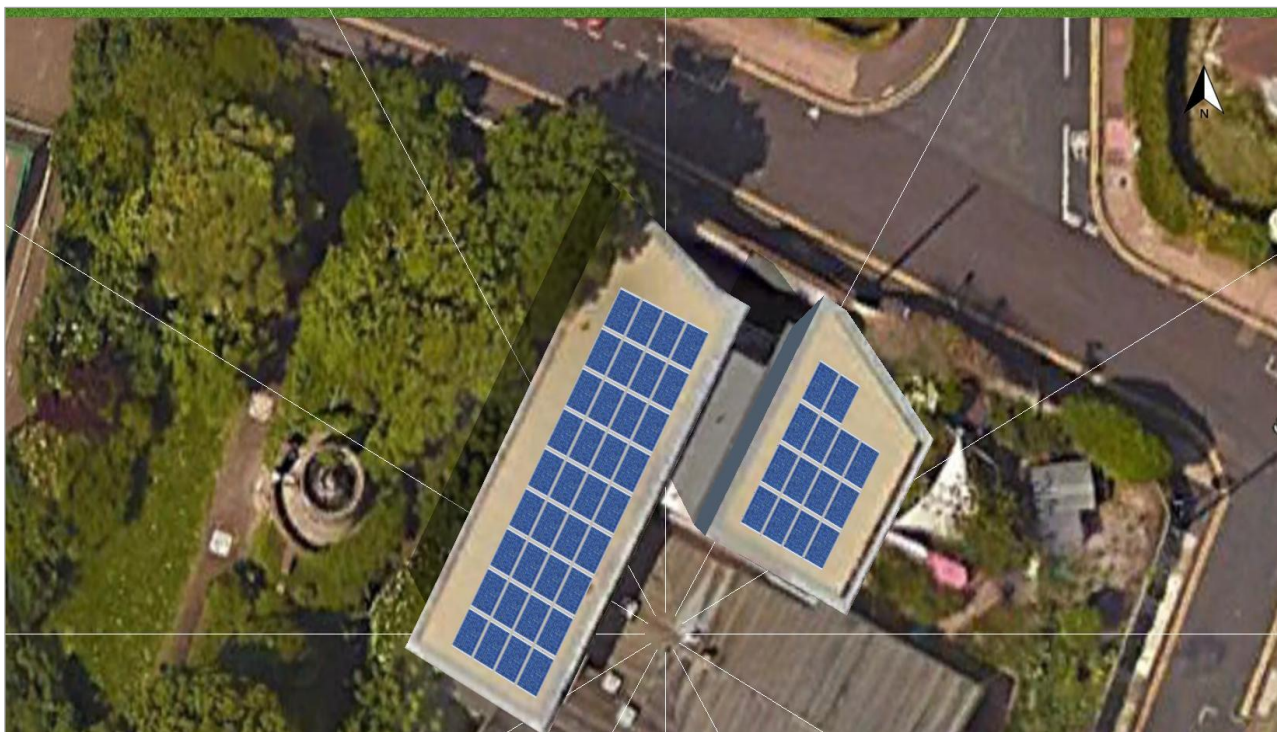


£13,060



115 Tonnes CO<sub>2</sub>





## Tarnerland Nursery, Brighton

Tarnerland Nursery School is for children aged from three months to five years. The nursery work in partnership with Tarner Children's Centre where health and family support services are available to all families.

Tarnerland was established in the 1930's by Margaret McMillan as an 'open air' nursery. It has extensive outdoor play areas and promotes learning outdoors as an integral part of it's curriculum.

### Technology

13.75kWp rooftop solar PV (50 panels)

### Lifetime Savings



£7,351



55 Tonnes CO<sub>2</sub>



Brighton & Hove Energy Services Co-operative Ltd

Over their lifetime these projects will reduce CO<sub>2</sub> emissions by **1,309 tonnes**.

That's the same amount of CO<sub>2</sub> emissions as:



3.2 million miles driven by car



1,443 flights from London to New York



62.3 million kettles boiled



167 million smartphone charges





# ABOUT BHESCO

## Our Story



(From left) Simon Fagg, Tim Beecher, Diane Smith, Kayla Ente, Jessie Mae Coleman, Dan Curtis

BHESCO's business model was conceived in 1998 through the need to make renewable energy accessible to all. We knew back then that climate change was man-made and yet our business community didn't embrace a transition away from fossil fuels because fossil fuels were cheap and solar panels, at that time, were prohibitively expensive. We realised if there were to be a paradigm shift in attitude, it would be necessary to kick-start it by removing the barriers to the uptake of renewable energy from the start. After a few attempts to start the business in London, BHESCO was founded in Hanover, Brighton, in May 2012.

After 3 years refining the business model, including incorporating energy efficiency, combatting fuel poverty through conversations with local businesses and residents, our breakthrough came in August 2015, when, with the help of Ethex, we raised enough money from members to finance our first projects. Those projects, along with subsequent installations, are now generating almost 475MWh of clean energy each year.

Our services have since expanded to meet the needs of individuals in our community, whether they are staying warmer for less, having all the information needed to switch energy supplier, choosing to reduce their dependency on fossil fuels by switching to clean, renewable energy generation or reducing their energy consumption without making any sacrifices to their lifestyle.

We also apply our skills and services to helping vulnerable households in our community, free of charge (with the aid of grant funding). In the last year alone, we have helped more than 750 vulnerable households to stay warm.

BHESCO is committed to making it easy for everybody to do their bit to save the environment, creating more comfort at home and at work, generating clean energy from the sun, wind, biomass and biogas one project at a time.



## Our Track Record

Since our first project back in 2015, investors have provided £592k of funding, allowing us to complete **42 projects**, the most significant of which are:

- Providing a school with heating generated by an air-source heat pump and electricity generated by a 27kWp solar PV system. Not only are they preventing 12 tonnes of CO<sub>2</sub> from entering the atmosphere each year, they are also providing hands-on learning to their pupils about the necessity to take action to avoid devastating climate change.
- Replacing fluorescent tubes with 750 LED lights to deliver annual cost savings of £13,000 and CO<sub>2</sub> reduction of close to 60 tonnes for two indoor bowls clubs.†
- Through the installation of an 80kW biomass boiler, we're saving a family-run environmental research business, which transforms agricultural waste into paper pulp without causing any harm to nature, saving £120,000 on their fuel bills and preventing 1,200 tonnes of CO<sub>2</sub> entering the atmosphere over the next 20 years.†
- The installation of a 4kW solar array, an air-source heat pump, external roof insulation, secondary glazing and LED lights for a small business in the North Laines, saving 6 tonnes of CO<sub>2</sub> per year and £16,000 on energy bills over the next 20 years.†



BHESCo Project – Solar Array at Montessori Place School

## Track Record (continued)

The **Energy Saving Service** that we launched in January 2016 has now provided surveys, help and advice to 670 households, giving them the information and the technology needed to achieve a significant reduction in fuel bills and environmental impact.

As our reputation has grown, our expertise has been sought by diverse organisations nationally, particularly around our community energy model and we have won and been nominated for a number of **industry awards**. Ofgem cited BHESCo's model in their 2017 Future Insights Series<sup>2</sup> and more recently The Energyst<sup>3</sup> magazine suggests the future lies in the ESCO, Pay-As-You-Save model that lies at the core of BHESCo's strategy.



For the fifth year running we are out in the community helping those struggling with **fuel poverty**. With the help of grant funding, we are using our skills and experience to help vulnerable households in our community create a warmer, more comfortable and more affordable lifestyle.

We can be found distributing free energy advice and helping people switch energy supplier, at food banks, community and advice centres across town during the winter months. So far we have installed energy-saving measures in 670 households and provided advice to more than 1,550 people.

<sup>2</sup>"Future Insights Series: Local Energy in a Transforming Energy System", Ofgem, 2017

<sup>3</sup> <https://theenergyst.com/government-mulls-energy-efficiency-auction-scheme/> March 2019





## Our Mission

The business of BHESCo is to:

- Project manage the installation of renewable energy and energy efficiency systems,
- Own and operate the renewable energy systems to generate electricity and heat,
- Own and operate energy efficiency systems to save electricity and heat,
- Conduct energy surveys, advising on best practice for energy management,
- Give impartial advice on energy bills to customers and raise awareness of the importance of regular switching of energy supplier, taking action to reduce fuel poverty.

Our solar PV systems are located on the roofs of buildings, including offices, schools, industrial estates, public and community buildings, avoiding the use of green fields for solar arrays. Smaller scale biomass plant will be located on customers' premises.

Larger scale systems such as district heating will deliver low-cost heat to communities from renewable sources like food waste and biomass.

The Co-operative will receive income from the Feed-in tariff and the Renewable Heat Incentive and sell the energy generated to the customer at a discounted price.

To the extent that more is generated than the customer consumes, electricity will be sold at a guaranteed export price to the National Grid.



## Social Enterprise vs Commercial Enterprise

BHESCo is a social enterprise which is owned by and managed for the benefit of its members.

As a consumer co-operative, we remain accountable to our customers after the project installation, because all of our customers become members and have a say in our governance.

We are bound by our Rules to act for the benefit of the communities in which we operate. There is a one-member-one-vote rule irrespective of size of shareholding, and as a member you can get further involved through member meetings, joining working groups and standing for election to the Board.

Surplus profits are used to fund further community projects. Our Rules prevent the sale of our assets to commercial organisations should BHESCo be wound up.

Our constitution is in the form of rules which are registered and approved by the Financial Conduct Authority. The Rules can be viewed on our website: [www.bhesco.co.uk](http://www.bhesco.co.uk).

BHESCo creates local benefits from local projects, retaining money in local economies. Our focus is on bringing ownership, control, and benefit into local hands. This is a fundamentally different way of doing business on energy, as seen in the highly successful and well established model of community-owned energy businesses elsewhere in Europe.



*"I love this vision and encourage everyone in Brighton and Hove to buy shares in BHESCo"*

**Henrietta, Shareholder**



## Our Board

The projects are being led by a Board of Directors which has a strong track record in community engagement, renewable energy and energy efficiency project development as well as legal, financial and operational management skills.



**Kayla Ente**, BHESCo's founder and CEO, started her career with Deloitte & Touche, later moving to Ernst & Young in Amsterdam. She has worked for Greenpeace International and Ecofys, a pioneering renewable energy engineering consultancy. She started developing renewable energy projects in 2000 for Nuon, a Dutch energy supplier. She won the Nuon Sustainability prize for her idea to lease renewable energy systems using a Pay as You Save model. She is a qualified accountant and MBA, bringing a wealth of experience to the team. Kayla is also a director of Retrofit Works.

**Diane Smith**, Director of Operations, has been a finance professional for more than 25 years. After running treasury operations for The Economist Newspaper in London, she moved to the Netherlands to set up Nike's European foreign exchange risk management programme and then to Belgium to lead operational support teams and IT project managers at BNY Mellon (a US investments company). She has been working in the renewable energy sector since 2014



**Mark Kenber**, Non-Executive Director. Mark was previously CEO of Mongoose Energy – a company which provided asset management, project development and finance services to the community energy sector. Prior to joining Mongoose, Mark had been with international climate change NGO The Climate Group for nearly 12 years, latterly as CEO. During his time with the organisation he oversaw the launch of the Verified Carbon Standard, We Mean Business coalition and RE100 campaign and was an expert advisor to former UK Prime Minister Tony Blair on the joint policy initiative Breaking the Climate Deadlock







**Garry Felgate**, Non-Executive Director. Garry has a strong business and policy background in energy, environment and sustainability, built in corporate organisations (IBM, Landmark Graphics) and leading consultancies (KPMG, A.T.Kearney). He was formally CEO of the Energy Retail Association. Nowadays he supports start-ups operating in the clean energy sector, supports the Department for Business Energy and Industrial Strategy on their Energy Entrepreneurs Fund programme, Innovate UK and several advisory groups in Berlin.

**Rachel Espinosa**, Energy from Waste Director, is an expert in waste management operations, strategic planning & development. She has worked in the waste industry for more than 20 years as a waste services manager and consultant and is partner of Re-consult LLP. She is a Centre Councillor for the London and South Counties Centre of the Chartered Institution of Wastes Management.



**Paul Beckett**, (co-opted, 2019) Non Executive Director. Paul is co-owner and co-founder of the multi-disciplinary environmental Consultancy Phlorum, which he set up with a colleague in 2003. Before then he cut his teeth in environmental consultancy at WSP and RPS. As a consultant, he has completed environmental impact assessment work on a very broad range of projects, from housing developments to energy production, warehousing, sewage treatment, various industrial processes and transportation infrastructure schemes

The management team believes that, in order to be financially sustainable and spread risk, the Co-operative must deliver a range of services with varying profit margins. The Co-operative's intention is to pursue development of 750kW of electricity generating capacity and 450kW of heat generating capacity in the next four years. The Co-operative intends to operate primarily on a local basis. Our ambition is to facilitate the installation of sufficient local generation capacity to establish Britain's first community owned micro-grid in Brighton & Hove.

# Awards and Nominations

Winner 2019 NEA Heat Heroes Award

Winner 2018 Brighton & Hove Business Awards - Green Business of the Year

Finalist 2018 Community Energy England Energy Champion Award

Commended 2018 Energy Efficiency Awards

Finalist 2017 Community Energy England Energy Champion Award

Winner 2016 Community Energy England Energy Savings Award

Winner 2016 NEA Heat Heroes Award



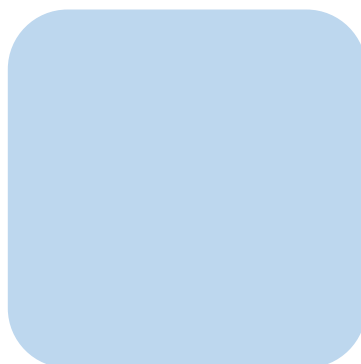
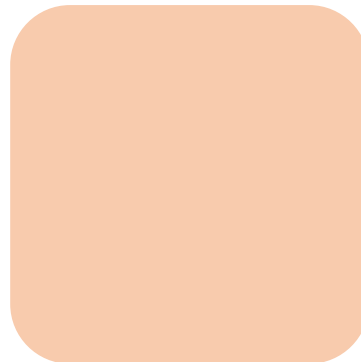
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Timeline	The offer will remain open until 13 <sup>th</sup> December 2019. The Directors may extend the offer period at their discretion.
Eligibility	Anyone over the age of 16 may apply for shares. Co-operatives, community benefit societies, companies and other incorporated associations may also apply for shares.
How to apply	Invest online at <a href="http://www.ethex.org.uk/BHESCO2019">www.ethex.org.uk/BHESCO2019</a> This will take you to the Ethex website where our share offer is listed. Our preferred method for investing is online. It's paperless and efficient. If you have any problems, or if you need help, please call Ethex on 01865 403304. Alternatively, you can send a cheque with the paper application to Ethex. You will find the application form at the end of this document.

Capital is at risk. Investors may not get back all or any of the money they have invested. Interest is not guaranteed. This offer is not covered by any deposit guarantee scheme or financial ombudsman.







# THE CONTENTS OF THIS DOCUMENT

This Offer Document has been prepared by Brighton & Hove Energy Services Co-operative Ltd (BHESCo) and its Directors who are responsible for its contents.

Technical and other words or phrases used in this Offer Document with a particular meaning are defined and explained in the Glossary.

No advice on investments is given in this Offer Document or by BHESCo or its Directors in relation to it. If any person has any doubt about the suitability of the investment which is the subject of this Offer Document they should consult with an appropriate authorised financial advisor on this investment.



# THE SHARE OFFER

BHESCo invites you to buy shares in the Co-operative. Shares have a face value of £10 each. The minimum investment is £250. The maximum holding by any investor is £100,000.

## Interest payments and the return of principal

The intention is that members keep their money invested in BHESCo for the long term. As BHESCo aspires to become a community-owned utility, the minimum investment term is three years in order to build a solid income flow for investment in future projects. Co-operative members do not have the right to withdraw share capital, although shares are withdrawable at the discretion of the Board of Directors. In practical terms, the Co-operative buys back the shares. After 3 years, upon approval of the members and assuming there are sufficient funds, BHESCo aims to make available 10% of its capital to repurchase shares. Investors in the Co-operative will earn interest on their investment at an anticipated rate of 5% per annum. The rate of interest will be reviewed by the Board on an annual basis. Investment in energy co-operatives no longer qualifies for EIS tax relief following withdrawal of this benefit by HM Treasury in 2015. Interest will start accruing from the first of the month following the issuance of shares, but will not be paid out until a decision is made to do so by the Co-op's members at its AGM. If a shareholder withdraws shares, they may repurchase shares at any time should their financial circumstances improve.

Funds permitting, members who keep their investment with us for 20 years will receive a bonus 1% interest on their investment from years 10 to 20.

## Investing for children and grandchildren and exemption from Inheritance Tax

As a longer-term investment with an increasing return which can span the generations, parents and grandparents can invest in the Co-operative now for their children and grandchildren; or can invest on their own behalf now and give their investment to their children and grandchildren in their will. Interest earned will be paid to the beneficiary named by the investor in their membership application. BHESCo understands that currently shares in the Co-operative will be treated as exempt from Inheritance Tax. Members should seek independent advice on this point for certainty on their personal position.

## Directors' investment

The Directors have made a combined investment in BHESCo of £28,500 on the same terms as other members.

## Suppliers

All of BHESCo's preferred suppliers are independent of the Co-operative and have been selected because of their expertise in designing systems, their competitive price, the quality of their products, their ethical approach to business and their willingness to support BHESCo's work.



# RISK FACTORS

In particular, you should appreciate that:

- shares in the Co-operative are not transferable except in the event of your death;
- a portion of BHESCo's income is from the Feed-in Tariff and the Renewable Heat Incentive, which are subsidies offered by the Government. The Co-operative's profitability is dependent on these subsidies continuing to be paid in accordance with current legal regulations and future governments honouring this obligation;
- descriptions of possible returns are illustrative only and necessarily based on informed assessments relating to variable, changeable and uncertain factors;
- BHESCo will benefit from inflation-linked income streams on agreement terms of up to 20 years. While every effort is made to match the heat load or electricity consumption and agreement term as accurately as possible, a financial model is carefully developed for each project, there are still underlying risks;

Investors should take appropriate advice and make their own risk assessment whilst bearing in mind the social and environmental aspects of this investment opportunity. An investment in shares is an investment in a trading business not a loan or deposit. Attention is drawn to the following risks:

## General Investment Risks – Shares

### Fluctuation in value

The value of your shares cannot go up and may go down so that you may not get back the amount you invested. Payment of interest on your shares is dependent on the financial stability of the Co-operative and Members' approval. Investment in smaller unquoted businesses is likely to involve a higher degree of risk than investment in larger companies and those traded on a stock exchange.

### Long-term investment

BHESCo's business model relies on raising cash for capital investment in its early years, hence your investment should be considered as medium to long term. If your circumstances change, your shares may not be readily convertible into cash. Your shares can be withdrawn (ie redeemed by the Co-operative for the price paid for them) in accordance with the Rules but may not be withdrawable at short notice or when you wish to do so.

### Unregulated investment

Shares in the Co-operative are not regulated investments for the purposes of the Financial Services Act 1986 and therefore you do not have the protection provided by that Act. This Share Offer does not need approval and has not been approved by an approved person under the Financial Services Act. This Share Offer is exempt from regulation under the Financial Services and Markets Act 2000 and regulations made under it, so there is no right to complain to an ombudsman. Co-operatives are exempt from the Prospectus Regulations 2005. The Co-operative is registered with but not authorised by the Financial Conduct Authority and therefore the money you pay for your Shares is not safeguarded by any depositor protection scheme or dispute resolution scheme.

## Renewable Energy Industry risks

### Feed-in Tariff and Renewable Heat Incentive

Changes in legislation, especially to the value or availability of the Feed-in tariff and the Renewable Heat Incentive may affect the Co-operative's income. In particular the FIT and the RHI may be subject to change at short notice. BHESCo has included the most recent tariff in our finance models for our projects. The government has been consistently reducing the Feed-in tariff subsidy, to the extent that it ceased for new projects on 1 April 2019. We expect that a similar reduction pattern will apply to the Renewable Heat Incentive payments.





## MITIGATION

All agreements are based on the subsidies to be received, ensuring that the agreement term is sufficient for the Co-operative to meet its required rates of return to pay the interest to shareholder members. BHESCo has received Pre-registration approval from OFGEM for FIT for the relevant projects in this share offer. This pre-registration is valid for 12 months.

### Projects encounter delays

There is a risk that projects are not installed in time to meet the pre-registration deadline, meaning they will not qualify for FIT payments.

## MITIGATION

We have agreed a realistic timeline with our installers such that the projects should be completed by the end of 2019, well inside the 1-year deadline granted by the pre-registration.

### Future energy prices

Assumptions of future energy prices used in the Financial Projections may turn out to be incorrect.

## MITIGATION

We make our estimates based on best estimates informed by historical price fluctuations and market conditions. We also consult industry experts for their opinions. Any shortfall in income arising from a lower than anticipated energy price may be reflected in changes to the agreement term or monthly payment. In cases where the monthly payment is fixed, sufficient margin has been built into the contract to cover this risk.

### Weather conditions

Atypical short-term weather conditions and equipment loss or damage could affect expected levels of energy generation and therefore income, although overall patterns outside anticipated parameters are unlikely.

### Technology failure

Although modern solar panel installations are extremely reliable, electrical or other failure can interrupt the generation of electricity or the distribution network and lead to unexpected costs and interruptions of generation.

## MITIGATION

Manufacturer warranties and guarantees offer some protection. BHESCo will also insure this risk to the extent possible. BHESCo monitors the performance of their systems remotely to identify shortfalls in energy production as soon as possible to take action to rectify any problems. We also employ technology to reduce the impacts of shading where needed.

## **Risks in relation to this Offer**

### Interest rate

The target interest payment is not guaranteed and may not be achieved. BHESCo builds a 5% cost of funds into its agreements which will help secure the Co-operative's ability to make interest payments to shareholders.

### Disrupted income stream

The Co-operative's income is dependent on the customers to whom it supplies electricity and heat to pay for energy in accordance with their agreement with the Co-operative.

### Third-party risk

Equipment purchased by the Co-operative is supported by guarantees from companies believed by the Co-operative to be financially strong, however the risk remains that a third-party could fail to meet their obligations to BHESCo.



# FINANCIAL INFORMATION

## BHESCo's financial year

The Co-operative's financial year ends on the 31st March of each year. Its first year of trading was the year ended 31st March 2015.

## Income, including Feed-in-Tariff and Renewable Heat Incentive

BHESCo's income comes from the sale of electricity and/or gas and the Feed-in tariff and/or the Renewable Heat Incentive (that is a payment made by the energy industry for the generation of renewable energy).

The Feed-in tariff is presently paid at a rate of 4.03p per kWh of electricity generated. The Renewable Heat Incentive is presently paid at a rate of about 6.88p per kWh for the size of the installations BHESCo intends to install.

The rates are subject to periodic derogation as determined by HM Treasury. This derogation will have an impact on the subsidy rates for future projects. Existing rates increase on 1st April in each year by the rate of inflation in the previous calendar year.

## Sale of renewable energy

The energy generated by our systems that is consumed by our customers will be sold to them for up to 50% discount on their energy tariffs per kWh with the price fixed for a term of up to 20 years. The price reflects the cost and anticipated generation of the system and is set at a rate that, in a typical year, will enable interest to accrue to members at a rate of 5%.

Electricity generated that is not used by the customer will be sold via the grid for a guaranteed export tariff of 5.24p per kWh, increased each year by the rate of inflation. Solar panels generate most electricity and income in the summer. Biomass boilers generate most heat and income in the winter.

By investing in both technologies, the Co-operative has a steady flow of income throughout the year.

BHESCo completed its first project in October 2015 and has now completed over 42 projects. The output of solar panels gradually reduces over time. This effect is reflected prudently in the project finance model.

## Other sources

BHESCo's business plan includes income from other sources including Energy Surveys and EPCs, project management fees, consultancy income and grant funding for its charitable work and innovative projects.

Consultancy fees include license fees on products that BHESCo develops.

## Expenditure items

Expenses represent the cost of operations, including salaries for developing projects, conducting energy advice desks, marketing activities, community engagement, administration (such as

preparing accounts and insurance); monitoring our installed systems, maintaining and repairing the operating equipment, like solar panels, inverters and biomass boilers, overheads such as office running costs, and depreciation.

Depreciation will be taken over the agreement period or over asset's useful life, whichever is shorter. The cost to fund replacement equipment, like inverters or LED light bulbs, is included in the project finance model should the agreement extend more than 10 years.

Customers may also opt into a maintenance agreement with BHESCo where we continue to maintain the equipment after the agreement is paid off to ensure that they still receive value for money well into the asset's useful life.

Depending on the agreement terms, replacement inverters may be at BHESCo's expense. The inverters are the only part of the solar panel system that are likely to need replacing and each is budgeted to be replaced once in 10 years.

The Co-operative minimises its operating costs to the lowest reasonably practicable level. Board members who are not employees give their time to the Co-operative voluntarily. Others work on a consultancy basis for the Co-operative at a reasonable rate. BHESCo has a robust volunteer programme and seeks to recruit staff members from its volunteer pool.



## Interest on members' investment shares

Investors in BHESCo are projected to receive a fair return on their investment established at a rate that is directly associated with the finance rate of its projects.

BHESCo plans to pay 5% annual interest in arrears on the balance of each member's shareholding reflecting BHESCo's financial performance in the previous year.

The interest is calculated gross and is not subject to a retained income tax credit.

Shareholders can decide to have their interest paid out, to invest it back in BHESCo or to donate it to help fund our fuel poverty intervention work.

## Benefit to the customer and lease term

In most cases, BHESCo bears the upfront costs of its projects, leaving no initial outlay for its customers. This is the fundamental principle of our unique selling point: a "Pay as You Save" model.

The model means that the customer achieves a financial benefit immediately, from the inception of our agreement. The agreement term is set by calculating the expected project return which is dependent upon a number of variables, including fuel price projections and borrowing rates.

Monthly payments are made to BHESCo out of the savings the customer obtains from the decline in the bill from their energy supplier

## Assumptions

The financial projections set out below are based on the following principal assumptions:

- We have taken a conservative approach to our projections which means that we have a better chance of meeting our performance targets and provides more assurance of cash flows.
  - Costs incurred in the installation will be in accordance with the quotes received.
  - The installations will be undertaken in accordance with the timetable and it is assumed that all projects are commissioned by 31 January 2020.
  - The Feed-in tariff rates continue in accordance with the regulations that currently apply to them.
  - Electricity and heat generation, including panel degradation, are in accordance with the estimates provided by the manufacturer for a typical year and follows the anticipated seasonal variation.
  - Inflation is modelled at 2.5% per annum; the FIT, RHI, expenses and export electricity prices increase by this inflation rate.
  - Project models are created using the RHI and FiT available on the date the assets are operational. If there is any doubt about the ability to obtain this subsidy it is removed in its entirety.
- Inverters are expected to require replacing once in 10 years, and the maintenance is set at a level that is sufficient over the life of the contractual agreement with the customer.
  - Energy prices will increase by an average of 3% each year. This takes into consideration historical energy price movements, temporary price declines and projections from industry experts.
  - The Co-operative generates net losses from the depreciation taken on the assets held. The operations become profitable in September 2019. Most of our cost is attributed to cost of sales, staffing and paying interest on our members' shareholding.





# FINANCIAL PROJECTIONS

The table below assumes BHESCo raises £500,000 and completes the installation of all of its projects by 31 March 2020. The projects all have signed agreements and will go forward as planned.

## Profit and Loss Statement

	Actual 2017/18	Actual 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23
<b>Income</b>						
Energy Systems Agreements	£129,045	£37,096	£60,101	£107,904	£164,140	£228,813
Energy Reports	£18,168	£5,492	£9,317	£11,284	£12,661	£14,205
Referral Fees	£53	£76	£40	£40	£40	£40
FIT & RHI and export tariff income	£27,625	£13,853	£29,095	£29,639	£30,194	£30,756
Consulting Income	£26,231	£67,899	£74,544	£81,999	£86,099	£90,404
Grant Income	£43,258	£97,090	£166,250	£79,000	£35,000	£25,000
Interest income	£33,752	£33,942	£39,033	£44,888	£51,621	£59,365
Project Management Fees	£2,952	£6,830	£15,081	£28,644	£32,941	£37,882
Sale of Energy Saving Products	£61	£2,055	£2,570	£2,699	£2,833	£2,975
<b>Total Income</b>	<b>£281,146</b>	<b>£264,333</b>	<b>£396,032</b>	<b>£386,097</b>	<b>£415,530</b>	<b>£489,439</b>
<b>Direct Costs</b>						
Cost of Sales	£117,362	£26,276	£24,040	£43,161	£65,656	£91,525
Labour costs	£32,560	£79,461	£47,093	£66,413	£66,413	£66,413
Direct Materials	£3,433	£4,968	£7,568	£7,095	£7,595	£8,972
Fuel costs	£7,094	£13,921	£14,617	£16,078	£18,490	£21,263
<b>Total Direct Costs</b>	<b>£160,448</b>	<b>£124,625</b>	<b>£93,317</b>	<b>£132,747</b>	<b>£158,154</b>	<b>£188,173</b>
<b>Gross Margin</b>	<b>£120,698</b>	<b>£139,708</b>	<b>£302,715</b>	<b>£253,349</b>	<b>£257,376</b>	<b>£301,266</b>
<b>Overheads</b>						
Staff costs	£106,347	£107,218	£101,783	£93,733	£93,733	£93,733
Marketing costs	£1,076	£1,530	£3,784	£5,013	£5,696	£6,729
Interest costs	£21,041	£27,030	£34,402	£53,177	£85,477	£112,478
Overheads	£18,890	£26,230	£40,738	£25,356	£23,725	£24,564
Provision for bad debts	£0	£0	£0	£0	£0	£0
<b>Total overheads</b>	<b>£147,353</b>	<b>£162,009</b>	<b>£180,706</b>	<b>£177,278</b>	<b>£208,630</b>	<b>£237,503</b>
<b>Total Cost</b>	<b>£307,801</b>	<b>£286,634</b>	<b>£274,023</b>	<b>£310,025</b>	<b>£366,784</b>	<b>£425,675</b>
<b>EBITDA</b>	<b>(£26,655)</b>	<b>(£22,301)</b>	<b>£122,010</b>	<b>£76,071</b>	<b>£48,745</b>	<b>£63,764</b>
Depreciation	(£6,773)	(£6,576)	(£15,097)	(£32,745)	(£52,187)	(£74,211)
<b>Profit (loss) before tax</b>	<b>(£33,428)</b>	<b>(£28,877)</b>	<b>£106,913</b>	<b>£43,326</b>	<b>(£3,441)</b>	<b>(£10,448)</b>
Tax expense	£0	£0	£0	£0	£0	£0
<b>Profit (loss) after tax</b>	<b>(£33,428)</b>	<b>(£28,877)</b>	<b>£106,913</b>	<b>£43,326</b>	<b>(£3,441)</b>	<b>(£10,448)</b>

NB. Our model is capital intensive which means our members' funds are invested directly into the acquisition of energy generation or savings assets which are depreciated over a term determined by our accountant. In most cases, this term is shorter than the useful life which creates a non-cash net loss. Management expects to make an Operating Profit from this current financial year onwards in accordance with our strategic growth plan.



## Cash Flow Statement

	Actual 2017/18	Actual 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23
<b>Inflows from operations</b>						
Profit (loss) after tax	(£33,428)	(£28,877)	£106,913	£43,326	(£3,441)	(£10,448)
Depreciation	£6,773	£6,576	£15,097	£32,745	£52,187	£74,211
Tax expense	£0	£0	£0	£0	£0	£0
Change in working capital	(£269,494)	(£37,362)	(£88,916)	(£104,070)	(£158,526)	£6,397
<b>Cash flows from operations</b>	<b>(£296,149)</b>	<b>(£59,662)</b>	<b>£33,094</b>	<b>(£27,999)</b>	<b>(£109,780)</b>	<b>£70,161</b>
<b>Inflows (outflows) from investing activities</b>						
(Increase) decrease in deposits	£0	£0	£0	£0	£0	£0
(Increase) decrease in Long term debtors	£0	(£1,200)	(£15,620)	(£12,650)	(£14,548)	(£16,730)
Assets purchased - Machinery & Equipment	(£1,773)	(£1,576)	(£302,400)	(£358,050)	(£411,758)	(£473,521)
Assets purchased - Electric bicycles	£0	£0	£0	£0	£0	£0
Assets purchased - Intangible assets	£0	£0	£0	£0	£0	£0
<b>Total outflows from investing activities</b>	<b>(£1,773)</b>	<b>(£2,776)</b>	<b>(£318,020)</b>	<b>(£370,700)</b>	<b>(£426,305)</b>	<b>(£490,251)</b>
<b>Inflows (outflows) from financing activities</b>						
Increase (decrease) in Interest free loan	(£1,200)	(£3,600)	(£6,000)	(£19,200)	£0	£0
increase (decrease) long term debt	£0	£0	£0	£0	£0	£0
Investment from members	£59,040	£49,760	£560,750	£310,000	£509,000	£512,450
<b>Total in(out)flows from financing activities</b>	<b>£57,840</b>	<b>£46,160</b>	<b>£554,750</b>	<b>£290,800</b>	<b>£509,000</b>	<b>£512,450</b>
Movement in cash	(£240,082)	(£16,279)	£269,824	(£107,899)	(£27,085)	£92,360
Opening balance in cash	£139,861	(£100,222)	(£116,500)	£153,323	£45,424	£18,339
<b>Ending balance in cash</b>	<b>(£100,222)</b>	<b>(£116,500)</b>	<b>£153,323</b>	<b>£45,424</b>	<b>£18,339</b>	<b>£110,699</b>

## Balance sheet

	Actual 2017/18	Actual 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23
<b>Assets</b>						
Cash	£24,187	£13,532	£265,704	£126,463	£63,603	£171,507
Debtors	£24,661	£61,460	£121,561	£229,465	£393,605	£393,605
VAT receivable (payable)	£5,928	£8,789	£5,209	£5,677	£6,504	£7,440
Machinery & equipment	£2,243	£667	£297,590	£627,895	£992,465	£1,396,775
Intangible assets	£30,000	£25,000	£20,000	£15,000	£10,000	£5,000
Deposits other	£800	£800	£800	£800	£800	£800
Long term debtors	£431,916	£431,469	£442,469	£455,119	£469,666	£486,396
<b>Total Assets</b>	<b>£519,734</b>	<b>£541,716</b>	<b>£1,153,333</b>	<b>£1,460,417</b>	<b>£1,936,644</b>	<b>£2,461,523</b>
<b>Liabilities and Equity</b>						
Current Liabilities	£65,839	£68,138	£35,742	£40,044	£46,485	£53,819
Long Term Debt	£80,587	£79,387	£73,387	£54,187	£54,187	£54,187
Share Capital	£518,020	£567,780	£1,128,530	£1,438,530	£1,947,530	£2,516,380
Retained Earnings (Losses)	(£144,712)	(£173,589)	(£84,327)	(£72,344)	(£111,559)	(£162,864)
<b>Total Liabilities and Equity</b>	<b>£519,734</b>	<b>£541,716</b>	<b>£1,153,332</b>	<b>£1,460,417</b>	<b>£1,936,643</b>	<b>£2,461,523</b>



## Taxation payable by the Co-operative

BHESCo's directors do not anticipate having any liability for tax for many years as it should receive enhanced capital allowances on its capital expenditure on renewable energy and energy efficiency equipment and because interest paid to members is tax deductible. BHESCo is registered for VAT.

## Borrowing

In accordance with its Rules, BHESCo may borrow comparatively modest sums (as a proportion of its capital) for business purposes such as (i) a bridging loan enabling

an installation to be made pending receipt of funds under this or future share offers; (ii) completing an installation at a customer site if funds raised are insufficient; (iii) repairs and replacements above budgeted amounts; (iv) funding a new product or service where the activity leads to improving BHESCo's financial performance and (v) enabling share capital to be withdrawn.

BHESCo has been awarded an interest-free loan of £30,000 from Social Enterprise Assist (financed by the Charities Aid Foundation – CAF) in order to finance its energy assessment and installation service. This loan will be paid in full in April 2020.

Kayla Ente has provided a £62,294 interest free loan, repayable after 5 years that financed the start-up costs for the first two years of operations. Kayla Ente intends to provide an overdraft facility of up to £30,000 at an interest rate of 3% pa, to meet day-to-day working capital requirements.

Our aim is to borrow funds for the same or lower interest rate than is paid to our members. In the event of borrowing, members and investors' funds may become secondary in the hierarchy of creditors and so BHESCo's assets may be placed in the service of creditors.



BHESCo Project – LED Lighting At Denton Island Bowls Club





# FURTHER INFORMATION ABOUT THE COOPERATIVE

## The Co-operative

Brighton & Hove Energy Services Co-operative Limited is a Co-operative incorporated by the Financial Conduct Authority under the Industrial and Provident Societies Act 1965 on 10th June 2013 with number 32097R. Its registered office is at 21-22 Old Steine, Brighton, BN1 1EL.

## Accounts

The Co-operative's financial year-end is 31st March. Its accounts have been prepared and filed with the FCA by BHESCo's accountants, Plummer Parsons Accountants LLP, Brighton.

## Adoption of co-operative principles

Brighton & Hove Energy Services Co-operative is an ethical social enterprise. As a Co-operative it will, whilst trading as a commercial organisation with a view to profit, strive to promote Co-operative values and principles: self-responsibility, democracy, accountability and equality, honesty and openness, social responsibility, autonomy and independence, member economic participation, opportunities for education, concern for community and the environment, and co-operation among co-operatives and like minded organisations.

## Board Practices

Directors serve in accordance with the Rules.

There are service contracts for the Executive Directors. All directors have offered to serve for a minimum of four years. At each Annual General Meeting the non-executive board may be re-elected. Co-operatives are democratic organisations and the Board is appointed by the Co-operative's members on the basis that each member has one vote, regardless of the number of shares held.

## Disclosure Statement

None of the officers of BHESCo have received any convictions for any fraudulent offence or otherwise or been involved in any bankruptcies, receiverships or insolvent liquidations or received any public reprimand or sanction by a statutory or regulatory authority or designated professional body or been disqualified from any function by any court.

## Management

BHESCo currently has three full-time and 3 part-time employees. Administration, accounting and day to day operations are managed by Diane Smith, Operations Director and Kayla Ente, as Chief executive and Company Secretary under the supervision of the Board. The Board will bear ultimate responsibility to the members, acting on reports and advice from BHESCo's executive team.

## Preferred Contractor

BHESCo's policy is to require a minimum of three quotes for each project.

BHESCo works with local installers and procures products manufactured in the UK or in Europe as much as possible. There may be occasions where the price/performance relationship of the equipment is such that a decision would be made to purchase product with a higher carbon footprint. However, wherever possible, the interest of the environment and local economy is balanced with the interests of our customers.

## Major Shareholders

BHESCo will not have "major shareholders" as each member has one vote regardless of the size of their shareholding. This ensures that no individual, organisation or group of individuals or organisations will have control of the Co-operative.

## Offer Shares, Working Capital, Reasons for Offer and Use of Proceeds

The Offer Shares, which will not be traded on a stock exchange, have been created under the Co-operative and Community Benefit Societies Act 2014.

Successful applicants for Shares will receive share certificates and their details and holdings will be recorded in a share register. Each person or organisation issued with Shares becomes a member of Brighton & Hove Energy Services Co-operative with membership rights defined in the Rules.



## The Rules

BHESCo is a Co-operative owned by its members. Members elect directors and each member has one vote in a members' meeting regardless of the number of shares held. Members are protected by limited liability and are only obliged to contribute the initial cost of their shares.

As a Registered Society, the Co-operative is governed by rules that are approved by and registered with the Financial Conduct Authority. A copy of the Rules is set out on the Co-operative's web site at [www.bhesco.co.uk](http://www.bhesco.co.uk). Attention is drawn to the following Rules in particular:

Rule 14 states that The Cooperative may admit to membership any individual,

corporate body or nominee of an unincorporated body, firm or partnership that has paid or agreed to pay any subscription or other sum due in respect of membership that meets one of "the membership criteria."

Rules 32 - 38 relate to the allotment, transfer and withdrawal of shares.

Rule 41 states that the Co-operative shall within six months of the end of the financial year, hold a general meeting of "the members as its annual general meeting."

Rule 62 provides that each member shall have one vote per holding, regardless of the number of Shares held by them.

Rule 68 provides that an amendment to the Rules must be made by Extraordinary Resolution.

Rule 69 provides that an extraordinary resolution must be passed by not less than 75% of the votes cast at the general meeting.

Rule 71 provides that there shall be a minimum of three directors. Rule 73 provides that directors must be members (aged 18 or over). Rule 74 provides that they are appointed by the members.

Rule 76 provides that at the first annual general meeting, all the directors must stand down. At every annual general meeting after that, one third of the directors shall retire. A retiring director shall be eligible for re-election.

Rule 108 provides that interest is payable to members in proportion to their investment in shares; it is not paid equally to members.



BHESCo Project – LED Lighting at the Grocer & Grain



# GLOSSARY

**Board** the Board of Directors of Brighton & Hove Energy Services Co-operative

**The Co-operative** the Co-op, BHESCo, Brighton & Hove Energy Services Co-operative - Brighton & Hove Energy Services Co-operative Ltd, registered office: 21-22 Old Steine, Brighton, BN1 1EL. Registered Industrial and Provident Society number 32097R

**Directors** the executive and non-executive directors of BHESCo

**Financial Projections** the financial projections comprising the projected income and expenditure and returns to members of BHESCo for the three years ending 2019 including the assumptions on which they are based.

**FIT or Feed-in tariff** the government regulated inflation-linked price payable to producers of qualifying renewable electricity for 20 years

**Maximum Capital** £500,000 or such larger sum as is required to install all of the projects included in this document whilst the Offer is open

**Offer or Share Offer** the offer of Shares in Brighton & Hove Energy Services Co-operative Ltd contained in this Offer Document

**Offer Document or Share Offer Document** this document inviting persons to subscribe for the Shares

**Offer Period** the period during which the Offer will remain open (including any extension)

**Offer Shares or Shares** new shares of £10 in Brighton & Hove Energy Services Co-operative Ltd, offered at £10 each under the Terms and Conditions of this Offer Document

**RHI or Renewable Heat Incentive** the government-regulated inflation-linked price payable to commercial producers of qualifying renewable heat for 20 years

**Rules** the Rules of Brighton & Hove Energy Services Co-operative Ltd, quoted in this Offer Document and a copy of which is available at [www.bhesco.co.uk](http://www.bhesco.co.uk)

**Site** The customer's premises where the equipment will be installed.



*"When the opportunity arose to invest in BHESCo I leapt at the chance. I love what BHESCo is doing and hope they will be a big success"*

**Richard, Shareholder**





# TERMS AND CONDITIONS OF THE OFFER

## Eligibility

This Share Offer is open to individuals over 16 years of age and to organisations that support the objects of the Co-operative.

## Minimum and maximum holdings

The minimum number of Shares which can be applied for is 25 and the maximum is 10,000. Shares cost £10 each. You may apply as a group to meet the minimum threshold of £250, for example 5 people can contribute £50 to a consortium that has a membership to the Co-operative. The maximum possible shareholding is £100,000. Applications can be made via the Ethex website, by following [this link](#), or by completing the form below and sending it to: Ethex, The Old Music Hall, 106-108 Cowley Road, Oxford, OX4 1JE. Cheques should be made payable to 'Ethex Investment Club Ltd'

## Application procedure

Read the Share Offer Document and ensure you understand the risks involved in making this investment. If necessary, seek independent financial advice before applying. Read the Rules of Brighton & Hove Energy Services Co-operative Ltd set out at [www.bhesco.co.uk](http://www.bhesco.co.uk). If you receive Offer Shares and hence Membership of the Co-operative, you are deemed to have agreed to be bound by its Rules.

Applications can be made via the Ethex website, by following [this link](#), or by completing the form below and sending it to: Ethex, The Old Music Hall, 106-108 Cowley Road, Oxford, OX4 1JE. Cheques should be made payable to 'Ethex Investment Club Ltd'

## Over-subscription

The number of Shares you apply for will not necessarily be the number of Shares you will receive. If the Share Offer is over-subscribed the Board will determine whether the Share Offer will be extended and how to allot Shares. Your application may be scaled down, or even rejected in its entirety. The Directors may give priority to residents of Brighton and Hove if the Offer is over-subscribed and the decision is made not to extend the offer.

## Governing law

The Terms and Conditions of the Share Offer are subject to English law.

## Money laundering

Under Money Laundering Regulations, you may be required by Ethex to produce satisfactory evidence of your identity and it is a condition of this Share Offer that you do so as requested.

## Payment

To save costs and paper, we would prefer investors to apply and pay for Shares online. You can also pay by cheque or banker's draft, drawn on a UK bank or building society and made payable to Ethex Investment Club Ltd, for the exact amount shown in the box under 'Amount to invest'. If there is a discrepancy between the two, or if the cheque is not honoured on presentation, your application may be rejected.

If you wish to apply by post, please send the application form to Ethex, The Old Music Hall, 106-108 Cowley Road, Oxford, OX4 1JE. Alternatively you can pay by a direct bank transfer and Ethex will contact you with account details for the transfer.

You will receive acknowledgement of your application.

## Use of email and BACS

As a member you will receive various communications from us. We kindly request that you agree to be contacted by email to minimise the cost and environmental impact. Please tell us your email address and advise us if you change it. Interest will be paid to you by electronic transfer by BACS so please inform Ethex Registrars if the details of your bank account change.



### Extension or reduction of Offer Period

The initial offer period runs until 13 December 2019, but may be closed early upon achievement of the Maximum Capital. The directors reserve the right to extend the Offer Period at their discretion. The Directors may increase the Maximum Capital if during the Offer Period a customer enters into an agreement with the Co-operative for a project to be developed.

Withdrawing the money you invest

The investment in principle is for 13 years. We request a minimum of three years in order to establish the cash flows required to sustain the business ad infinitum. After that third anniversary, members may make an application to the Board for repayment of some or all of their investment capital.

Approval of all such applications will be at the discretion of the Board. The total amount to be repaid will be subject to members' approval, when BHESCo's financial position is made known.

The Board will set aside sufficient funds at that time to meet the level of obligation approved by the members. The expectation is that BHESCo will be able to return 10% of the total original capital each year.

When returning capital, priority will be given to those who wish to receive their full investment back, on a case by case basis, with the balance being used to buy shares back from all shareholders pro rata to their original investment.

This is an indication only of how the Board envisage that shares might be made liquid by

investors, which is totally dependent on business performance, members' consent, future developments and ultimately, there being sufficient funds in the bank account. The return of share capital is not a binding commitment or arrangement by the Co-operative.

Except in cases of hardship, when exercising its discretion relating to withdrawal of shares the Board will only permit shares to be withdrawn on 30th September in each year starting on the third anniversary of the issue of shares and applications to withdraw shares will generally be dealt with on a "first come first served" basis.

Interest will be generally paid in respect of the member's shareholding at 31st March prior to the withdrawal of any shares on that date.



BHESCo Project – 7.7kW Rooftop Solar Array at Dyke Golf Club

## Shareholder Application Form

We would prefer you to apply for shares online at: [www.ethex.org.uk/BHESCO2019](http://www.ethex.org.uk/BHESCO2019).

However, if you would rather use a paper application **PLEASE COMPLETE BOTH PAGES OF THIS SHAREHOLDER APPLICATION IN BLACK INK AND CAPITALS AND SEND A CHEQUE TO THE ADDRESS AT THE END OF THIS FORM. You can also make a BACS payment. If you wish to do this, please tick the box at the end of this page form and be sure to include your email address.**

If you would like to nominate someone to receive shares on death or are applying for children, then please complete the Nomination Form available online at <https://bhESCO.co.uk/investment-application-form> and post alongside this form.

An individual set of application and nomination forms will be needed for each investment and nomination application.

### INVESTMENT

I wish/my organisation wishes to invest a total amount of in Brighton and Hove Energy Services Co-op (BHESCo) based on the Terms and Conditions of the Share Offer document at the price of £10 per share. (Min. holding £250, Max. holding £100,000)	£
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### YOUR DETAILS

FIRST NAME:		SURNAME:	
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***\*Please only complete boxes marked with an asterisk if you are applying on behalf of an organisation. If you are applying on behalf of an organisation, please include the address of the organisation below and suitable contact details.***

*ORGANISATION NAME AND REG NO:	
*NAME OF AUTHORISED SIGNATORY:	

ADDRESS:			
			POSTCODE:

PREVIOUS ADDRESS: (if less than 3 years at above)			
			POSTCODE:

DATE OF BIRTH:		NATIONALITY:	
TELEPHONE:		EMAIL:	

How did you find out about BHESCo?	
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<input type="checkbox"/> I would like to pay by BACS transfer. Please send me an email with payment details
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I CONFIRM MY UNDERSTANDING THAT:

When accepted by Brighton and Hove Energy Services Cooperative (BHESCo), this Application forms a contract subject to the law of England and Wales on the Offer Terms of the Share Offer document.

An Applicant who/which is not a UK resident is responsible for ensuring that this Application complies with any laws or regulations applicable outside the UK to which he/she/it is subject, and that he/she/it will need to provide a UK based bank account.

If the Offer is oversubscribed it is possible that an otherwise eligible Application will not be accepted in part or in whole.

I CONFIRM THAT:

I have read the Share Offer document and understood and accept the terms of the Share Offer and the Rules of Brighton and Hove Energy Services Cooperative Limited (BHESCo).

I understand that the payment supporting this Application will be presented upon receipt and I warrant that it will be paid on first presentation. I understand that my Application will be handled by Ethex who may need to contact me for further information to be able to complete my Application.

I understand that:

- This Application may be withdrawn if a supplementary Share Offer document is issued, but not otherwise and if and when accepted by the Society forms a contract subject to English law on the Terms and Conditions of the Share Offer document
- This Offer closes on **13 December 2019** or whenever £500,000 is subscribed, whichever is sooner; The Board reserves the right to extend the Closing Date
- If the Offer is oversubscribed it is possible that an otherwise eligible Application will not be accepted in part or in whole; and that
- If insufficient funds are raised by the Offer, my payment may be returned.

I confirm that:

- I have read the Share Offer document, including the Risk Factors, the Rules and this Application Form and am not relying on any information or representation in relation to the Offer which is not included in the Share Offer document
- I am responsible for obtaining any financial and tax advice concerning this Offer and I have not relied on the Society or its advisers for any such advice.

I authorise the Society to make such enquiries as are deemed necessary to confirm the eligibility of my Application

- I am not making an Application or multiple Applications that would bring my holding to more than 10,000 Shares in the Society
- I will provide any additional information on request from the Society in connection with this Application (including any information to provide the Society with satisfactory evidence of my identity)
- If signing this Application on behalf of any person/organisation, I have their explicit authority and
- I understand if my Application is successful I will become a Member of the Society and agree to be bound by its Rules.

I consent to using the email address above as the primary means of communication for official documents from Brighton and Hove Energy Services Cooperative (BHESCo).

PLEASE NOTE THAT BEFORE COMPLETING THIS FORM YOU SHOULD HAVE:

- Read the Share Offer document
- Considered the Offer Terms and the Risks as set out in the Share Offer document
- Considered whether you need to take any financial advice in relation to the Offer Terms

NB: The data that you provide on this application form will be stored within a computerised database, by the Receiving Agent, Ethex and BHESCo. Your information will only be used for the purposes of this Share Offer and will not be disclosed to any third party.

I understand that the cheque supporting this application (if enclosed) will be presented for payment upon receipt and I warrant that it will be paid on first presentation. **All applications received will be acknowledged by Ethex.**

*SIGNATURE:		*DATE:	
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\*If applying on behalf of an organisation, the authorised signatory must sign here

ONCE COMPLETED PLEASE SEND YOUR APPLICATION TO:

**Ethex, The Old Music Hall, 106-108 Cowley Road, Oxford, OX4 1JE**

Cheques should be made payable to **'Ethex Investment Club Ltd'**

CLEAN ENERGY  
FOR PEOPLE  
NOT FOR PROFIT

Brighton & Hove Energy Services Co-operative Ltd  
Old Steyne House  
21-22 Old Steine  
Brighton BN1 1EL  
info@bhesco.co.uk  
Telephone: 0800 999 6671



Imagine a world powered by clean,  
community owned energy run in the  
interests of people instead of profit



Brighton & Hove Energy Services Cooperative