

BOND OFFER 2023



Brighton & Hove Energy Services Co-operative Ltd

TABLE OF CONTENTS

<u>Important Notice</u>	1
<u>Bond Offer Key Facts</u>	2
<u>A Message From The CEO</u>	3
<u>Working With Schools</u>	4
<u>Our Impact</u>	5
<u>BHESCo's Business Model</u>	6
<u>Why 5% Interest?</u>	7
<u>Why Invest In BHESCo?</u>	8
<u>New Projects</u>	9
<u>Management Team</u>	12
<u>Risk Factors</u>	14
<u>Financial Projections For New Sites</u>	16
<u>Financial Information Relating To BHESCo</u>	17
<u>Glossary</u>	19
<u>Bond Instrument</u>	20
<u>Schedules</u>	25
<u>How To Apply</u>	33

IMPORTANT NOTICE

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

This Offer Document constitutes an invitation to invest in the bonds issued by the co-operative on the terms and conditions described in this Offer Document.

An investment in this Offer is not without risk and prospective investors should read through this document carefully, in particular the key risks set out later in this Offer Document.

An investment in this Offer is only for investors who understand the risks. It should be regarded as providing support for the environmental and social purposes of BHESCo rather than for significant financial gain.

As a co-operative, BHESCo is registered with, but not authorised or regulated by, the Financial Conduct Authority (FCA) and therefore any money invested in BHESCo is not safeguarded by any deposit protection scheme such as Financial Services Compensation Scheme (FSCS) or dispute resolution scheme. There is no right to refer to the Financial Ombudsman Service.

This is a high-risk investment and you are unlikely to be protected if something goes wrong.

Past performance is no guide to future performance and any investment should be considered as part of your wider portfolio of investments. Returns are not guaranteed and you should never invest more than you can afford to lose.

No communications from Brighton & Hove Energy Services Co-operative Ltd or Ethex should be construed as an investment recommendation.

If you have any doubt about the suitability of investing in this opportunity, you should seek advice from an appropriately qualified professional.

An application to invest in the Bonds may only be made through Ethex, a not-for-profit organisation operating an online platform for positive investments.

Ethex is not required to be authorised by the Financial Conduct Authority in so far as it provides information on or arranges deals in investments.

This document has not been approved as a financial promotion under Section 21 of the Financial Services and Markets Act 2000.



BOND OFFER KEY FACTS

Issuer	Brighton & Hove Energy Services Co-operative Ltd
Instrument	Unsecured Bond – Unlisted, Transferable
Target Raise	£450,000
Minimum Raise	£300,000
Stretch Target	£580,000
Minimum Investment Per Applicant	£1,000
Maximum Investment Per Applicant	£100,000
Nominal Value	£1 per bond
Target Interest Rate	5% per annum
Interest	Interest accrues on the principal amount of the bonds outstanding and is payable annually as defined in the Bond Instrument
Issue Date	The date the bonds are allocated and issued to investors
Repayment Date	31 March 2029.
Eligibility	Anyone over the age of 18 may apply for the bonds (overseas investors must have a UK sterling bank account). Co-operatives, community benefit societies, companies and other incorporated associations may also apply for bonds. An applicant who/which is not a UK resident is responsible for ensuring that this application complies with any laws or regulations applying outside the UK to which he/she/it is subject.
Tax Relief	You may be eligible for tax relief on your investment through your Personal Savings Allowance. This bond offer is Innovative Finance ISA (IFISA) eligible. Eligible investors can use their £20,000 a year ISA allowance to invest using an IFISA wrapper provided by ShareIn, the IFISA manager for Ethex, and receive their interest payments free of tax. Investing via an IFISA does not offer additional protection nor does it constitute endorsement by HMRC of the bond.
Ethex Innovative Finance ISA (IF ISA)	Before opting to invest in the Bond via the Ethex IFISA, investors should be aware that: 1) ISA eligibility does not guarantee returns or protect investors from losses. 2) The ISA wrapper may be lost if Ethex or ShareIn enter into a wind down process to cease operating their IFISA funds. 3) There is no guarantee that an investor will be able to transfer their ISA holdings to another ISA provider in such circumstances. Where it is possible, such transfers may involve costs to the investor (for which neither Ethex nor ShareIn bear responsibility). 4) If either of the parties involved in the investment winds down, returns (both capital and any interest or profit) to investors may be adversely impacted.
Voting Rights	Voting rights: Bondholders have a right to request a meeting of bondholders and may vote on matters concerning their rights as bondholders using the procedures set out in the Bond Instrument. Bondholding does not convey membership and as such bondholders are not entitled to vote at the AGM, although the Board may from time to time extend an invitation to bondholders to attend the AGM.
Closing Date	Offer is open until 31 January 2024, unless otherwise extended by the Directors.
How To Apply	You can make your investment online through the Ethex website https://www.ethex.org.uk/invest/BHESCoBond2023 where the offer will be listed until the Closing Date or it is fully subscribed, if earlier. This is a straightforward and paperless process governed by the Terms and Conditions available at ethex.org.uk . If you have a query about how to apply, contact Ethex on 01865 403 304 or email help@ethex.org.uk .





A MESSAGE FROM THE CEO

For more than a decade, the UK Government has shown a disappointing lack of skill in addressing the climate crisis, which now, due to planning deficiencies and the Russian invasion of Ukraine, has become a cost of living crisis for many people. We need to switch from fossil fuels to cheaper, cleaner, home grown, renewable energy sources as soon as possible.

The slow pace of action can lead people to feel frustrated and anxious, wondering what they can do to change things for the better. If this sounds like you, then we have the antidote.

As a social enterprise with a track record of developing, owning and operating carbon reduction projects for the benefit of the community, BHESCo offers its investors a practical solution that helps them make a real difference.

By investing in BHESCo bonds, your money will provide an attractive financial return, while enabling us to develop carbon reduction projects that demonstrate the power of community energy.

We are currently seeking funding to install solar panels on five council-owned schools in the area. On average, we expect these solar arrays to meet around 77% of the schools' electricity needs, bringing savings of around £1.85m over the next 25 years (freeing up funds to spend on valuable teaching resources or more staff). These projects also send a clear message to children that their institutions are committed to their future wellbeing. We will work with teachers to help embed the science of renewable energy into their curriculum.

By generating their own clean energy on-site, the schools will make a big reduction in their environmental impact. We estimate that the combined carbon emission savings from these projects is equivalent to the emissions from 3,258,271 miles driven by a petrol-powered car.

With the funding raised via this bond offer, we will also install solar panels for SMEs in a business park and an industrial estate (along with energy sharing capability) and a leisure centre.

By becoming an investor in these projects, you will help our schools to save money and fight climate change whilst receiving an attractive rate of interest on your investment.

We're confident you'll be as excited about this bond offer as we are and we hope you choose to make an investment which benefits our young people, our community, and our planet.

Kayla Ente MBE
Founder and CEO



WORKING WITH SCHOOLS

BHESCo is already helping nine local schools cut both the cost of their energy and their carbon emissions. Since these projects were implemented in 2020, the schools have collectively reduced:

- the electricity they buy from the grid by 903,860 kilowatt hours (kWh)
- their carbon emissions by over 175 tonnes (the same as 51 flights from London to New York)*

Beyond the energy, carbon and cost savings, successful school solar installations are a powerful demonstration to students, parents and the wider community of sustainability in action. They offer real life examples that can be used in the school curriculum to equip the next generation with the knowledge that there are practical ways they can act in their own lives to reduce the dangers of climate change.

* <https://www.atmosfair.de/en/offset/>

"The subliminal daily message of having the lights powered by the sun is the most powerful teacher we have in preparing our children for a future where they consider the wellbeing of the planet as being synchronous with their own."



Paul Pillai,
Director at Montessori Place School



Clockwise from top: Hertford Infants, Montessori Place, Varndean College, Plumpton College,



OUR IMPACT

£1.5m

Investment
raised

59

Projects
completed

408

Shareholder
members

2,000+

Energy surveys
completed

7,655

Lifetime CO₂
savings (tonnes)
from all projects

£2m

Lifetime
savings from
all projects

'lifetime' = 25 years



BHESCo's Business Model

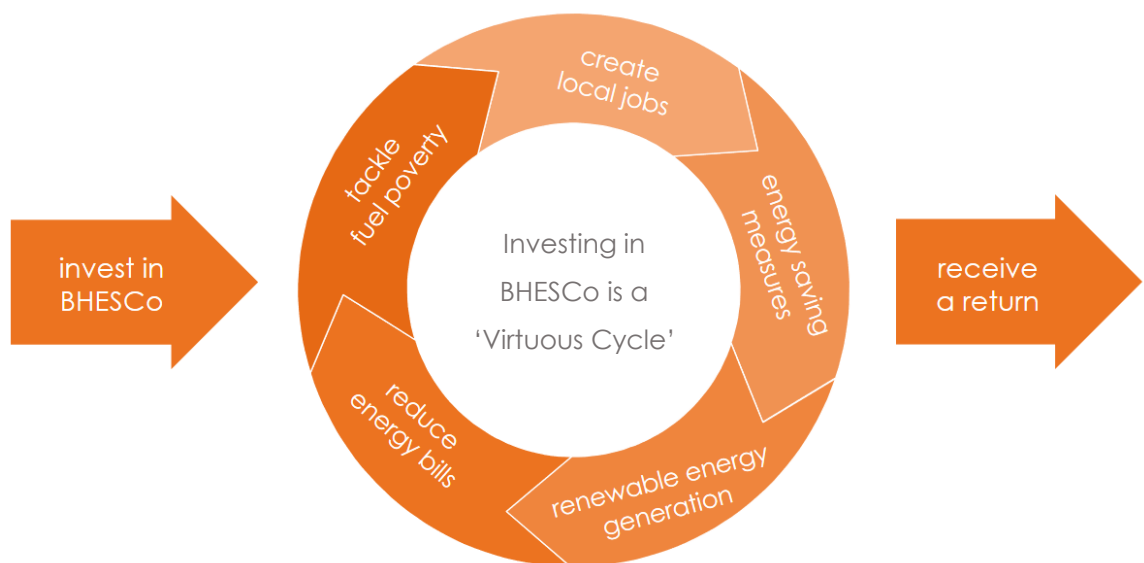
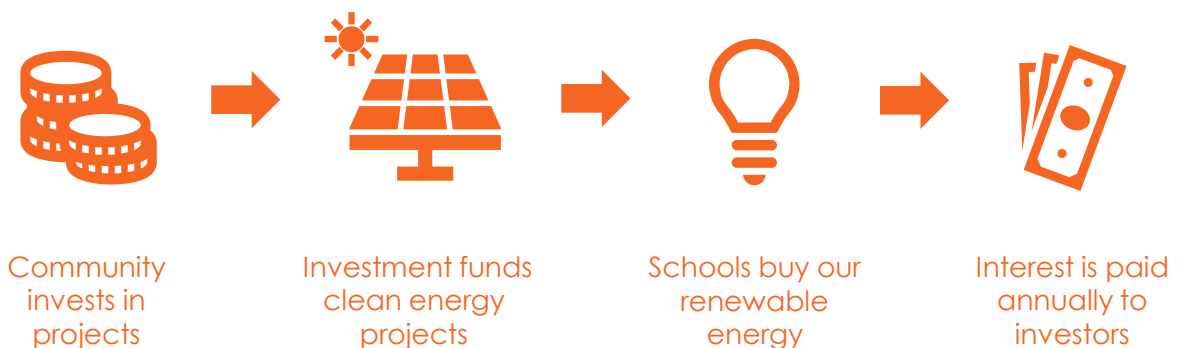
We know that most property owners in the UK want to make their buildings more environmentally sustainable but often cannot afford the upfront costs.

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

Your investment is used to finance the installation of solar panels. The renewable electricity generated from the solar panels is sold to the schools at a significantly discounted rate compared to what they could get from an energy supplier.

Over time the initial project cost is repaid to BHESCo, plus interest which we pass on to our investors.

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



Why do we cap our interest rate at 5%?

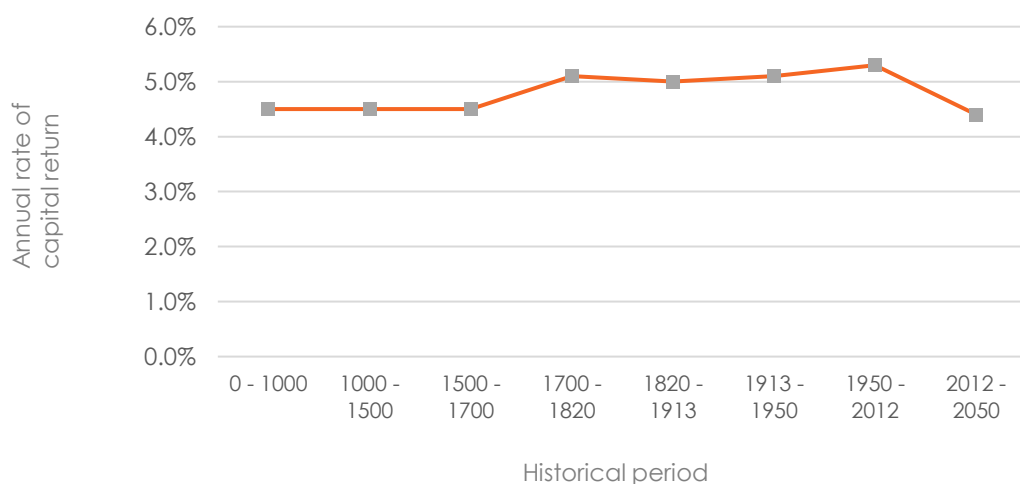
At BHESCo, we support the economist Thomas Piketty's assertion that any rate of return on capital exceeding 5% exacerbates social and environmental inequality, widening disparities between incomes and deteriorating the environment. These important quality-of-life factors are primarily exploited by not being included in current prevailing economic value equations.

Returns on capital for western countries have averaged 5% since the 16th century (refer to the graph below). Piketty argues that when the return on capital is greater than 5% (the historic average rate of economic growth for G7 countries) the wealth of those owning capital, like land, shares and buildings, creates an unfair bias for the rich that brings them even more wealth, creating an unfair advantage over individuals without this access to capital.

Since the 1980s, we have seen the growth of income disparity while global temperatures have risen to their highest in human history, all because we value the economic efficiency of burning fossil fuels without considering the impact that burning them will have on our future collective quality of life.

Together, we are manifesting new economic practices, incorporating social and environmental values. Given the long-term nature and reliability of renewable energy projects, the 5% rate of return is aligned with these values, taking action to benefit future generations by not paying higher returns on capital that in the end, will cause so much suffering.

With this in mind, BHESCo have limited the rate of return for our Bond Offer to 5%.



WHY INVEST IN BHESCo?

BHESCo are raising funds for a new collection of solar projects at five local schools, plus a business park, an industrial estate, and a leisure centre.

On top of the long-term financial and carbon savings of these projects, added value will be generated by creating work for local businesses, supporting new employment opportunities, building a more resilient economy, and demonstrating that community energy is a viable and replicable business model.

As a not-for-profit social enterprise, BHESCo depends on its investors to finance new projects. With your help, we can continue our pioneering work and see the benefits of our business grow by increasing the number of organisations involved in our projects.

The rising number of 'green' funds now being provided by the mainstream investment companies shows that increasing numbers of investors are looking to align their investment goals with their personal values.

The advantages of investing in not-for-profit, community-based organisations like BHESCo (rather than large commercial investment companies) is that you can easily see the grass roots benefit being delivered right to the heart of the community.

What will our new projects achieve?



**solar power on
8 sites**



**546kWp new
solar capacity**



**£3.9 million
lifetime savings**



**2,631 tonnes of
CO₂ savings**

'lifetime' = 25 years



New Projects

BHESCo are very excited to be developing new solar power projects at the following schools across Brighton & Hove.

Hangleton Primary, Hove

Hangleton Primary is adding a further 81 solar panels to its existing rooftop solar array.

System Size: 33.1 kWp

Electricity met with solar: 87%

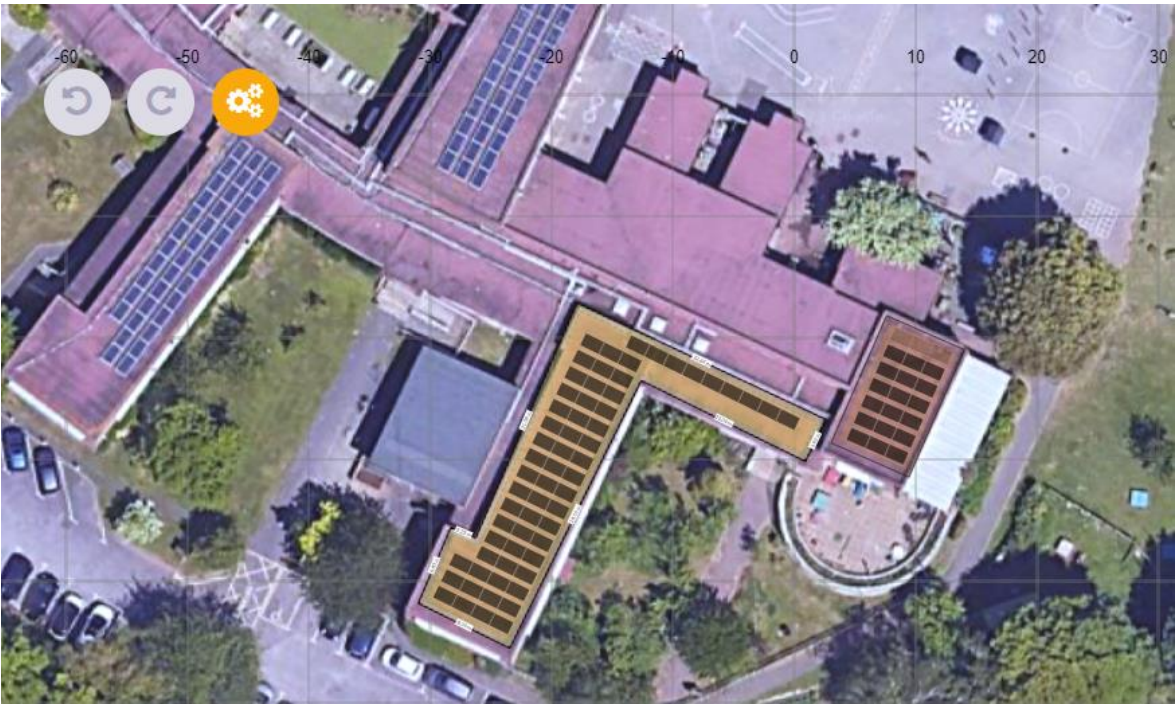
Lifetime Solar Savings:



£277,332



163 Tonnes CO₂



New Projects (continued)

Peter Gladwin Primary, Portslade

Peter Gladwin Primary School is a community school of 207 students aged 4 – 11 years old.

System Size: 52.89kWp

Electricity met with solar: 75%

Lifetime Solar Savings:



£464,501



243 Tonnes CO₂



Middle Street Primary, Brighton

Located by the Lanes in central Brighton, Middle Street Primary is a small school of 200 pupils.

System Size: 37.35Wp

Electricity met with solar: 55%

Lifetime Solar Savings:



£292,190



184 Tonnes CO₂

New Projects (continued)



Mile Oak Primary, Portslade

Mile Oak Primary School is a large community school with a capacity of 630 pupils.

System Size: 85.7kWp

Electricity met with solar: 77%

Lifetime Solar Savings:



£416,433



422 Tonnes CO₂

Goldstone Primary School, Hove

Goldstone Primary School will be increasing their existing solar array with an additional 141 solar panels.

System Size: 49.61kWp

Electricity met with solar: 68%

Lifetime Solar Savings:



£359,739



240 Tonnes CO₂



Management team

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 MBE, 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 has been a director of Retrofit Works. She was awarded an MBE in 2021 for her services to community energy efficiency.

Diane Smith, Operations Director, 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. Mark is now Executive Director of The Voluntary Carbon Markets Integrity Initiative (VCMI)





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 Energy Security and Net Zero on their Energy Entrepreneurs Fund programme, Innovate UK and several advisory groups.

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, 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 and promote its consultancy work.

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 a community owned smart local energy system in the greater Brighton & Hove area.

RISK FACTORS

Risk Type	Risk Description	Mitigation
Industry	<u>Government legislation:</u> Once each system is installed and registered, where applicable the subsidy tariff is fixed for 20 years. However, changes in government legislation may affect the profitability of BHESCo's renewable energy projects. While government subsidies were in place, the price paid for any spare electricity not used by the school and exported to the grid was guaranteed by the government.	BHESCo's model assumes that we will continue to sell electricity to green electricity providers such as Good Energy at similar prices. (~5p a unit), adjusted to inflation over the next 20 years. This is very likely for at least the next 5 years, but no longer guaranteed for the full 20 years as before. Income from export is generally less than 10% of total income for projects in the future, but if electricity export prices halved within 10 years, BHESCo could struggle to pay back interest and even capital.
Industry	<u>Electricity prices:</u> Alternative energy sources might in the long run reduce energy cost in real terms, reversing recent inflationary trends and eroding income for BHESCo.	The Board of Directors will always review actual revenue and developing trends before making payments of interest to bondholders.
Investment	<u>Capital risk:</u> Investment in smaller, new and unquoted businesses is likely to involve a higher degree of risk than investment in larger, established companies and those traded on a stock exchange. Investing in bonds is not the same as investing money in a bank account as your capital is at risk and you could lose up to, but no more than, your entire investment.	All investment in business involves risk. BHESCo looks to minimise this risk through its governance structure, its industry experience, innovative strategy, professionalism and belief that the work it does will become mainstream in the future. BHESCo strives to be at the forefront of innovation in local, clean energy systems and efficient properties.
Investment	<u>Repayment:</u> An investment in a bond of this type is speculative and involves a degree of risk. BHESCo's ability to repay the bond on the repayment date, or at all, is dependent on the continued success of its business.	Applicants should consider investment in the bonds as a long-term commitment until the repayment date. The original amount invested may not be available to them before the repayment date as there is no guarantee of repayment if a request is made to do so by the bondholder.
Investment	<u>BHESCo has insufficient money to repay the bond at the 5-year term:</u> Bondholders will have the contractual right, having given the required notice, to full redemption of their bonds at the end of the 5-year initial term. BHESCo's ability to repay the bonds at this point is dependent on it being able to secure finance from third parties and/or future bond investors.	The Directors are committed to managing BHESCo's business with a view to ensuring a range of options are available to enable it to repay the bonds and the interest due on them. However, there is no guarantee that there will be sufficient finance available to repay all the bonds at this point.



RISK FACTORS cont'd

Risk Type	Risk Description	Mitigation
Investment	<u>Security</u> : The bonds are an unsecured investment and will rank behind secured or preferential creditors. In the event of BHESCo's financial failure, the bonds would have the status of an unsecured creditor and may not be capable of being repaid in full or at all should the proceeds from a sale of BHESCo's assets fail to cover all unsecured liabilities.	It is likely, should BHESCo become insolvent, that the assets would be transferred to another energy co-operative to take over their management. These assets are likely to have significant value due to the relevant contract periods.
Project	<u>Solar PV performance</u> : Long-term changes to weather patterns and/or equipment under performance may result in lower levels of electricity generation and therefore less income for BHESCo.	The assumptions we have built into our financial models around energy generation levels each year are based on project capacity and yield calculations based on methodologies commonly used by the industry.
Project	<u>Schools default</u> : Over 80% of income from these projects is from the sale of electricity to each school/organisation. Should a school default on the agreement or shut down, revenues for that school could be up to 60 per cent lower as the electricity would be exported at about 5p instead.	BHESCo has performed appropriate financial due diligence on the beneficiaries of these projects. In addition, the impact of such a reduction on the entire portfolio of a single project failing in this way in the later years is very small. However, if multiple schools defaulted in the early years, BHESCo may not be able to meet its repayment schedules.
Project	<u>Mechanical failure</u> : There may be interruptions to the generation of electricity from the installations once built, caused by damage to or mechanic/electrical failure of equipment or roof maintenance work at the site.	Installations will be insured for damage, breakdown and loss of income in line with standard industry practice.
Project	<u>Delay or cancellation of project</u> : Whilst BHESCo has received written commitment from the beneficiaries of these projects, there remains a risk that a project will suffer substantial delay or cancellation.	In addition to the projects outlined in this document, our pipeline includes other prospective projects. In the situation that a project does not materialise we will replace it with one from the pipeline.
Operational	<u>Key person</u> : As a small organisation any sudden loss from the Management Team or other key team members could impact operational effectiveness.	Clear succession planning and robust process documentation are in place. Key person dependencies are reduced through cross training and strengthened management structure.
Regulatory	<u>FSCS/FOS</u> : The bonds are not covered by the Financial Services Compensation Scheme (FSCS) or the Financial Ombudsman Service (FOS)	This means is BHESCo does not fulfil the terms of the Bond Instrument, there is no right to compensation or to complain to these bodies. BHESCo has a 100% track record in paying interest and honouring requests to withdraw shares.



FINANCIAL PROJECTIONS FOR THE NEW SITES

Year	1	2	3	4	5	6 - 25	TOTAL
Income from Electricity Generation	£102,039	£107,458	£109,626	£111,840	£114,101	£2,749,221	£3,294,284
Operating Costs							
Metering and Monitoring	£13,032	£7,939	£8,239	£8,550	£8,875	£166,536	£213,171
Insurance	£795	£819	£845	£871	£897	£24,338	£28,565
Operations & Maintenance	£6,900	£7,143	£7,395	£7,656	£7,915	£225,837	£262,846
Administration Costs							
BHESCo Administration	£20,534	£11,399	£11,809	£12,236	£12,643	£358,592	£427,213
Inverter Replacements						£104,481	£104,481
Depreciation	£23,707	£23,707	£23,707	£23,707	£23,707	£474,131	£592,664
Total Admin and Operating Costs	£64,967	£51,007	£51,994	£53,019	£54,038	£1,353,915	£1,628,940
Net Profit before Tax, Bond Repayment and Interest	£37,072	£56,451	£57,632	£58,820	£60,063	£1,395,306	£1,665,344
Cashflow							
Cash In							
Bond Issue	£580,000						£580,000
Income from Electricity Generated	£102,039	£107,458	£109,626	£111,840	£114,101	£2,749,221	£3,294,284
Total Cash Income	£682,039	£107,458	£109,626	£111,840	£114,101	£2,749,221	£3,874,284
Cash Out							
Capital Equipment	£592,664						£592,664
Operational and Admin Expenses	£41,261	£27,300	£28,288	£29,313	£30,331	£879,783	£1,036,276
Bond Interest	£29,000	£29,000	£29,000	£29,000	£29,000	£145,000	£290,000
Bond Repayment					£145,000	£435,000	£580,000
Total Cash Out	£662,925	£56,300	£57,288	£58,313	£204,331	£1,459,783	£2,498,940
Net Cash In/(Out)	£19,114	£51,158	£52,338	£53,527	-£90,231	£1,289,437	£1,375,344

NOTES TO THE FINANCIAL PROJECTIONS

Airspace Leases

All of BHESCo's project sites have lease agreements with the property owner.

Power Purchase Agreement (PPA)

A power purchase agreement (PPA) is a financial agreement between BHESCo and the host site which sets out the price and term for the sale of electricity at that site. This sale of electricity on site will generate the majority of the income for BHESCo, with the remainder being exported or stored in batteries. If a site is sold, the corresponding PPA is transferred to the new owner, ensuring continuity of income for BHESCo.

Revenue

We will sell the electricity generated both onsite and via exporting it to an energy supplier.

Bond Repayment

The financial projection assumes a refinancing of 75% of the bond principal at the end of the fifth year and investors will be offered the option to rollover their investment, or a proportion thereof, for a further term.

Depreciation

Is taken over the agreement period or over assets' useful life, whichever is shorter.



FINANCIAL INFORMATION RELATING TO BHESCo

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 renewable heat and electricity to customers, related subsidies, export credits and the provision of renewable energy consultancy services.

Sale of renewable energy

The solar power generated by our systems that is consumed by our customers may be sold to them at a discount on their bills, with a proportion of the price fixed for a term of 25 years, regardless of market fluctuations.

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 investors at a rate of 5%.

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

Consultancy

BHESCo additionally provides renewable energy consultancy services to SMEs, Local Authorities and individuals. This service is a major element in our growth strategy.

Future revenue streams

Historically, BHESCo has not revalued its generation assets to reflect contractual future revenue streams. This conservative approach is reflected in our balance sheet.

Expenditure items

Expenses represent the cost of operations, including administrative costs, insurance, meter operator costs, replacement of parts, equipment and maintenance costs.

Depreciation will be taken over the agreement period or over assets' useful life, whichever is shorter. The cost to fund replacement equipment, like inverters or heat pump units, is included in the project finance model.

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.



FINANCIAL HISTORY AND FORECAST

Profit and Loss Statement	Actual 2019/20	Actual 2020/21	Actual 2021/22	Draft 2022/23	Forecast 2023/24	Forecast 2024/25
Income						
Energy Systems Agreements (Electricity and Heat)	£61,945	£229,097	£94,736	£172,267	£84,306	£156,618
FIT & RHI and Export tariff	£10,068	£23,223	£43,037	£51,735	£54,960	£55,640
Consulting income	£34,486	£117,101	£105,337	£324,317	£441,581	£851,219
Grant Income	£35,191	£56,583	£43,134	£15,000	£14,000	£10,500
Interest income	£33,207	£29,882	£36,675	£32,415	£29,563	£26,528
Total Income	£174,896	£455,885	£322,919	£595,734	£624,410	£1,100,506
Direct Costs						
Cost of Sales	£41,003	£211,152	£64,302	£116,953	£0	£0
Labour costs	£2,210	£111,459	£89,675	£212,536	£224,698	£491,907
Direct Materials	£11,423	£4,021	£3,962	£12,839	£8,459	£11,957
Fuel costs	£12,558	£12,267	£6,027	£21,263	£24,453	£28,121
Total Direct Costs	£67,195	£338,899	£163,966	£363,592	£257,611	£531,985
Gross Margin	£107,701	£116,986	£158,953	£232,142	£366,800	£568,520
Overheads						
Staff costs	£133,064	£121,563	£139,807	£127,909	£98,079	£114,020
Marketing costs	£894	£402	£1,821	£8,936	£6,244	£16,508
Interest costs	£46,288	£67,025	£70,528	£74,774	£97,254	£186,602
Overheads	£44,226	£28,055	£37,601	£37,907	£84,293	£56,626
Provision for bad debts	£0	£0	£0	£0	£0	£0
Total overheads	£224,473	£217,046	£249,756	£249,525	£285,871	£373,755
Total Cost	£291,668	£555,945	£413,722	£613,117	£543,481	£905,741
EBITDA	(£116,772)	(£100,060)	(£90,803)	£57,391	£178,183	£381,367
Depreciation	(£13,379)	(£22,910)	(£28,963)	(£29,782)	(£49,582)	(£136,971)
Profit (loss) before tax	(£130,151)	(£122,971)	(£119,766)	(£47,165)	£31,347	£57,794
Tax expense	£0	£0	£0	£0	£0	£0
Profit (loss) after tax	(£130,151)	(£122,971)	(£119,766)	(£47,165)	£31,347	£57,794
Summary Balance Sheet						
	Actual 2019/20	Actual 2020/21	Actual 2021/22	Draft 2022/23	Forecast 2023/24	Forecast 2024/25
Assets						
Cash	£205,263	£102,920	£35,688	£267,595	£345,030	£794,474
Debtors	£68,002	£106,802	£86,403	£56,596	£55,004	£105,053
VAT receivable (payable)	£29,764	£10,769	(£1,153)	(£7,598)	(£6,641)	£52,526
Machinery & equipment	£356,963	£369,437	£348,419	£376,842	£1,050,930	£4,237,938
Intangible assets	£20,000	£15,000	£10,000	£5,000	(£0)	(£0)
Deposits other	£800	£800	£800	£800	£800	£800
Long term debtors	£407,627	£563,252	£554,643	£565,353	£565,353	£565,353
Total Assets	£1,088,420	£1,168,980	£1,034,800	£1,264,588	£2,010,475	£5,756,145
Liabilities and Equity						
Current Liabilities	£84,592	£116,989	£117,784	£51,652	£47,522	£411,419
Long Term Debt	£67,387	£57,662	£53,041	£54,187	£54,187	£54,187
Share Capital/Finance	£1,240,180	£1,421,040	£1,406,840	£1,595,151	£2,313,821	£5,637,800
Retained Earnings (Losses)	(£303,740)	(£426,711)	(£542,865)	(£436,403)	(£405,056)	(£347,262)
Total Liabilities and Equity	£1,088,420	£1,168,980	£1,034,800	£1,264,587	£2,010,475	£5,756,145



GLOSSARY

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

Bonds: The bonds to be issued by Brighton & Hove Energy Services Co-operative Ltd as constituted by a Bond Instrument dated 25 July 2023, a copy of which is found in the Appendix.

Bondholder: A person who has been issued bonds by Brighton & Hove Energy Services Co-operative Ltd.

Certificate: Each bondholder is entitled to receive a certificate as evidence of their investment in the bonds. Bonds will be issued, and a certificate produced by Ethex. Certificates will be issued via the Ethex website within 28 days of the relevant Issue Date.

Closing Date the date on which the bond offer will end. This may be brought forward or extended at the discretion of the Directors, based upon the level of investment achieved. The Closing Date of this offer is 31 January 2024.

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.

Financial Projections the financial projections, set out on page 18 of this document, comprising the projected income and expenditure and returns to bondholders of BHESCo relating to the projects in this Offer Document.

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

Member

A member of the co-operative, holding at least 1 share in BHESCo. The investment in a bond issued by BHESCo does not confer membership of the co-operative.

Offer Document this document inviting persons to purchase bonds

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

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

"I did my research before investing in BHESCo and it was clear that it's a well run, effective and very worthwhile organisation. I was so impressed that I'm now also a long-term volunteer."



**Annette, Shareholder
& Volunteer**



BOND INSTRUMENT

THIS INSTRUMENT is made by way of Board Resolution on Tuesday, 25th July 2023 by BRIGHTON & HOVE ENERGY SERVICES CO-OPERATIVE LTD, a co-operative society registered with the Financial Conduct Authority with registration number 32097R and whose registered office is at 21-22 Old Steine, Brighton, BN1 1EL (BHESCo)

RECITAL

BHESCo has, by resolution of its board of directors passed on Tuesday, 25th July 2023, resolved to create £580,000 of 5% Fixed Rate Unsecured Bonds 2029 of £1 each, to be constituted in the manner set out below.

TERMS OF BOND INSTRUMENT

1. DEFINITIONS AND INTERPRETATION

1.1 The definitions in this clause and the rules of interpretation in Schedule 1 apply in this instrument.

Applicant each party who applies for bonds via the Website.

Bondholder each person for the time being entered in the Register as a holder of any bonds.

Bonds up to £580,000 5% Unsecured Bonds 2029 of £1 each constituted by this instrument or, as the case may be, the amount of such bonds for the time being issued and outstanding.

Business Day a day other than a Saturday, Sunday or public holiday in England when banks in London are open for business.

Directors the board of directors of BHESCo.

Event of Default any of those events specified in clause 11.

Interest Payment Date the anniversary of the Issue Date in each calendar year up to and including the Repayment Date, the first payment falling in 2025.

Interest Rate 5%.

Issue Date The date the bonds are allocated and issued to investors.

Offer the offer contained in the Offer Document.

Offer Document the document describing the offer of bonds published by BHESCo on or about the date of this instrument.

Register the register of bondholders kept and maintained by or on behalf of BHESCo in accordance with clause 10.

Registrar means Ethex Investment Club Ltd of The Old Music Hall, 106-108 Cowley Road, Oxford, OX4 1JE registered with company number 7432030.

Repayment Date 31 March 2029.

Special Resolution (a) a resolution passed at a meeting of the bondholders duly convened and held in accordance with the provisions of this instrument and carried by a majority 75% or more; or (b) written notice to BHESCo submitted with the approval of 75% or more of the total number of bondholders or with the approval of those holding 75% or more of the bonds then outstanding.

Total Bonds means up to £580,000 unsecured bonds constituted by this instrument or, as the case may be, the amount of such bonds for the time being issued and outstanding.

Website the website at www.ethex.org.uk, or such other replacement service as duly notified to the bondholders from time to time by the Registrar.



2. AMOUNT OF BONDS

2.1 The principal amount of the bonds is currently limited to £580,000.

2.2 BHESCo may (by Special Resolution) increase the total principal amount of bonds to be issued in this Bond Instrument.

2.3 The minimum investment shall be £1,000 per person or organization or as otherwise stipulated in the Offer.

3. DESCRIPTION OF BONDS

The Bonds shall be known as 5% Fixed Rate Unsecured Bonds 2029 of £1 each and shall be issued in integral multiples of £1 by BHESCo.

4. STATUS OF BONDS

4.1 The Bonds when issued shall rank *pari passu* equally and rateably without discrimination or preference among all bonds issued by BHESCo and as an unsecured obligation of BHESCo.

5. ISSUE OF BONDS

Subject to the remaining provisions of this clause, applicants who apply in accordance with the terms set out on the Website and in the Offer Document, shall be issued their bonds on the relevant Issue Date and interest on those bonds shall accrue from the Interest Date.

6. PAYMENTS - GENERAL

6.1 Where any payment to a bondholder, whether of principal or interest, is due in accordance with the terms of this instrument on a day that is not a Business Day, payment shall take place on the next succeeding Business Day.

6.2 When the bonds become payable in accordance with the provisions of this instrument, BHESCo shall pay to the bondholders the full principal amount owing to each bondholder together with any accrued interest on such bonds then outstanding (less any tax which BHESCo is required by law to deduct or withhold from such payment).

6.3 Payments to bondholders shall be made via the Registrar.

7. REPAYMENT OF CAPITAL

7.1 Subject to clause 6.1, BHESCo shall redeem the outstanding principal amount of the bonds on the Repayment Date.

7.2 BHESCo may, at any time up to the Repayment Date at its sole discretion redeem the whole or part of the bonds.

7.3 Any redemption of the bonds under this clause 7 shall reduce the amount of principal outstanding in respect of the bonds and will be paid:

7.3.1 pro rata amongst each of the bondholders to be repaid; and

7.3.2 together with all accrued and unpaid interest (less any tax required by law to be deducted or withheld from such payment) accrued on the relevant bonds up to the date of such repayment by BHESCo.

8. PAYMENT OF INTEREST

8.1 Until the bonds are repaid, interest on the principal amount of the bonds outstanding from time to time shall accrue at the Interest Rate and shall be payable annually on each Interest Payment Date (subject to clause 6.1).

8.2 Interest shall be calculated on the basis of the actual number of days elapsed in the relevant period and a 365-day year.

8.3 Interest on any bonds repaid by BHESCo in accordance with this instrument shall cease to accrue as from the date of such repayment.

8.4 For the avoidance of doubt, BHESCo's failure to pay interest on an Interest Payment Date will not be an Event of Default.



9. CERTIFICATES

9.1 BHESCo shall ensure that each certificate for bonds shall:

9.1.1 bear a denoting number;

9.1.2 be issued electronically to a bondholder to download from the Website.

9.2 Each bondholder shall be entitled to access a copy of the certificate for the bonds registered in his or her name which shall be available to the bondholder on the Website.

9.3 BHESCo shall not be bound to register more than one person as the holder of any bonds.

9.4 When a bondholder redeems part only of his or her bonds, other than as a result of repayments of capital, the new bondholding balance will be shown on the Website.

10. REGISTER

10.1 Each bondholder acknowledges to BHESCo that the Registrar will maintain an electronic register which shall contain the following details:

10.1.1 the names and addresses of the bondholders for the time being;

10.1.2 the principal amount of the bonds held by each bondholder; and

10.1.3 the date of issue of each bond;

10.2 A change of address or other details can be made by any bondholder through the Website. A change of name by any bondholder shall be notified to BHESCo and the Registrar through the Website or via email to registry@ethex.org.uk.

10.3 Any bondholder may, by written notice to the Registrar, request to be informed of the information regarding that bondholder held in the Register and require the Registrar promptly to rectify an error in the Register in relation to that bondholder.

11. DEFAULT

11.1 The following are Events of Default:

11.1.1 Non-payment: BHESCo fails to repay the principal or interest outstanding on the bonds in each case within 30 Business Days of the Repayment Date.

11.1.2 Breach of undertaking: BHESCo materially fails duly to perform or comply with any obligation (other than an obligation to pay principal or interest in respect of the bonds) expressed to be assumed by it in this instrument and such failure continues for 30 Business Days after written notice has been given by any bondholder requiring remedy thereof;

11.1.3 Insolvency: BHESCo is insolvent or unable to pay its debts (as defined in section 123 of the Insolvency Act 1986), stops, suspends or threatens to stop or suspend payment of all or any material part of its indebtedness or commences negotiations with any one or more of its creditors with a view to the general readjustment or re-scheduling of all or any material part of its indebtedness or makes a general assignment for the benefit of, or composition with, any of its creditors (or any class of its creditors) or a moratorium is agreed or declared in respect of, or affecting, all or a material part of its indebtedness;

11.1.4 Enforcement proceedings: A distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any part of the assets of BHESCo and is not discharged or stayed within 30 Business Days;

11.1.5 Winding-up: BHESCo takes any corporate action or other steps are taken or legal or other proceedings are started for its winding-up or dissolution (other than for the purposes of a bonafide, solvent scheme of reconstruction or amalgamation previously approved by Special Resolution) or for the appointment of a receiver, administrator, administrative receiver, liquidator, trustee or similar officer of it or of any or all of its assets;

11.1.6 Analogous proceedings: Anything analogous to or having a substantially similar effect to any of the events specified in clause 11.1.3 to clause 11.1.5 inclusive shall occur under the laws of any applicable jurisdiction;

11.1.7 Encumbrance enforceable: Any encumbrance on or over the assets of BHESCo becomes enforceable and any step (including the taking of possession or the appointment of a receiver, manager or similar person) is taken to enforce that encumbrance;

11.1.8 Cessation of business: BHESCo ceases to carry on the business it carries on at the date of this instrument or a substantial part thereof; and

11.1.9 Illegality: It is or becomes or will become unlawful for BHESCo to perform or comply with any of its obligations under this instrument, or any such obligation is not or ceases to be legal, valid and binding.

12. ACCELERATION

If, at any time after the anniversary of the third year plus one day of the Bond Issue Date and for any reason, any Event of Default has occurred, the bondholders may by Special Resolution at any time while such Event of Default remains unremedied and has not been waived by a Special Resolution, direct that the principal amount of all bonds, all unpaid accrued interest and any other sum then payable on such bonds shall become due and payable immediately and such amounts shall be immediately payable by BHESCo to the bondholders (in each case less any taxes that may be imposed by law).

13. NO SET-OFF

13.1 Bondholders waive their rights to set off amounts they owe BHESCo against any amounts owed to them by BHESCo pursuant to this instrument or otherwise.

13.2 Bonds shall be transferable in accordance with the provisions of Schedule 2.

14. MEETINGS OF BONDHOLDERS

The provisions for meetings of the bondholders are set out in Schedule 3.

15. ENFORCEMENT

15.1 From and after the date of this instrument and so long as any amount is payable by BHESCo in respect of the bonds, BHESCo undertakes that it shall duly perform and observe the obligations on its part contained in this instrument.

15.2 The bonds shall be held subject to and with the benefit of the provisions of this instrument, and the schedules (all of which shall be deemed to be incorporated in this instrument). All such provisions shall be binding on BHESCo and the bondholders and all persons claiming through or under them respectively, and shall endure for the benefit of all bondholders.

15.3 Except as expressly provided in clause 15.4, a person who is not a party to this instrument shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this instrument.

15.4 This instrument and the bonds are enforceable under the Contracts (Rights of Third Parties) Act 1999 by each bondholder.

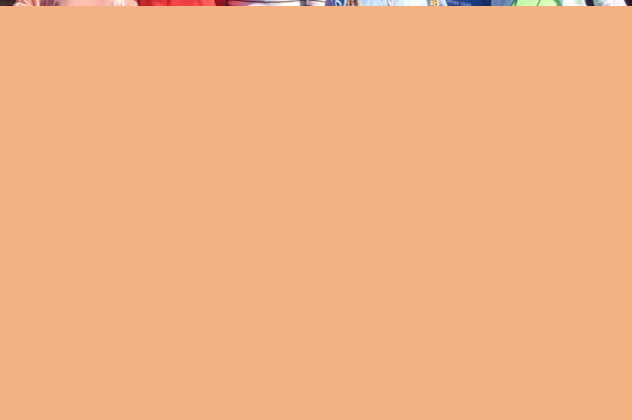
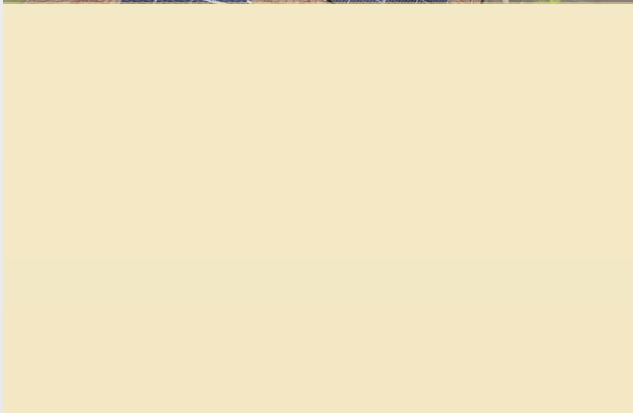
16. MODIFICATION

The provisions of this instrument and the rights of the bondholders may from time to time be modified, abrogated or compromised in any respect by Special Resolution and with the consent of BHESCo.

17. GOVERNING LAW AND JURISDICTION

17.1 This instrument and the bonds and any dispute or claim arising out of or in connection with any of them or their subject matter or formation (including non-contractual disputes or claims) shall be governed by, and construed in accordance with, the law of England and Wales.

17.2 The courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this instrument or any bond or their subject matter or formation (including noncontractual disputes or claims).



Schedule 1: Conditions

1. **Priority** Any payments due to bondholders under the terms of this instrument shall be satisfied in priority to any payments to members of BHESCo as interest payments on members' share capital. BHESCo is not restricted from incurring other (secured or unsecured) third party debt as the business requires and no consent is required from bondholders for any such debt incurred by BHESCo.

2. Repayment and option to redeem

2.1 Subject to Condition 3, all bonds not previously redeemed (in whole or in part) before the Repayment Date may be repaid, subject to available funds and Directors' discretion by BHESCo within 30 days of the Repayment Date, at par, together with interest accrued up to and including the Repayment Date.

2.2 A bondholder may apply to redeem their bonds in whole or in part as at 31 March in any year and in order to do so shall complete a Repayment Notice and return the same to BHESCo in accordance with the instructions printed thereon so as to be received by BHESCo at least 3 months prior to the proposed Repayment Date. Any redemption under this Condition 2.2 shall be at the Directors' absolute discretion and may be for a number of bonds less than those applied for in the Repayment Notice. Any such redemption shall be at par, together with interest accrued on redeemed bonds up to and including the date of redemption.

3. Voluntary early repayment by BHESCo

3.1 BHESCo may, by giving Bondholders the same period of notice as Bondholders are required to give under Condition 2, offer to repay the principal amount of all or a portion of the Bonds on the date specified in such notice. BHESCo shall pay to the Bondholders all outstanding interest accrued on the Bonds to be redeemed up to and including the date of such redemption (in each case less any taxes required by law to be deducted or withheld from such payments).

3.2 The Bondholder must decline the offer to have the Bonds redeemed and re-paid early within 28 days of receiving such notice. If BHESCo has not received a notice to decline early repayment within the notice period, BHESCo may deem the Bondholder to have accepted the offer and repay the Bondholder in part or in full on the proposed Repayment Date.

3.3 In either scenario under Condition 3.1 and Condition 3.2, BHESCo shall also pay to the bondholders all outstanding interest accrued on the bonds to be redeemed up to and including the date of such redemption (in each case less any taxes required by law to be deducted or withheld from such payments).

3.4 Any payment made under this Condition 3 shall be treated as reducing the amount of the repayments under Condition 2 proportionately and shall be made pro rata to the holdings of all bondholders who have not declined the offer to be re-paid early.

4. Payment of interest

4.1 Until the bonds are repaid in accordance with these Conditions, interest on the principal amount of the bonds outstanding from time to time shall accrue at the Target Interest Rate, calculated annually on 31 March in each year.

4.2 Interest shall be calculated on the basis of the actual number of days elapsed in the relevant period and a 365-day year.

4.3 Those bondholders who do not exercise their option to redeem their bond(s) under Condition 2 shall, within 90 days of the 31 March, be paid the interest accrued on their bonds up to and including that date and interest shall continue to accrue on the principal amount of their bonds at the Target Interest Rate, calculated annually on 31 March in each year. This Condition 4.3 shall apply to each subsequent anniversary of 31 March until the earlier of the bondholder exercising his or her option under Condition 2, BHESCo exercising its option under Condition 3 or 31 March 2029.

4.4 Interest on any bonds repaid by BHESCo in accordance with these Conditions shall cease to accrue as from the date of such repayment.

4.5 The payments of principal, interest or other sums payable by BHESCo in respect of the bonds may be paid by electronic transfer in immediately available cleared funds on the due date for payment, via the method specified for the purpose by the bondholder to BHESCo or its agent. BHESCo may elect not to make a payment of any amount that is less than £5.00 and such an amount will be added to the following year's due interest payment. No interest shall accrue on such amount.

4.6 All payments of principal, interest or other moneys to be made by BHESCo shall be made after any deductions or withholdings for or on account of any present or future taxes required to be deducted or withheld from such payments.

4.7 It is agreed that different terms and interest arrangements may apply to each of the Total Bonds.

5. Cancellation

All bonds repaid, prepaid or purchased by BHESCo shall be cancelled and BHESCo shall not reissue the same.

6. Dealings

The bonds shall not be capable of being dealt in or on any listed stock exchange in the United Kingdom or elsewhere and no application has been or shall be made to any listed stock exchange for permission to deal in or for an official or other quotation for the bonds.

7. Notices

7.1 Any notice or other document (including Certificates) may be given or sent to any bondholder by sending the same by email or post in a prepaid, first-class letter addressed to such bondholder at their registered address in the United Kingdom or (if they have no registered address within the United Kingdom) to the address (if any) within the United Kingdom supplied by them to BHESCo for the giving of notice to them or to an electronic address notified by the bondholder to BHESCo for the purpose of receiving notices or other documents. Notice may be given to the persons entitled to any bonds as a result of the death or bankruptcy of any bondholder by sending the same by post in a prepaid, first-class envelope addressed to them by name or by the title of the representative or trustees of such bondholder at the address (if any) in the United Kingdom supplied for the purpose by such persons or (until such address is supplied) by giving notice in the manner in which it would have been given if the death or bankruptcy had not occurred.

7.2 Any notice or other document (including Repayment Notices, Certificates and Transfer of bonds) may be given or sent to BHESCo by sending the same by email to info@bhesco.co.uk or post in a prepaid, first-class letter addressed to BHESCo at its registered office for the time being.

7.3 Any notice, communication or document sent by post shall be deemed to have been delivered or received on the second Business Day following the day on which it was posted. In proving such delivery or receipt it shall be sufficient to prove that the relevant notice, communication or document was properly addressed, stamped and posted (by airmail, if to another country) in the United Kingdom. Any notice, communication or document sent to an electronic address shall be deemed to have been delivered on the day on which it was sent.

Schedule 2: Provisions as to registration, transfer and other matters

1. **Recognition of bondholder as absolute owner**

BHESCo shall recognise as absolute owner the registered holder of any bonds. BHESCo shall not (except as ordered by a court of competent jurisdiction) be bound to take notice or see to the execution of any trust (whether express, implied or constructive) to which any bond may be subject. The receipt of the registered holder for the time being of any bonds or, for the principal payable in respect of such bonds and for the interest from time to time accruing due in respect of such bonds or for any other moneys payable in respect of such bonds shall be a good discharge to BHESCo notwithstanding any notice it may have (whether express or otherwise) of the right, title, interest or claim of any other person to or in such bonds, interest or moneys. BHESCo shall not be bound to enter any notice of any express, implied or constructive trust on the Register in respect of any bonds.

2. **Transferability of Bonds**

2.1 The bonds are transferable but will not be listed on any exchange.

3. **Recognition of personal representatives**

3.1 The executors or administrators of a deceased bondholder shall be the only person(s) recognised by BHESCo as having any title to such bonds.

3.2 Any person who becomes entitled to any of the bonds as a result of the death or bankruptcy of any bondholder, or of any other event giving rise to the transmission of such bonds by operation of law may, upon producing such evidence that he sustains the character in respect of which he or she proposes to act under this Condition or of his or her title as the Directors shall think sufficient, be registered himself or herself as the holder of such bonds.

BHESCo may retain any payments paid upon any such bonds, which any person under this provision is entitled to, until such person is registered as the holder of such bonds or has duly transferred the bonds.

4. Replacement of Certificates

If the Certificate for any bonds is lost or destroyed it may be renewed on such terms (if any) as to evidence and indemnity as the Directors may require.

Schedule 3: Provisions for meetings of Bondholders

1. Calling of meetings

BHESCo may at any time and shall on the request in writing signed by bondholders representing 10% or more of the bonds in nominal value then in issue convene a meeting of the bondholders to be held at such place as BHESCo shall determine.

2. Notice of meetings

At least 14 clear days' notice specifying the place, day and hour of the meeting shall be given to the bondholders of any meeting of bondholders. Any such notice shall specify the general nature of the business to be transacted at the meeting thereby convened but, except in the case of a resolution to be proposed as a Special Resolution, it shall not be necessary to specify the terms of any resolutions to be proposed. The omission to give notice to any bondholder shall invalidate any resolution passed at any such meeting.

3. Chair of meetings

A person nominated by BHESCo shall be entitled to take the chair at any such meeting and if no such nomination is made, or if at any meeting the person nominated shall not be present within 15 minutes after the time appointed for holding the meeting, the bondholders present shall choose one of their number to be Chair. The Directors and the Secretary and legal advisers of BHESCo and any other person authorised in that behalf by the Directors may attend at any such meeting.

4. Quorum

4.1 At any such meeting convened for any purpose, a person or persons holding or representing by proxy 10% in nominal value of the bonds for the time being outstanding shall form a quorum for the transaction of business.

No business (other than the choosing of a Chair) shall be transacted at any meeting unless the requisite quorum is present at the commencement of the meeting.

4.2 If within 30 minutes from the time appointed for any meeting of the bondholders a quorum is not present the meeting shall, if convened upon the requisition of the bondholders, be dissolved. In any other case it shall stand adjourned to such day and time (being not less than 14 days and not more than 42 days thereafter) and to such place as may be appointed by the Chair and at such adjourned meeting two bondholders present in person or by proxy and entitled to vote, whatever the principal amount of the bonds held by them, shall form a quorum.

5. Adjournment of meetings

5.1 The Chair may with the consent of (and shall if directed by) any such meeting adjourn the same from time to time and from place to place. No business shall be transacted at any adjourned meeting other than business that might lawfully have been transacted at the meeting from which the adjournment took place.

5.2 Notice of any adjourned meeting at which a Special Resolution is to be submitted shall be given in the manner provided for in this instrument. Such notice shall state that two bondholders present in person or by proxy and entitled to vote at the adjourned meeting whatever the principal amount of the bonds held by them shall form a quorum.

6. Voting

6.1 Every question submitted to a meeting of bondholders shall be decided in the first instance by a show of hands. In case of an equality of votes the Chair shall have a casting vote.

6.2 At any meeting of bondholders, unless (before or on the declaration of the result of the show of hands) a poll is demanded by the Chair or by one or more bondholders present in person or by proxy, a declaration by the Chair that a resolution has been carried or carried by a particular majority or lost or not carried by any particular majority shall be conclusive evidence of the fact.

6.3 If at any such meeting a poll is so demanded it shall be taken in such manner as the Chair may direct. The result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.

6.4 Any poll demanded at any such meeting shall be taken at the meeting without adjournment.



The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

6.5 Every bondholder who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative (not being himself a bondholder) or by proxy shall have one vote, regardless of the number of bonds held by such bondholder present in person or represented.

7. Proxies

7.1 Every instrument appointing a proxy shall be in writing, signed by the appointor or his attorney or, in the case of a corporation, under its common seal, or signed by its attorney or a duly authorised officer and shall be in such form as the Directors may approve. Such instrument of proxy shall, unless the contrary is stated thereon, be valid both for an adjournment of the meeting and for the meeting to which it relates and need not be witnessed. A person appointed to act as a proxy need not be a bondholder.

7.2 The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority shall be deposited with BHESCo at the address where the Register is maintained for the time being (as referred to in clause 10.1 of this instrument) or at such other place as may be specified in the notice convening the meeting before the time appointed for holding the meeting or adjourned meeting or the taking of a poll at which the person named in such instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument of proxy or of the authority under which the instrument of proxy is given or transfer of the bonds in respect of which it is given unless previous intimation in writing of such death, insanity, revocation or transfer shall have been received by BHESCo at the address where the Register is maintained for the time being (as referred to in clause 10.1 of this instrument). No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution.

8. Power of meetings of Bondholders

In addition to the powers to pass the Special Resolutions referred to at Clause 11 (Events of Default), Clause 12 (Acceleration) and Clause 16 (Modification) of this instrument, a meeting of the Bondholders may, by Special Resolution, consent to any proposal put to Bondholders by BHESCo where such proposal may affect Bondholders' rights to repayment of principal, payment of interest or to demand accelerated repayment under Clause 12.

9. Resolutions

9.1 A Special Resolution, passed at a meeting of Bondholders duly convened and held in accordance with the provisions of this schedule, shall be binding on all the Bondholders whether or not present at such meeting and each of the Bondholders shall be bound to give effect to such Special Resolution accordingly. The passing of any such resolution shall be conclusive evidence that the circumstances justify the passing of such Special Resolution.

9.2 Subject to Clause 12 of this instrument, a resolution in writing signed by the holders of at least 75% in nominal value of the Bonds for the time being outstanding who are for the time being entitled to receive notice of meetings in accordance with the provisions contained in this instrument shall for all purposes be as valid and effectual as a Special Resolution. Such resolution in writing may be contained in one document or in several documents in like form each signed by one or more of the bondholders.

10. Minutes of meetings

Minutes of all resolutions and proceedings at every such meeting of the bondholders shall be made and duly entered in books to be from time to time provided for that purpose by BHESCo and shall be available for inspection by bondholders during normal business hours on reasonable notice to BHESCo.



Imagine a world where all heat and power comes from clean,
local, community owned energy sources.

With your help, we can make this a reality.

We look forward to welcoming you as an investor and hope you
will inspire others to follow your forward-thinking example.

Apply



Brighton & Hove Energy Services Co-operative Ltd
Old Steyne House
21-22 Old Steine
Brighton BN1 1EL
www.bhesco.co.uk
info@bhesco.co.uk
Telephone: 01273 284470

