Share Invitation
Introduction

by Jeremy Leggett, Chairman, SolarCentury

Community energy is a big idea. It’s also rapidly growing nationwide.

In Lewes, OVESCO raised £360,000 in June 2011. OVESCO’s 300 members now own a 98kWp solar array on Harveys’ Brewery. Four years ago Westmill Energy Co-op raised £3.7m for five wind turbines near Oxford. Around the country numerous wind farms, hydro schemes and now solar arrays are community-owned. Many more are in development.

These schemes have many benefits. Locally-owned renewables have created revolving funds to finance further projects, sparked community energy saving schemes, delivered financial returns and of course generated plenty of clean, green energy. It’s a win-win for the communities that create them.

Brighton Energy Co-op is Brighton and Hove’s brave response to this opportunity - for the benefit of the environment, the city and it’s people.

Jeremy Leggett
Chairman, SolarCentury, Advisory Committee member, Brighton Energy Co-op
The Investment Opportunity

We seek to raise up to £250K by selling shares in BE. The minimum investment is £400 and the maximum £20,000 (see 'Membership & Shareholding' page 4).

How does it work?

BE is working with local building owners to install solar PV on their roofs. BE intends to retain ownership of these panels and receive income via the Government's Feed In Tariff scheme. Income will be used to administer BE’s activities, fund withdrawal of shares and pay interest to members. Meanwhile host buildings will receive discounted electricity; any excess will be sold to electricity provider Good Energy.

We plan to use the money raised by our share to install solar PV systems at several sites, including two arrays at Shoreham Port, one at City Coast Church in Portslade and one at St George’s Church in Kemptown. At the time of printing we have planning approval for all these sites and are finalising legal contracts (see below).

By purchasing shares you will:

• Gain an equal vote with every other member in how the Society is managed and how your local energy resources are used
• Ensure that you participate in the ownership of local renewable energy resources and benefit from the Government incentives
• Be eligible for any interest paid to members. As set out below, we are aiming to pay members an annual return on their shares
• Contribute to developing a local energy supply which aims to offer protection against fluctuations in energy supply and costs
• Help support further renewable energy and community energy efficiency programmes via our surplus income thus creating a ‘double carbon dividend’
• Contribute to the provision of renewable energy supplies for our area that, in turn, aims to retain benefits locally and strengthen the local economy
• Support a model that can be copied in other communities

Our Financial Position

BE’s trading activities date from December 2010 to today. During this start-up phase we have funded ourselves via early-stage investment, loans and services provided in return for shares. BE will use surpluses generated during the years ending 1 July 2013 and 1 July 2014 to recoup loans provided. For full details of our financial position and Directors’ interests, see: www.brightonenergy.org.uk/financial-position/

Once these start-up costs are recouped BE will be able to pay a return to members of an expected 4% for the financial year ending 1 July 2015. We expect this return to increase in subsequent years due to inflation.

About Feed-in Tariffs

FiTs are a Government-guaranteed, index-linked subsidy for renewable energy that lasts for 25 years.

The amount received is based on how much a renewable installation generates. It does not matter if the electricity is used or put into the grid, the income is based on the amount of electricity produced.

Any electricity not used on site can be exported into the grid and sold.
About us

Will Cottrell, Chairman
Will began his business career in Barcelona, publishing a monthly, 20,000-copy English magazine. Later he established Yoga Travel, a holiday company operating in Egypt, Thailand and Morocco which today takes more than 300 people abroad each year. In 2009 he bought a website traffic provider, Yogaholidays.net, which has 60,000 annual visitors; that same year he established Brighton Energy Co-op after participating in the Copenhagen COP15 Climate Conference.

Damian Tow, Programme Director
Having originally read Business Studies at Hull University, Damian completed a Masters in Leadership for Sustainable Development at Forum for the Future in 2009. Prior to that he had 14 years experience as a project and programme manager at Cable & Wireless and BT and was a Director of a small software company. He has Prince 2, MSP and APMP project management qualifications and has been working with Brighton Energy Co-op since August 2010.

Ross Gilbert, Director
Ross is a Director of Quoin Estates and Developments, a Sussex-based property development company. Ross has completed renewable energy projects in the UK and Germany and brings a knowledge of property and renewable energy development to the BEC team.

Danni Craker, Advisory Committee
Danni is a chartered accountant who spent nearly 8 years working with PricewaterhouseCoopers in their London and Tokyo offices. In late 2009 Danni set up Craker Business Solutions, a Hove-based environmentally-conscious accountancy practice. She started working with Brighton Energy Co-op in August 2010.

Jeremy Leggett, Advisory Committee
As Chairman of SolarCentury, the UK’s biggest solar installer, Jeremy is a highly respected figure in the solar industry. As well as the author of several books Jeremy is, along with Richard Branson, on the UK’s Peak Oil Task Force. He is a regular media commentator on renewables and brings invaluable industry insight to BE’s team.

Our History...

In June 2010 three locals met in a central Brighton cafe. They began to discuss ways in which renewable energy might benefit the Brighton and Hove community. Five months later this led to the formation of the BE Community Benefit Society. In these early stages the team was mentored by Co-ops UK and the Energy Savings Trust.

In January 2011 BE launched a start-up fund and raised £18K from eight Brightoners committed to BE’s development. BE also then benefited from another set of mentors, EnviroBusiness.

In March Reed Smith Solicitors LLP came on board, providing pro-bono legal support, helping BE with contracts and other legal aspects.

A month later BE created its Advisory Committee and invited Jeremy Leggett to join. They began talking to various sites about hosting panels. Over the course of its gestation BE has talked to more than fifty such building owners.

BE began to get press attention and to network with other co-ops such as Ovesco, Tresoc, Low Carbon West Oxford, Low Carbon Muswell Hill and Bath Community Renewables.

Negotiations continued with potential site partners, leading to an exclusivity agreement being signed by Shoreham Port Authority in mid 2011.

Our share offer was first due to be launched in November 2011. Events were to take a dramatic turn, however when - two days before our launch - the government changed the rules surrounding solar subsidies. After much soul searching we were forced to postpone our much-awaited share launch. Happily, we’ve now worked our way through this challenging landscape and are ready to launch once again.

Jon Smith, Advisory Committee
John is the Director of Cityzen which specialises in Architectural Technology, Low Carbon Consultancy and Sustainability. As a CIBSE-accredited Consultant he advises on renewables design and carbon modelling. John has been part of the team since December 2010.
Risks

The BE Directors have worked hard to identify and mitigate relevant project risks but you should be aware of the following before investing. All these risks would affect BE’s ability to generate returns for investors and may lead to you losing the money invested in shares.

Regulatory Risks
• Changes in Government legislation may reduce revenues generated from the Feed-in-Tariff scheme.

Economic Risks
• BE is unable to raise sufficient capital to develop any renewable energy projects,
• There may be a delay in Feed-in-Tariff registration which may delay cash inflow,
• Overhead costs are estimates and may go up or down over time,
• BE may not be able to meet debt repayments due to risk factors above reducing available cash for repayments.

Tax Risks
• BE may not qualify for EIS relief. If this were to happen within three years of your investment, it could result in you having to repay any income tax relief you have received.

Other Risks
• BE is unable to secure suitable sites,
• Projects may be delayed due to technical, financial or legal matters,
• There may be interruptions to the generation of electricity caused by financial or legal matters which may reduce and/or delay revenues,
• There may be interruptions to generation of electricity caused by mechanical/electrical failure of equipment which may reduce and/or delay revenues.

The Directors seek to protect against these risks through implementing prudent management practices including a Risk Management Plan.

Membership & Shareholding

Please read this section carefully. If you require any advice you should consult with a bank manager, solicitor, accountant, stockbroker or other independent financial adviser authorised under the Financial Services and Markets Act 2000. Before buying shares you should take careful note of the following:-

The economics of energy generation mean generation of returns takes time. Therefore investors should regard this as a long term investment with a minimum investment period of 3 years.

BE (the ‘Society’) is incorporated as a Community Benefit Society. It provides an opportunity to contribute to the development of local renewable energy and creation of a community of interest with the expectation of both a 'social dividend' and a financial return. All applications are subject to the terms set out in the Rules of the Society.

There is only one class of ordinary share. These shares are not transferable so they may not be sold. Instead they are classed as ‘withdrawable’ shares therefore only BE can buy them back from you. The value of shares may go down but cannot go up.

You may not benefit financially from your shares if BE converts, or transfers its business or is wound up. In this case, the only financial benefit you may receive from your shares is the possibility of interest (at a low rate).

You should buy shares only with money you can afford to have tied up, without interest, and without capital appreciation, for several years or longer.
Enterprise Investment Scheme

Investors in BE may qualify for the Enterprise Investment Scheme (EIS) which provides tax payers with tax incentives when they invest in EIS Qualifying Companies:

**Income Tax Relief**
An individual can invest up to £500,000 per tax year in EIS Qualifying Companies and benefit from 30% income tax relief. The individual can only claim this relief if they hold less than 30% of the shares, are not an employee and hold the shares for at least 3 years. The minimum investment is £500.

**Inheritance Tax Relief**
Shares would generally be expected to attract Business Property Relief at rates of up to 100% for IHT purposes, provided the shares have been held for at least 2 years.

**Loss Relief**
If the shares were to be sold at a loss, the loss could be offset against income tax or capital gains tax of the Investor.

Tax treatment depends on the individual circumstances of each member and may be subject to change in the future.

The Society has applied for advance clearance of its status as an EIS Qualifying Company. Indeed, the Society did receive EIS Qualifying Company Status for it’s start-up capital issue in February 2011. However the Society must re-apply for this latest share issue.

Final approval is only available from HMRC after issuance of shares. Assuming this approval is gained the Society will issue application forms to members who will then individually need to seek approval. There is no guarantee the Society will be granted EIS Qualifying Company status.

Full details of the EIS can be found at: [http://www hmrc gov uk/eis/](http://www hmrc gov uk/eis/)

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**Withdrawing shares**

Shares are withdrawable on 3 months’ notice and up to a maximum of 4% per annum of issued share capital in issue at the start of the financial year. All applications received will be processed on a first come first served basis. Any applications received but not approved for withdrawal in the year will be rolled forward to the next year until the application for withdrawal amount has been repaid in full. Where a year’s cap has not be used in full the Directors may decide to roll this forward to the following year.

If the Society receives applications for withdrawals which exceed the cap, they may seek to increase the amount of withdrawals over the cap subject to the circumstances of the Society at that time, or seek to raise additional capital to finance share withdrawals.

The withdrawal of shares is currently suspended until 1 July 2015. The scope for being able to withdraw shares in the future will be dependent upon the Society developing a successful business and hence cash flows to pay out share withdrawals or contingent on the Society raising additional capital for the purpose of paying out share withdrawals. In the case of joint investments, all investors concerned must agree to a withdrawal. Shares will be repaid at the original price (subject to comments hereafter).

The Directors of the Society have the right to change the notice period for withdrawals, or to suspend withdrawals.

The Directors have the right to write down the value of shares, if the liabilities of the Society (and its share capital) should exceed the value of its assets. Members who then withdraw their shares will only receive the written down value of their shares.

The value of your shares may fall and their value will not exceed the £1 per share. Although shares are withdrawable, you may not be able to withdraw the full price you pay for them if the Society does not have funds available at the time you want to withdraw your shares. In some circumstances, the Directors may be compelled to write down the value of your shares. Should you then wish to withdraw your shares, you should expect to receive only their written down value.
Returns to Members

The Society will pay only a sufficient rate of interest on money paid for its shares and may pay no interest at all. A sufficient rate is determined by the Directors as the rate necessary to obtain and retain the capital required to carry out the Objects of the Society as set out within its Rules.

Voting

Each member has one vote regardless of the size and value of their shareholding. Members will be kept informed of the Society’s services and developments through the Brighton Energy Co-op website, by e-mails where the member so wishes, by occasional newsletters, annual reports and Annual General Meetings.

Legal Information

This document is issued by Brighton Energy Limited, registered number 31107 R, as a Community Benefit Society incorporated in England and Wales on the 10 November 2010 under the Industrial and Provident Societies Act 1965.

As a Community Benefit Society, the Society does not need to be authorised by the Financial Services Authority to take deposits by issuing these withdrawable shares. Therefore, the money you pay for your shares is not safeguarded by any depositor protection scheme or dispute resolution scheme. The Society, unlike banks and building societies, is not subject to prudential supervision by the Financial Services Authority.

This document does not need approval (and has not been approved) by an ‘approved person’ under section 21 of the Financial Services and Markets Act 2000.

This offer of shares is not regulated by the Financial Services and Markets Act 2000 or subsidiary regulations.

This document does not constitute a prospectus within the meaning of the Prospectus Regulations 2005. These regulations do not apply because there is a specific exemption for community benefit societies that conduct their business for the benefit of the community.

As a member and shareholder of the Society you own the Society. If the Society is unable to meet its debts and other liabilities, you will lose the whole amount held in shares. This may make it inappropriate as a place to invest savings.

Your investment in your share account receives interest but does not enjoy any capital growth. It is primarily for the purpose of supporting the society rather than making an investment. As a Society, the maximum return offered to investors will always be limited.
Nomination option

In the event of the death of a member, the repaid value of the shares will normally be added to the estate for probate purposes. You may elect to nominate a recipient for the value of the shares (but only up to the amount set out in law) and thus (under current legislation) remove the value of the shares (up to the amount set out in law) from your estate for probate purposes i.e. the shares may pass to the nominee outside the Will of the deceased). The nominated property will nevertheless form part of the deceased’s estate for Inheritance Tax Purposes, unless the estate is an excepted estate.

Documents

The Rules of Brighton Energy Limited are available on our website or at our office, as are Letters of Intent, Planning Approvals and DNO Approvals.

How to Apply

To become a member complete our Share Application Form (also available on our website) and post to Brighton Energy Co-op, Ground Floor, 49 Montpelier Rd, Brighton, East Sussex, BN1 3BA. Payment can be made via bank transfer or cheque. Our bank details are: Brighton Energy Ltd, Co-operative Bank, Account: 65446120, Sort: 089299. We recommend you add a reference to your payment, comprising of your initials and year of birth. We also accept cheques, made out to ‘Brighton Energy Ltd’.

Note that you need to purchase at least 400 shares. Each share has a value of £1 and the maximum shareholding is £20,000. Applications and payments must be received at our office before 5PM on 2nd July 2012. Membership is open to individuals aged over 16, corporate bodies, voluntary organisations and public sector investors.

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