

Barnsley Solar

Bond Offer



Summary of Offer

You are invited to become a member and bondholder of Energise Barnsley Limited, a new Community Benefit Society.

In this, our first bond offer, we are seeking £1.2 million to part finance the purchase of 2MW capacity of rooftop solar installations across Barnsley social housing and community buildings.

In return we are projecting that bondholders will receive 5% per annum for a five-year fixed rate bond subject to the terms of arrangements with lenders.

Energise Barnsley has installed around 1MW of photovoltaic (PV) solar assets on 321 residential homes in Barnsley, which are already operational. The remaining capacity will be installed on community rooftops, such as schools and sheltered housing, with pre-registered community Feed In Tariff rates.

Bond offer open:
26th May – 10th August

Amount sought: £1,200,000

Minimum investment: £1,000
(£100 for Barnsley residents with postcodes S70 to S75)

Maximum investment: £500,000

Please note that this bond offer has been supported by project funding in the form of underwriting to date, and further project funding in the form of senior debt. This bond offer is subject to the underwriting and senior debt finance, which are fully explained in this document.

Energise Barnsley Limited is a Community Benefit Society set up to deliver community-owned renewable energy, energy efficiency and energy supply projects. Energise Barnsley is registered with the Financial Conduct Authority in England and Wales under the Co-operative and Community Benefit Societies Act 2014 (No 7180).

Online applications at www.ethex.org.uk/eb

The information contained in this Bond Offer has been prepared under the supervision of the directors of Energise Barnsley Limited.



Happy Berneslai Homes resident

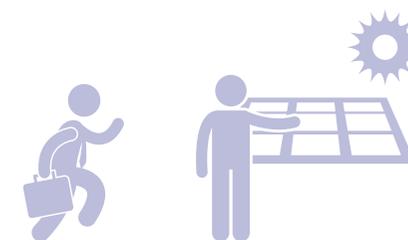
Contents

| | | | |
|---|-------|--|-------|
| Summary of Offer (including proposed timetable) | 2 | Security of cash flows..... | 15-17 |
| Welcome from Wendy Lowder..... | 4 | Financial information | 18-22 |
| Address from Sir Stephen Houghton..... | 5 | Project contracts | 23 |
| Energise Barnsley project partners | 6 | Bond instrument and payment of interest..... | 24 |
| The project..... | 7-9 | Key risks and mitigation | 25-26 |
| Community benefit and social impact..... | 10-11 | Terms and Conditions of the Bonds..... | 27-29 |
| Project team..... | 12 | Glossary..... | 30 |
| The investment opportunity..... | 13 | Bond application..... | 31-33 |
| Summary of issuance..... | 14 | Further information | 34 |

Energise Barnsley is a Community Benefit Society registered with the Financial Conduct Authority. The issue by Energise Barnsley of the Offer Document is an exempt financial promotion under the Financial Services and Markets Act 2000 and subsidiary regulations

A Community Benefit Society is registered with, but not authorised by, the Financial Conduct Authority and therefore the money you pay for your bond is not safeguarded by any financial services compensation scheme, or dispute resolution scheme.

An investment in the Bond offered in this Offer Document carries risks and you may lose the whole value of your investment. Please consider it carefully in the context of this Offer Document and if needed, seek independent advice from an independent financial advisor or other person experienced with investments of this type.



Welcome from Wendy Lowder

I'm delighted to be able to offer this opportunity to become a member and bondholder of Energise Barnsley. This is our first bond offer for what we plan to become an established Barnsley focused community energy business.

This bond offer is for £1.2 million that will enable us to take into community ownership up to 2MW of residential and community rooftop solar assets on Barnsley Metropolitan Council-owned property.

Initial loan finance from Ignite, the leading Social Impact Fund (www.ignitesocialenterprise.com), has allowed the project to go ahead, after the drastic change to Government renewable energy policy evidenced last year. In addition to this, Energise Barnsley has secured in principle a long-term loan from the leading ethical bank, Charity Bank (www.charitybank.org) – subject to successful completion of final due diligence.

The project has been registered with Ofgem so that income from the Feed in Tariff is guaranteed for 20 years. It has benefitted from installing solar panels on 321 domestic properties in the last two months of 2015.

Wendy Lowder
Chair Energise Barnsley

If you get involved you may:

- become a member and bondholder of Energise Barnsley, supporting tenanted residents to receive free solar PV, reduce carbon emissions across Barnsley, and directly contribute to a low carbon society
- become a member and bondholder of Energise Barnsley, with exciting plans around combined heat and power, lighting and energy efficiency, as well as community renewables
- earn interest on your investment. We are projecting to pay bondholders 5% interest a year, for a five-year term
- help ensure that the Energise Barnsley project is developed with a significant share of community ownership
- participate in the ownership of local renewable energy resources, and in turn help to alleviate fuel poverty
- support the re-investment of surplus profits back into Barnsley and the community via a community fund
- support community energy projects whose partners include the local authority and housing associations

Each member and bondholder will receive one vote at a member/bondholder meeting (as the case may be) regardless of the amount invested. Bond applications from Barnsley postcodes will receive priority in the event of the bond offer being oversubscribed.

I hope you will give this bond offer serious consideration, become a member and bondholder, and invest.



Address from Sir Stephen Houghton



This community bond offer is a result of determined hard work from Energise Barnsley members, Barnsley Metropolitan Borough Council, Gen Community Ventures, Berneslai Homes, British Gas Solar and community groups in Barnsley. It is an offer to our residents, and the wider low carbon community; the chance to invest in and own low carbon generating assets – rooftop solar PV – installed on Council-owned property.

Barnsley has a very strong historical link with energy production in the UK. Whole communities and families depended on coal mining. The Council decided, after reviewing Department of Energy and Climate Change Community's Community Energy Strategy* to back this initiative and help our own community transform to a low carbon society.

The aims within the 2014 Community Energy Strategy, matched our own ambitions, and we welcomed the support that the strategy was set out to give:

"Our vision starts from the position that every community that wants to form an energy group or take forward an energy project should be able to do so, regardless of background or location."

Sir Stephen Houghton
Leader of Barnsley Metropolitan Borough Council

Government will back these pioneers, working to dismantle unnecessary barriers, and helping create partnerships to deliver important energy and climate change objectives... Local authorities are uniquely placed to work with communities and other partners to increase the reach and scale of efforts to reduce energy bills, fuel poverty and emissions in their local area. Engaging with community energy can also help them meet wider local government priorities involving community integration and development, economic regeneration and jobs... Government wants to see all authorities showing leadership to help deliver community energy projects."

I am personally, very pleased that everyone associated with this project has continued to work diligently in order to see it through to completion of its initial phase – solar PV deployment. I look forward to other initiatives from Energise Barnsley in the near future, and would encourage everyone to become a member and bondholder of Energise Barnsley by investing in this bond offer.

*Community Energy Strategy DECC 27/01/2014

Energise Barnsley project partners



Barnsley Metropolitan Borough Council owns the buildings where the solar PV is installed, and is the signatory to the solar licence and lease, between Energise Barnsley and the Council. The Council has worked hard with the Energise Barnsley team to incorporate right to buy clauses within the solar licence, and give consideration to those on prepayment meters.



GCV is the development arm of Gen Community, financed in 2015 by two charitable foundations, with the purpose to promote, develop and deliver community owned renewable energy, energy efficiency and energy supply projects nationally. Energise Barnsley uses Gen Community's "Community Energy Model Rules 2015" accepted by the FCA.



Ignite is the UK's first impact investment fund with a focus on energy. Ignite invests people and money into emerging and mature organisations that have a clear vision of how they benefit society. Ignite made its largest investment to date by making a £2 million loan facility available to Energise Barnsley. Without this facility the domestic solar PV installations in late 2015 could not have gone ahead.



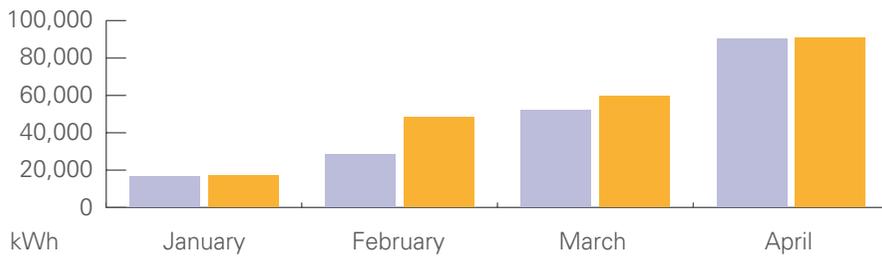
British Gas Solar (BG) is the solar PV contractor to the project, and signatory to the Energy Procurement and Construction Agreement, and Operations & Maintenance contracts. BG provides performance guarantee and warranties for the PV installation.



The project

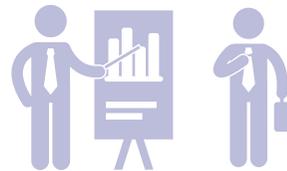
Three hundred and twenty one tenanted Berneslai Homes have received the free solar PV assets. Over 75% of the houses are bungalows in which elderly tenants live. The contractor for the installations is British Gas Solar, who has warranted the performance of the systems to the contract specification. The systems have performed well to date (figure 1).

Figure 1 (size, and performance of domestic installs to date)



| | Jan-16 | Feb-16 | Mar-16 | Apr-16 |
|-------------------------------|--------|--------|--------|--------|
| Forecasted Generation* | 16,518 | 28,317 | 51,915 | 90,458 |
| Actual Generation | 17,427 | 48,428 | 59,801 | 90,784 |

*Derived from energy yields calculated from British Gas Solar asset register and monthly solar irradiance data from the Met Office



Energise Barnsley launch with Sir Stephen Houghton, Leader of Barnsley Metropolitan Borough Council

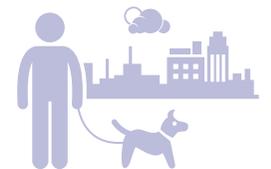


The project

Solar PV equipment of up to 1MW generating capacity has already been installed on 321 domestic premises in Barnsley. The remaining non-domestic properties benefit from the community tariff pre-registration lock-in (until September 2016), via Ofgem. These buildings consist of schools, sheltered housing blocks and community buildings. All the buildings have been identified, received grid connection acceptance, and passed technical survey. In total there is approximately 1MW of rooftop solar to be installed and commissioned before the September 30th deadline, in addition to the 1MW already installed. No installations will take place after this date, or in close proximity to this date, if they cannot be completed on time.

At the Annual General Meeting of Energise Barnsley in October 2016, the members of Energise Barnsley will be invited to join the board. Ahead of this, and in order to engage the local community, who are set to benefit from the Community Energy Fund, there will be the opportunity for local enterprises to apply for an initial £20,000 fund from June 2016. Further details, and the criteria necessary for application to the Community Energy Fund are listed on the Energise Barnsley website (www.energisebarnsley.co.uk).

All residents in the project have received information packs on how to get the most benefit out of the solar PV system. The schools, which receive the solar PV, will be benefiting from curriculum approved learning tools, directly linked to the installation.



The project

How we got here

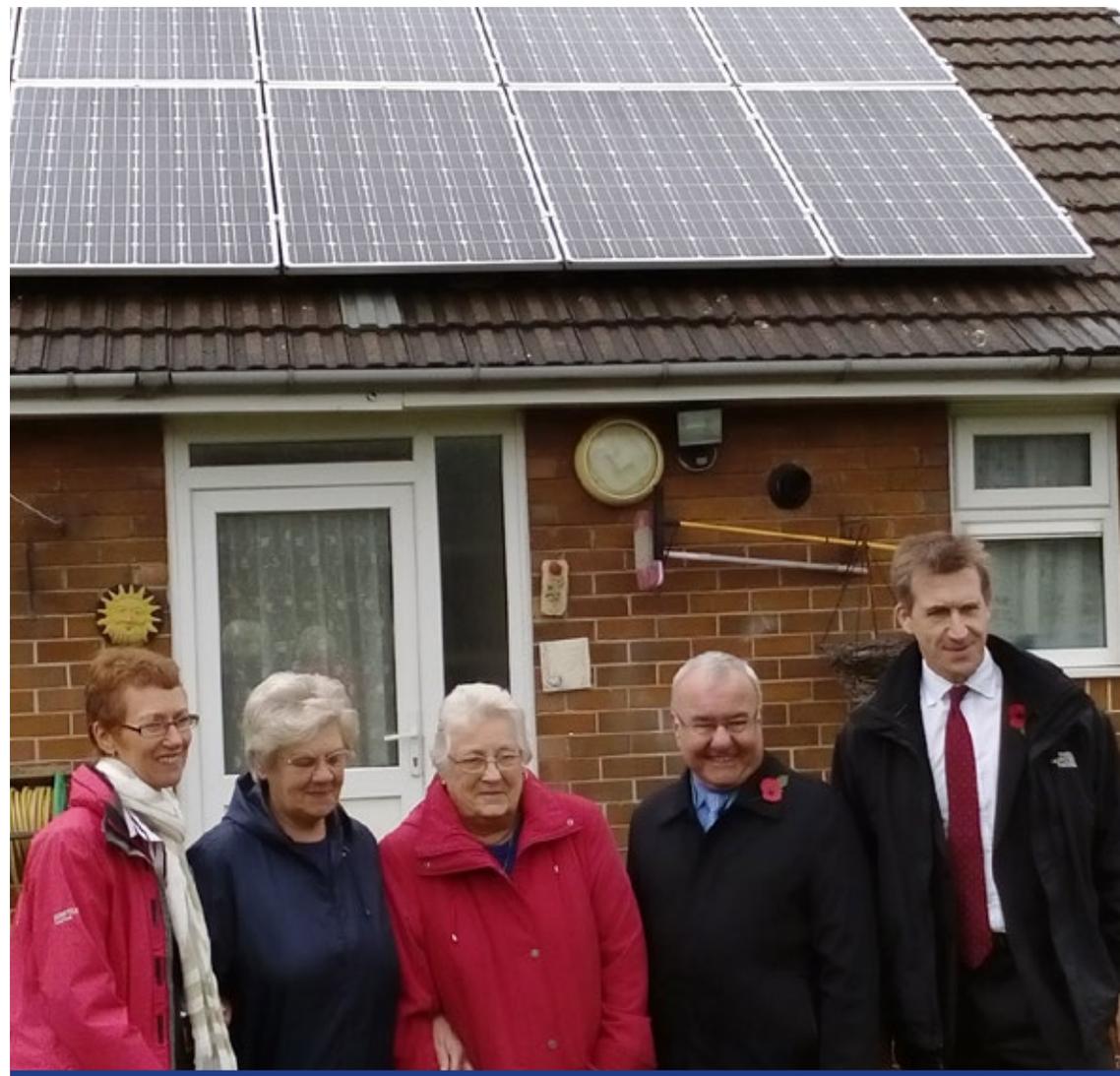
Planning for the project started in earnest in late 2014 with a community energy proposal from Gen Community Ventures to install solar PV across the Barnsley Metropolitan Borough Council estate. The community would own the assets of the project, and benefit from any Feed In Tariff residual income, through a community fund. No direct capital sum from the Council, the landlord to the rooftop assets, would be required for this project.

The launch day for Energise Barnsley was on the 27th August 2015 at the magnificent Barnsley town hall, which coincided with the launch of the Government consultation for the Feed In Tariff review. The project would have stopped immediately if the underwriting facility from Ignite had not been secured earlier in the year permitting the first build phase to go ahead.

The consequence of the subsequent review, and timeframes within which to install domestic solar PV, severely reduced the project size.

“I am very happy to support Energise Barnsley. It is a fantastic example of a community energy initiative between the council and a community benefit society. I wish them all the success in the future.”

Dan Jarvis MP for Barnsley Central



Local MP Dan Jarvis (far right) with Carol, a Berneslai Homes resident, centre and Berneslai Homes management

Community benefit and social impact

Energise Barnsley is a rooftop solar PV community energy project, with Berneslai Homes tenants, community groups, and residents of Barnsley at the heart of the project.

Berneslai Homes residents who have received the solar PV installation are benefiting from lower electricity bills by using the free electricity, when the solar panels are in operation.

The tenants of the commercial buildings, schools and Council owned community centres will benefit from lower electricity bills for 20 years. Carbon emissions will be reduced across the Metropolitan Borough.

The community fund has been designed to retain all surplus income (after costs are deducted) from the Feed In Tariff, for the benefit of the local community. It is projected that over the course of the project, over £400,000 will be paid from all surplus income generated into the community fund. There will be a targeted minimum fund of £10,000 per annum.

Allocation of the yearly contribution to the Community Fund, and the chosen beneficiaries of the community fund will be subject to a vote by members of Energise Barnsley at its AGM.

Criteria for eligible projects, supported through the community fund, will include those with energy efficiency, the reduction of fuel poverty and projects helping to build community resilience.

Details on how to apply can be found on www.energisebarnsley.co.uk

Saving benefits to the tenants to date (May 2016)

Energy generated



Over **244 MWhs** of energy

(Data from 321 households)

Savings



Over **£10,496** collective savings from tenants on electricity

(Assuming 33% usage of total generation and 13p per unit)

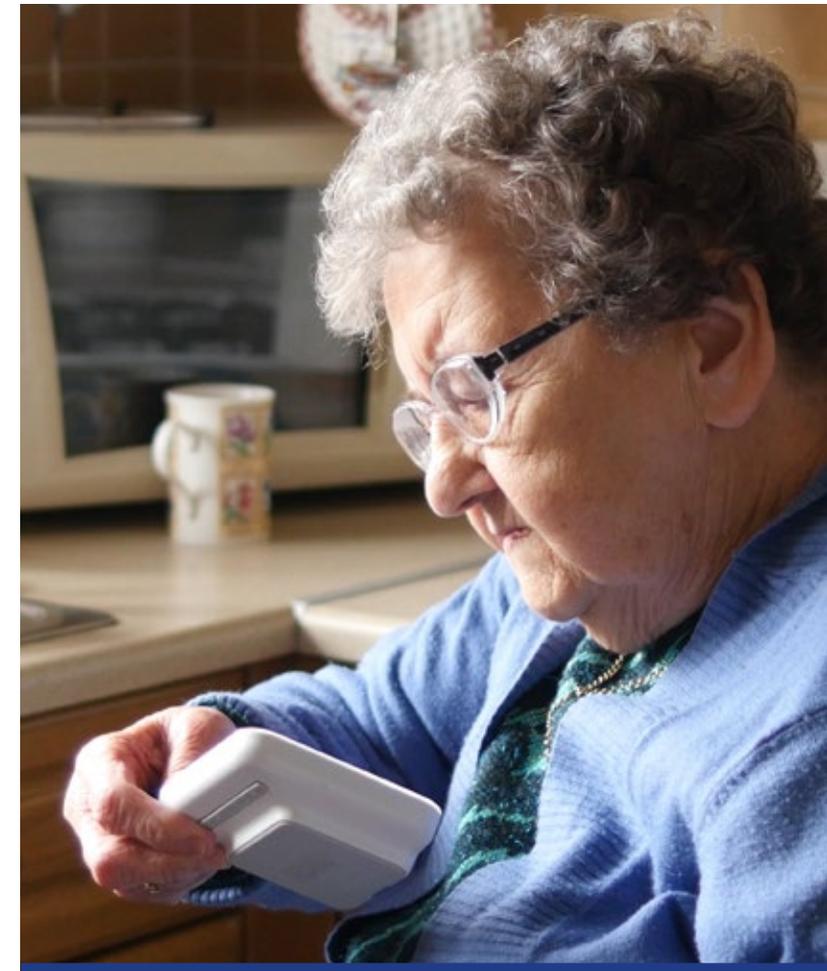
CO2 Offset



Over **129 tonnes** of reduced CO² emissions

(Assuming 0.53kg per kWh for tonnes of CO2 saved)

There is £20,000 in the community fund in the first year, with the criteria and option to apply, through the Energise Barnsley website, from June 2016.



Melva, Berneslai Homes resident reading her solar PV monitor – The Owl

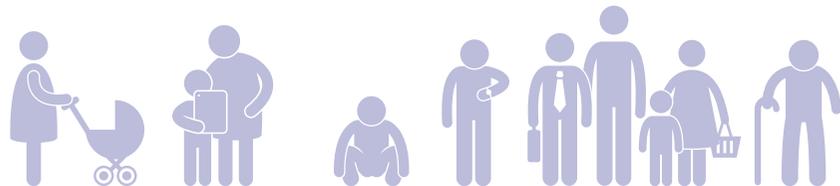
Community benefit and social impact

Goldthorpe Development Group is an excellent example of the type of local community group this project is aiming to support.

Goldthorpe Development Group was founded as a voluntary organisation in 2012 by residents and workers of Goldthorpe in order to revitalise the community.

The group has helped raise the profile of the area with positive reinforcement alongside engaging with the Council to implement improvements within the village. One great initiative (picture) is the 'adoption of neglected streets' by the group, with a view to putting local pride back into the street. The group pays for a skip to be put on the street for six hours, on a given day, so any waste or rubbish, which might have been fly tipped, can be put in the skips and taken away. These activities not alone help bring back community spirit but have the knock on effects of cutting anti-social behaviour.

A long-term goal of community energy projects is for the retention of surplus income through the feed in tariff, from solar PV installations, to be channelled back into local community projects.



It's a community thing!

Project team

Wendy Lowder

Acting Director of Communities, Barnsley Metropolitan Borough Council

Wendy has worked in Barnsley for the last 12 years. Her work brings her into contact with many people and groups across the borough all working hard to create a strong and vibrant borough. Wendy loves building partnerships as she is a strong believer that generally we achieve so much more when people pull together in the same direction.

James Mansfield

Director, Energise Barnsley and Director Gen Community Ventures

Jamie is a co-founder and Director of Energise Barnsley, with a first class Masters of Engineering from Exeter University. Jamie is also Director at Gen Community Ventures, a social enterprise helping local authorities develop scalable community energy projects. He has a strong experience in project development and financing of renewable energy projects for community benefit, working throughout the development, financing and operational phases of projects.

Jeremy Sykes

Service Director Assets, Barnsley Metropolitan Borough Council

Jeremy originates from Barnsley has worked for the council for 36 years. A Chartered Water & Environmental Manager and Chartered Environmentalist he is passionate about reducing energy usage and installing low carbon technologies in buildings. Jeremy has track record in the successful delivery of sustainable and renewable energy projects across the borough, which contributed to the Council winning the prestigious Ashden Award in 2006.

Andy Heald

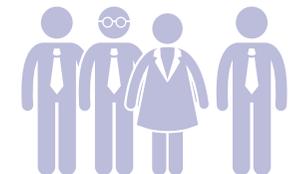
Director, Generation Community and Gen Community Ventures

Andy is the co-founder of Generation Community and Gen Community Ventures, and has been working in community energy since 2010.

He holds an MSc Energy, Environmental Technology & Economics (Merit) from City University, London, a Securities Diploma and a BA Hons Political Theory & Economics (1993) from Liverpool University.

“We see three things that are unique. Firstly, the team’s ambition – we see a lot of small community projects but nothing at this scale. Secondly, the fact they’ve really thought through the social impact – more so than the average proposal. It’s not only free electricity for low-income households, there’s a considerable amount of money going into the community fund as well. And lastly the attention to detail that has been paid to governance. How the Community Benefit Society is structured is very mature and how the different stakeholders will work together has been thought through very well.”

Sam Salisbury, Ignite



The investment opportunity

Energise Barnsley is offering individuals and organisations the opportunity to become a member and bondholder, and invest in the society's solar assets through a community bond offer. The bond offer is seeking to raise up to £1.2 million to refinance operational solar PV assets. All the solar assets will be installed and maintained by British Gas Solar, the principal contractor to Energise Barnsley. All the solar assets are located on Barnsley Metropolitan Borough Council-owned properties, providing a credit-worthy long-term landlord.

The project is the largest roof top solar joint local authority and community energy project in the UK. The project has some unique strengths due to its strong partners and careful design:

- Bond capital will only be deployed on commissioned, operational solar PV assets, which have passed technical performance tests
- The solar assets have performance warranties backed by British Gas Solar and its parent company GB Gas Holdings Ltd. All operation and maintenance will be performed by British Gas Solar, ensuring the highest quality equipment with robust generation and energy forecasts
- The solar irradiance levels for the Barnsley region have been independently measured by a leading solar technical adviser, OST Energy, ensuring the energy forecasts are reliable
- In addition to Feed in Tariff income, larger non-domestic sites have a power purchase agreement with Barnsley Metropolitan Borough Council for a 25-year period, providing long term, high credit quality, RPI linked income

Underwriting of offer

Several parties have conducted due diligence on the project and legal structure to provide loans to the society. An underwriting loan facility of £2m has been offered by Ignite, a social impact fund specialising in the energy sector. Charity Bank has agreed a loan of up to £1.5m in principle*. If this loan facility is formally approved then Charity Bank's commitment will support the investment in this bond offer.

All construction finance has been provided by British Gas Solar. The overall funding structure ensures the project will proceed even if the bond offer is not fully subscribed. The directors of Energise Barnsley reserve the right to close the bond offer early, at any time.

Energise Barnsley has a period of three years to refinance the underwriting loan facility from Ignite (meaning it is to be repaid by 21 December 2018). If the Ignite loan facility is not fully repaid prior to 21 December 2017, a default interest rate applies on loan capital outstanding between 21 December 2017 and the final permitted repayment date of 21 December 2018. The interest will not compound and the default interest rate is serviceable from the project's forecasted revenues. However, the increased costs of finance may decrease the community fund.

**The Bank's formal approval is subject to completion of legal and technical due diligence and satisfactory documentation*



Summary of issuance

| Issuer | Energise Barnsley Limited |
|--|---|
| Investment target | £1,200,000 |
| Minimum investment | £1000 |
| Minimum investment for Barnsley residents only | £100 |
| Maximum investment | £500,000 |
| Term | 5 years (repayable on 31 October 2021) |
| Projected Interest Rate | 5% per annum |
| Interest payment frequency | Annually |
| Capital repayment | End of year 5 (31 October 2021) |
| Security | Unsecured |
| Default rate, if capital not repaid at end of term | 6% per annum, linked with Retail Price Index |
| Status | Unlisted but transferable, Bonds will be registered on Ethex secondary market from end of year 2 to facilitate investor liquidity |
| Reporting | Energise Barnsley will produce an annual report and accounts, available to all bondholders and members |

| Issuer | Energise Barnsley Limited |
|--------------------|--|
| Voting rights | Each bondholder will have one vote, irrespective of the amount invested, at each bondholder meeting |
| Membership rights | Each bondholder may become a member of the society, with one vote each, irrespective of the amount invested, for the purposes of General Meetings. Shares held by members may be withdrawn but may not be transferred. The society may pay interest on its share capital, but may not pay members any dividend, bonus or other share in profits. |
| Refinancing rights | Bondholders may have the opportunity to refinance their investment at the end of year 5 through a new bond issue. This will be at the discretion of the Directors |
| Age restrictions | Applicants must be 18 years old or more |



Security of cash flows

Energise Barnsley's principal income is generated through the Feed in Tariff (FIT), which is a UK government legislated mechanism which awards a guaranteed unit price for electricity generated and exported from FIT-registered renewable energy generators. Additional income is generated through selling electricity from larger solar assets to Barnsley Metropolitan Borough Council through a power purchase agreement (PPA). Both the FIT and PPA unit rates are linked to the Retail Price Index and move with inflation annually. Both have high credit quality counterparties providing a robust long-term revenue stream.

All of the solar assets are FIT registered by British Gas Solar, and the process is managed through the engineering procurement construction (EPC) contract. All residential solar systems were commissioned and operational prior to 31 December 2015, whilst all non-domestic systems have been pre-registered with Ofgem to secure their FIT rates. The FIT pre-registrations expire at the end of September 2016. British Gas aims to complete all solar systems by August 2016. Energise Barnsley will only purchase and commit capital for solar systems which have been correctly registered for the FIT and have passed a 14-day performance test. Several layers of protection exist to ensure the solar assets generate as forecast providing sustainable long-term income for Energise Barnsley.

The project partners have worked closely to achieve an income stream that has high levels of protection. This has been achieved through contractual mechanisms that reimburse the society for lost income if the solar assets underperform or if buildings are sold or demolished.



Security of cash flows

The solar irradiance levels have been independently assessed by OST energy. The percentage conversion of the solar irradiance to electrical output is warranted by British Gas Solar, backed by GB Gas Holdings Ltd as parent company. The mechanism provide in excess of 95% cover for potential lost income in years 1 and 2. In the event of continued underperformance, the Net Present Value of the forecasted reduction in income for years 3-20 is repaid to the society by British Gas Solar. This creates a very strong protection for the project cash flows.

Furthermore, the non-domestic solar assets will benefit from solar PV module optimisers which, as well as enhancing the safety properties of the solar assets, can significantly increase the electrical generation. It is estimated that optimisers may increase the generation performance by 3~5%, with many optimiser manufacturers typically claiming increases of up to 25%. None of the financial models presented in this document include this upside performance; this is to ensure that revenues are conservatively forecasted.

Layers of generation and revenue protection

| | |
|---------------------------|--|
| Solar irradiance forecast | Technical adviser OST Energy (www.ostenergy.com) has been commissioned to produce a technical report of long term irradiance levels in the Barnsley area. The independently validated irradiance levels have been used to forecast the energy yields for the solar assets. This provides a high level of reliability to the generation forecasts. |
| Pricing and payment | <p>Pricing mechanism:</p> <ul style="list-style-type: none">• British Gas Solar warrants the performance ratio which is multiplied with the solar irradiance forecast to calculate the energy yield of a given solar asset• The price paid by Energise Barnsley for the solar assets is agreed at signing of the EPC contract and is then dependent on the energy yield (kWh/kWp) of a given system <p>British Gas Solar are incentivised to ensure the assets perform as designed as they are warranting the performance ratio of each solar asset through the EPC contract.</p> <p>The pricing mechanism enables Energise Barnsley to reliably forecast the expected energy generation and subsequently the future revenues of the solar assets.</p> <p>Payment mechanism: Energise Barnsley will only purchase completed solar assets which have passed a 14-day performance test. Any systems which fail the test must be rectified and pass the test before they can be accepted into the final portfolio for payment.</p> |



Security of cash flows

Layers of generation and revenue protection continued

| | |
|--|---|
| Defect liability period, performance liquidated damages, and performance tests | <ol style="list-style-type: none"> 1. The EPC contract has a Defect Liability Period (DLP) of two years – with British Gas responsible for correcting any defects that occur during this time. Performance of the entire solar portfolio is tested over a 12-month period starting when the final systems are handed over to Energise Barnsley. 2. If the actual performance is less than the warranted levels, then performance liquidated damages (PLD) will be payable. PLDs are designed to compensate Energise Barnsley for the lost income resulting from the under-performance. Performance tests – PLD cap is 10% of contract value for each of year 1 and year 2. Following the first performance test at the end of year 1, any underperforming systems are separated into a “B” portfolio and tested again at the end of year 2. If any of the systems in the “B” portfolio fails the second test, PLDs are paid for the net present value (NPV) of the future loss of income for Energise Barnsley for years 3-20 for each such system (up to 100% of the system price). Any PLDs already paid out at the end of years 1 and 2 shall be deducted from this sum and British Gas shall be paid a rebate in the event that performance of any underperforming systems remaining in the “B” portfolio is improved when they are subjected to a final performance test at the end of year 5. 3. The underperforming systems are separated into a “B” portfolio and tested for another 12 months. If the “B” portfolio fails the second test, PLDs are paid for the net present value (NPV) of the future losses for years 2 to 20, compensating Energise Barnsley for the forecasted lost income. |
| Equipment warranties | <p>Warranty terms for the key items of equipment are:</p> <ul style="list-style-type: none"> • PV panels : 25 years • Inverters : 5 years • Mounting system : 20 years <p>Energise Barnsley is the registered beneficiary of all warranties. Energise Barnsley will build up a maintenance reserve to cover replacement of inverters.</p> |
| Operation and maintenance | <p>The obligations under the operation and maintenance (O&M) contract start as soon as a system is commissioned. The O&M contract lasts for an initial period of 10 years with a break in favour of Energise Barnsley at five years.</p> <p>The portfolio must meet an agreed availability and performance threshold. If these thresholds are not met, PLDs are payable to reimburse Energise Barnsley for lost income below this threshold.</p> <p>The liability cap for PLDs under the O&M contract are 100% of contract value each year.</p> |
| Insurance | <p>British Gas Solar will have its own insurance policy covering its scope of work under the EPC contract.</p> <p>Energise Barnsley will have the following insurance covers:</p> <ul style="list-style-type: none"> • All risks insurance: covering damage to the PV systems for example through storm, theft, fire and vandalism. • Business interruption insurance: covering lost income in the case of material damage. • Public liability insurance: to cover for the event of a public liability claim or damage to the Council’s properties. |

Financial information

The following information is a summary of the financial projections for Energise Barnsley's rooftop solar PV project. The information shown should be reviewed in light of the assumptions and information outlined under 'The investment opportunity' – hopes, aims, targets, projections, plans or intentions should not be considered as certainties.

| | | Year 0 | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6-25 | Total |
|-------------------------|--------------------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
| Generation (kWh) | Domestic | 107,315 | 776,183 | 773,070 | 769,957 | 766,844 | 763,732 | 10,983,715 | 14,940,816 |
| | Commercial | - | 542,933 | 920,236 | 916,540 | 912,843 | 909,146 | 16,766,120 | 20,967,819 |
| | Total | 107,315 | 1,319,115 | 1,693,306 | 1,686,497 | 1,679,687 | 1,672,878 | 27,749,835 | 35,908,634 |
| Revenues (£) | FIT Generation - Domestic | 12,041 | 88,097 | 89,014 | 90,154 | 91,686 | 93,564 | 1,669,239 | 2,133,794 |
| | FIT Generation - Commercial | - | 57,931 | 99,611 | 100,888 | 102,603 | 104,705 | 1,950,518 | 2,416,256 |
| | FIT Export - Domestic | 2,602 | 19,041 | 19,239 | 19,485 | 19,816 | 20,222 | 360,776 | 461,181 |
| | FIT Export - Commercial | - | 13,329 | 22,919 | 23,213 | 23,607 | 24,091 | 448,784 | 555,943 |
| | PPA - Commercial | - | 9,234 | 17,764 | 17,971 | 18,241 | 18,584 | 488,636 | 570,431 |
| | Total | 14,643 | 187,631 | 248,547 | 251,710 | 255,953 | 261,167 | 4,917,953 | 6,137,605 |
| Expenditure (£) | Operational Expenditure | -3,218 | -32,082 | -46,226 | -47,007 | -48,000 | -49,183 | -1,022,862 | -1,248,577 |
| | Capital Expenditure | - | -2,159,330 | - | - | - | - | - | -2,159,330 |
| | Financing and Legal Costs | - | -372,343 | -1,000 | -1,014 | -1,032 | -1,053 | -47,609 | -424,051 |
| | Reserves Account | - | -66,928 | -12 | -1,315 | -1,001 | 2,168 | 67,088 | - |
| | Tax | - | - | - | - | - | - | -53,983 | -53,983 |
| | VAT | 204 | -187 | -1,217 | -1,229 | -1,245 | -1,266 | -24,619 | -29,559 |
| | Total | -3,014 | -2,630,870 | -48,455 | -50,566 | -51,278 | -49,334 | -1,081,984 | -3,915,500 |
| | Senior Debt finance (£) | Debt investment | - | -1,430,000 | - | - | - | - | - |
| Debt capital redemption | - | 39,722 | 79,444 | 79,444 | 79,444 | 79,444 | 1,072,500 | 1,430,000 | |
| Interest payments | - | 21,843 | 54,412 | 54,436 | 57,067 | 59,069 | 414,236 | 661,063 | |
| Total | - | -1,368,435 | 133,856 | 133,881 | 136,511 | 138,513 | 1,486,736 | 661,063 | |

Financial information

| | | Year 0 | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6-25 | Total |
|--|-----------------------------------|-----------------|-------------------|---------------|---------------|---------------|------------------|----------------|-------------------|
| Community bond underwriting (£) | Underwriting investment | -200,000 | -1,000,000 | - | - | - | - | - | -1,200,000 |
| | Underwriting capital redemption | - | 1,200,000 | - | - | - | - | - | 1,200,000 |
| | Interest payments and fees | - | 40,000 | - | - | - | - | - | 40,000 |
| | Total | -200,000 | 240,000 | - | - | - | - | - | 40,000 |
| Community bondholders – first issue (£) | Community bond investment | - | -1,200,000 | - | - | - | - | - | -1,200,000 |
| | Community bond redemption | - | - | - | - | - | 1,200,000 | - | 1,200,000 |
| | Interest payments | - | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | - | 300,000 |
| | Total | - | -1,140,000 | 60,000 | 60,000 | 60,000 | 1,260,000 | - | 300,000 |
| Community bondholders – refinance (£) | Community bonds investment | - | - | - | - | - | - | -1,190,481 | -1,190,481 |
| | Community bonds redemption | - | - | - | - | - | - | 1,190,481 | 1,190,481 |
| | Interest payments | - | - | - | - | - | - | 728,637 | 728,637 |
| | Total | - | - | - | - | - | - | 728,637 | 728,637 |
| Community benefits (£) | Community Fund cash donations (£) | - | 20,000 | 7,500 | 7,500 | 7,500 | 7,500 | 442,405 | 492,405 |
| End of Year Cash Position | Cash at bank (£) | 211,629 | 76,826 | 75,562 | 75,325 | 75,990 | 81,809 | 3,722 | |



Financial information

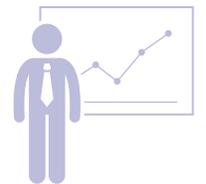
Although the Directors have put mechanisms in place to protect Energise Barnsley's forecasted income, the financial projections outlined above and the assumptions on which they are based may be affected by unforeseen events.

Actual performance may not correspond to these projections. Although no material variation in the total size of the solar portfolios is expected, it should be noted that any change in the total installed capacity will alter the financial projections.

The residential and non-domestic solar assets under 30kW will be operated by Energise Barnsley for a 20-year period in line with their associated FIT income. The non-domestic solar assets sized over 30kW will be operated for a 25-year period. From years 20 to 25 the principal income will be through the sale of power generated in the properties to Barnsley Metropolitan Borough Council.

Energise Barnsley may exercise its option to redeem the bonds early, in whole or in part. Any decisions will be reviewed by Energise Barnsley Directors and they will base their decision on maximising the local benefit, whilst seeking to ensure that bondholders' interest and capital is repaid in full.

Bondholders may have the opportunity to refinance their investment at the end of year 5 through a new bond issue. This will be at the discretion of the Directors.



Financial information

Key assumptions:

The financial projections relate to the Barnsley residential and non-domestic rooftop solar portfolios only, are based on information provided by British Gas Solar, OST Energy, Social Finance and Gen Community Ventures and are considered to be conservative. The Directors take responsibility for the reasonableness of the financial projections. Bondholders are projected to receive an interest rate on their bonds at a level intended to be sufficient for Energise Barnsley to obtain and retain enough capital for its business requirements.

Table illustrating types of solar assets and their corresponding income streams:

| Site type | System size (kW) | Indicative FIT registration date | Indicative FIT end date | Indicative PPA end date | Initial FIT Rate (£/kWh) | Initial Export rate (£/kWh) | Initial PPA rate (£/kWh) |
|--------------|------------------|----------------------------------|-------------------------|-------------------------|--------------------------|-----------------------------|--------------------------|
| Residential | <4kW | 01/12/2015 | 01/12/2035 | N/A | 0.1122 | 0.0485 | - |
| Non-domestic | 10<30kW | 01/07/2016 | 01/07/2036 | N/A | 0.1067 | 0.0491 | - |
| Non-domestic | 30>50kW | 01/07/2016 | 01/07/2036 | 01/07/2041 | 0.1067 | 0.0491 | 0.0500 |

The export tariff will be utilised until the wholesale electricity market price increases beyond the tariff rate, therefore offering a higher value income stream. Energise Barnsley is able to opt in or out of the export tariff rate, once per year, and with support from Gen Community Ventures, will optimise the export revenue by seeking the highest unit rates.

The key operational expenditure is:

1. Payments to British Gas Solar for the delivery of the O&M contract
2. Payments to reserve and maintenance accounts
3. Payments to Gen Community Ventures for managing the assets

The financial projections are based on the following key assumptions:



Financial information

- Averaged net energy yields for the residential solar assets are 866kWh/kWp and 841kWh/kWp for the non-domestic solar assets
- Retail Price Index long term average of 2.5%
- The average performance degradation of the solar panels is 0.4% per year
- All FIT and PPA income will increase with RPI each year
- There is a 50% correlation between RPI and UK LIBOR
- The solar assets continue to be insured for risks and loss of income
- The bond capital will be refinanced on maturity at a rate lower than 6% + RPI
- This bond offer will raise a maximum amount of £1.2m

Senior borrowing and intercreditor arrangements

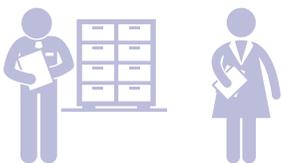
Energise Barnsley is finalising the loan and security documentation for up to £1.5m of senior debt finance from Charity Bank. The Charity Bank debt will be provided for an 18-year term, fully repaid over the period.

Both the Charity Bank and the Ignite debt are senior to the bond. This means that payments to Charity Bank and Ignite will take priority over (and can be paid in advance of) payments to bondholders (including in respect of principal and interest). However, payment of interest to the bondholders will be paid out of trading cashflows ahead of interest and principal payments on the Ignite debt, but not the Charity Bank debt. Any remaining cash surplus will be applied by the community fund to further the Society's objectives.

As is usual for intercreditor arrangements of this nature, whilst the senior debt finance from Charity Bank is outstanding:

- the bondholders (through a bond trustee) will be prevented from demanding repayment of the bonds or taking any enforcement action against Energise Barnsley, without Charity Bank approval; and
- payment to bondholders (including in respect of principal and interest) may be prevented by Charity Bank upon the occurrence of default events under the terms of the Charity Bank debt.

Further details of these intercreditor arrangements are set out in the Intercreditor Principles Paper, available to review on written request.



Project contracts

Key project contracts have been written and/or advised on by Eversheds LLP (www.eversheds.com). All documents are available to view on written request.

Summary of key project documents:

| Contract | Purpose | Status |
|--|--|--|
| Solar concession / airspace roof lease agreement | Governs contractual relationship between Energise Barnsley and Barnsley Metropolitan Borough Council for solar panels occupying roof space. | License signed. Lease template agreed, to be registered per site. |
| Property occupier agreement | Non-binding agreement setting out terms and conditions between Energise Barnsley and tenants benefitting from solar PV installations. | In place. |
| Power purchase agreement | Sets out commercial terms of sale of power from Energise Barnsley to the landlord | Agreed (schedule to airspace roof lease). |
| Engineering procurement construction agreement | Governs contractual obligations and technical warranties regarding solar PV installation, between Energise Barnsley and British Gas Solar. | Residential EPC signed. Commercial EPC signed. |
| Feed in Tariff agreement | Sets out terms and conditions of FiT registration and payment from British Gas Solar to Energise Barnsley. | Managed under the EPC contracts with British Gas Solar. |
| Operation and maintenance agreement | Governs contractual obligations and technical warranties regarding solar PV operation, between Energise Barnsley and British Gas Solar. | Residential O&M signed. |
| Management agreement | Governs contractual obligations between Energise Barnsley and Gen Community Ventures for development and asset management services, including registrar services in respect of the bond. | Management agreement signed. |



Bond instrument and payment of interest

Energise Barnsley may issue debt instruments with an interest rate (a coupon rate) on an investment at a rate sufficient to obtain and retain the capital required to carry out its objectives.

The bonds are an unsecured investment and rank behind secured/preferential creditors.

Interest payments will start accruing from the date of issuing of bond certificates.

Interest will be paid annually on, or shortly after 31st October each year from 2017 onwards and so long as the investment is held. Capital will be returned on or shortly after October 2021. Your money will be tied up for the full term unless you are able to sell the bond to another investor. Energise Barnsley may be able to facilitate a sale if that is required, but there may be cost implications and neither the sale nor the price you receive will be guaranteed.

The projected interest rate will be 5% per annum for a five-year term.

Bondholders may have the opportunity to refinance their investment at the end of year five, through a new Bond issue, at the discretion of the Directors

Energise Barnsley does have the option to redeem the bonds early, in whole or in part, at any point and without penalty. However, Energise Barnsley must give bondholders at least 90 days' notice. The Directors do not intend to redeem the bonds during the five-year term. The Directors have planned for the possibility that the bonds could be re-financed after the five-year term of the bond.

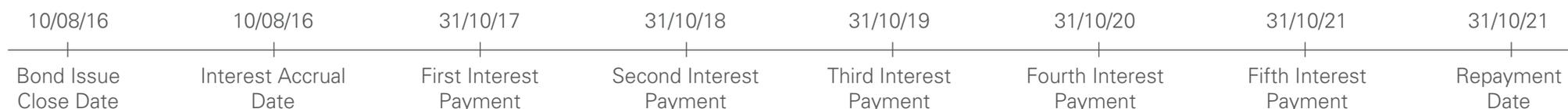
Wrigleys Trustees Limited (WTL) will act as bond trustee for the bondholders. This means that WTL holds the bondholders' rights in respect of the bond on trust for them and will, subject to suitable indemnification (i.e. being put in funds) but subject to the terms of intercreditor arrangements with Charity Bank and Ignite, enforce those rights on instructions from the bondholders. Gen Community Ventures will act as registrar of the bonds.

Further details of the terms and conditions of the bonds, including the role of WTL (as bond trustee) and Gen Community Ventures (as registrar) are set out under the heading 'Terms and conditions' below.

Please note that despite the measures taken to minimise the investment risks neither the rate of interest nor the return of the investment can be guaranteed. We have outlined a range of identified risks, and you should consider these and our assumptions carefully before applying for this bond offer.

These bonds are not 'savings bonds' and so are not covered by the Government's Financial Services Compensation Scheme. These bonds are more risky than savings, and you should consider these risks carefully before investing.

Anyone over the age of 18 may apply for the bonds and you do not have to be existing members of Energise Barnsley to apply. Indeed, in applying for bonds you can apply to become a member of Energise Barnsley. Co-operatives, community benefit societies, companies and other incorporated associations may also apply for the bonds.



Key risks and mitigation

Key risks and how they are managed

The major risks affecting the project are outlined below. This may not be an exhaustive list or a complete explanation of all the risk factors involved and it is worth noting that Energise Barnsley future performance might be affected by changes in market or economic conditions and changes in legal, regulatory and tax regimes affecting Energise Barnsley.

It is important to consider the risks carefully before you decide to invest.

Regulation

Energise Barnsley is a Community Benefit Society registered with the Financial Conduct Authority. The issue by Energise Barnsley of the Offer Document is an exempt financial promotion under the Financial Services and Markets Act 2000 and subsidiary regulations

A Community Benefit Society is registered with, but not authorised by, the Financial Conduct Authority and therefore the money you pay for your bond is not safeguarded by any financial services compensation scheme, or dispute resolution scheme.

An investment in the Bond offered in this Offer Document carries risks and you may lose the whole value of your investment. Please consider it carefully in the context of this Offer Document and if needed, seek independent advice from an independent financial advisor or other person experienced with investments of this type.

Principal risk factors

| Risk | Mitigation |
|---|---|
| The solar assets may not perform as well as forecasted. | The solar assets performance ratio is warranted by British Gas Solar, backed by a Parent Company Guarantee from BG Gas Holdings Ltd. If the solar assets do not achieve the contracted performance ratio in the first 12 months of operation British Gas Solar will compensate Energise Barnsley for the lost income, by paying Performance Ligated Damages (PLDs). If in the second year, the assets continue to underperform, British Gas Solar will pay PLDs to Energise Barnsley for the value of the future reduction in income. |
| Energise Barnsley may be unable to raise enough capital to complete the purchase of the solar assets. | Energise Barnsley has contingencies in place to replace a potential shortfall through the loan from Ignite, and may use additional senior debt finance if required. |
| Operational costs may rise faster than anticipated. | Energise Barnsley has signed fixed-price contracts for operations and maintenance, which include an allowance for parts. |

Key risks and mitigation

Principal risk factors, continued

| Risk | Mitigation |
|---|--|
| There may be interruptions to the generation of electricity from the solar assets, caused by damage to or mechanical/electrical failure of equipment. | Installations will be insured for damage, breakdown and loss of income. |
| Tenants may wish to purchase their house from the Council through the Right to Buy Scheme, or buildings may be demolished before the end of the 20-year lease period. | <p>The solar license signed between Energise Barnsley and the Council, enables tenants to enter into a solar lease with Energise Barnsley and continue within the scheme, or alternatively the tenant can purchase the solar PV system at the pre-determined "termination" price, which compensates Energise Barnsley for the lost future income.</p> <p>For any buildings which are demolished, Energise Barnsley is paid the termination price for the solar asset by the Council, to compensate for the future lost income.</p> |

| Risk | Mitigation |
|--|---|
| Changes in Government legislation may affect the profitability of future renewable energy projects undertaken by Energise Barnsley. | <p>The residential solar assets are operational and registered with OFGEM for the Feed-in Tariff (FIT) whilst the non-domestic solar assets have been pre-accredited with OFGEM. This means that they will receive the FIT for 20 years once the solar assets have been commissioned and registered by British Gas Solar.</p> <p>This risk would therefore only relate to future investments that are not part of this bond offer. Energise Barnsley will assess each future project on its own financial merits at the time.</p> |
| Liquidity – the bonds will not be tradeable on a recognised exchange and are therefore non-readily realisable. | Bondholders may be able to buy and sell bonds via ethex.org.uk (although applicants should be aware that there is no guarantee that a willing buyer will be found). |
| Repayment – Energise Barnsley's ability to repay the bonds on 31 October 2021 or at all is dependent on the continued success of its business model. | The Directors are planning to refinance the bonds in 2021. |



Terms and Conditions of the Bonds

£1,200,000 5% Interest Bonds due 2021 (“**Bonds**”) of Energise Barnsley Limited (“**Issuer**”). The Bonds are constituted by an instrument (“**Instrument**”) between the Issuer, Generation Community Ventures Limited (“**Manager**”) and Wrigleys Trustees Limited (“**Bond Trustee**”) as trustee for the holders of the Bonds from time to time (“**Bondholders**”). These terms and conditions (“**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Instrument, which includes the form of the Bonds.

1 Form, Denomination and Title

- (a) **Form and Denomination:** The Bonds are in registered form and represented by registered certificates (“**Certificates**”) in denominations of £100 and integral multiples thereof. Each holder will be issued with a certificate or certificates to an aggregate of the entire holding of that holder.
- (b) **Title:** Title to the Bonds shall pass by registration in the register that the Manager shall keep (and that the Issuer shall procure is kept) (“**Register**”). The holder of any Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.
- (c) **Transfer of Bonds:** One or more Bonds may be transferred upon the surrender (at the specified office of the Manager (or such other person as the Issuer may direct (with the consent of the Bond Trustee))) of the Certificate representing such Bonds to be transferred, together with the form of transfer endorsed on such Certificate, duly completed and executed and any other evidence as the Manager and/or the Issuer may reasonably require. In the case of a transfer of part only of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. However, a Bond may not be transferred unless in respect of any transfer which is chargeable to UK stamp duty, the Issuer has received a duly stamped form of transfer.
- (d) **Intercreditor Deed:** the Instrument and the Issuer’s, the Bond Trustee’s and the Bondholders’ rights and obligations in relation thereto are subject to the intercreditor deed to be entered into between (1) Charity Bank Limited, (2) Ignite Social Enterprise LP acting by its general partner Centrica Ignite GP Limited (“**Ignite**”), (3) the Issuer and (4) the Bond Trustee (“**Intercreditor Deed**”).

2 Status and Priority

- (a) **Status of the Bonds:** The Bonds constitute unsecured obligations of the Issuer.
- (b) **Priority:** The Bonds are subject to the Intercreditor Deed, which provides that they are contractually subordinated to certain liabilities of the Issuer to Charity Bank Limited and Ignite. The Bonds shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future

unsecured and unsubordinated obligations and in priority to any payments to members of the Issuer as interest payments on members’ share capital.

- 3 **Negative Pledge:** Except as provided in the Intercreditor Deed, the Issuer shall not create or allow to exist any mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having a similar effect on the whole or any part of its businesses, assets, properties and/or undertakings.
- 4 **Interest**
 - (a) Until the Bonds are repaid in accordance with the Conditions, interest on the principal amount of the Bonds shall accrue at the rate of 5% per annum.
 - (b) On and from 31 October 2017, the Issuer shall pay accrued interest to the Bondholders in cash and in arrear on 31 October in each year (or, if such date is not a business day (being a day, other than a Saturday or Sunday on which banks are open for business in London (“**Business Day**”)), on the next Business Day).
 - (c) Interest shall be calculated on the basis of the actual number of days elapsed in the relevant period and a 365 day year.
 - (d) If the Issuer fails to pay any amount of interest or principal on any Bond when such amount is due, interest at the rate applicable under the Conditions plus the Retail Prices Index (as published by the Office for National Statistics) and 1% shall accrue on the unpaid amount from the due date until the date of payment.
 - (e) Interest on any Bonds repaid by the Issuer in accordance with these Conditions shall cease to accrue as from the date of such repayment.
- 5 **Final Redemption:** Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 31 October 2021 (or, if such date is not a Business Day, on the next Business Day) together with any accrued and unpaid interest.
- 6 **Redemption at the Option of the Issuer:** The Issuer may at its option, having given not less than 30 nor more than 90 days’ notice to the Bondholders, redeem the Bonds in whole or in part at their principal amount (together with accrued interest thereon). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.
- 7 **Notice of Redemption and Drawings:** All Bonds in respect of which any notice of redemption is given under Condition 6 shall be redeemed on the date specified in such notice in accordance with Condition 6. In the case of a partial redemption the Bonds to be called for redemption shall have been drawn in such place as the Bond Trustee may approve and in such manner as it deems appropriate.
- 8 **Purchase:** The Issuer may at any time purchase Bonds from individual Bondholders without making a general offer to Bondholders at any price. The Bonds so purchased, while held by or on behalf of the Issuer shall not entitle the holder to vote at any meetings of the Bondholders or for the purposes of Condition 16.

Terms and Conditions of the Bonds

- 9 Cancellation:** All Bonds so redeemed or purchased will be cancelled and may not be re-issued or resold.
- 10 Method of Payment:** Payments of principal or interest or other payments on the Bonds will be made to the persons shown in the register of owners of the Bonds ("**Register**"). Each such payment will be made by electronic bank transfer to a bank account nominated by the Bondholder in the application form (or as otherwise notified to the Issuer in writing no less than five Business Days prior to the date of such payment).
- 11 Payments Subject to Laws:** All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 13. No commissions or expenses shall be charged to the Bondholders in respect of such payments.
- 12 Payments on Business Days:** A Bond may only be presented for payment on a day which is a Business Day in the place of presentation.
- 13 Taxation:** All payments in respect of the Bonds shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the United Kingdom or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event the Issuer shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. The Issuer shall not be obliged to make any additional payments to holders of Bonds in respect of any withholding or deduction.
- 14 Events of Default:** If any of the following events occurs and is continuing the Bond Trustee at its discretion may, and if so requested by holders of at least three-quarters of the total number of Bondholders or if so directed by a resolution passed at a meeting duly convened and held in accordance with the Instrument by a majority of at least 75 per cent. of the votes cast ("**Extraordinary Resolution**") shall (subject in each case to the Bond Trustee being indemnified and/or secured and/or prefunded to its satisfaction), give notice to the Issuer that the Bonds are, and they shall immediately become, due and payable at their principal amount:
- (a) **Non-Payment:** the Issuer fails to pay any amounts due on any of the Bonds when due and such failure continues for a period of seven days;
 - (b) **Breach of Other Obligations:** the Issuer does not perform or comply with any of its other obligations in the Instrument which default (a) is incapable of remedy or, if in the opinion of the Bond Trustee capable of remedy, is not in the opinion of the Bond Trustee remedied within 30 days after notice of such default shall have been given to the Issuer by the Bond Trustee and (b) in the opinion of the Bond Trustee is materially prejudicial to the interests of the Bondholders;
 - (c) **Cross-Default:** (i) any other present or future indebtedness of the Issuer for or in respect of monies borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual event of default (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any monies borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 14(c) have occurred equals or exceeds £10,000;
- (d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer, and in any such case not being discharged within 30 days;
 - (e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver administrator or other similar person);
 - (f) **Insolvency:** the Issuer is (or is, or could be, deemed by law or a court to be) insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer;
 - (g) **Winding-up:** an administrator or similar official is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer, or the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Bond Trustee or by an Extraordinary Resolution of the Bondholders;
 - (h) **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under the Instrument; or
 - (i) **Instrument:** the Instrument is not, in whole or (in the opinion of the Bond Trustee) in any material part, (or is claimed by the Issuer not to be) in full force and effect.
- 15 Replacement of Bonds:** If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Manager (or such other person as the Issuer may direct (with the consent of the Bond Trustee)) subject to all applicable laws, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Manager and/or the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

Terms and Conditions of the Bonds

- 16 Meetings of Bondholders:** The Instrument contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Instrument) of a modification of any of these Conditions or any provisions of the Instrument. Such a meeting may be convened by not less than 10 per cent. of the total number of Bondholders. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more Bondholders being or representing a clear majority of the total number of Bondholders, or at any adjourned meeting two or more Bondholders, unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the maturity of the Bonds, (ii) to reduce or cancel the principal amount of the Bonds, (iii) to make any modification as to the calculation, amount or due date of interest in respect of any Bonds, and (iv) to change the currency of payment of the Bonds or (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be not less than 75 per cent. of the total number of Bondholders, or at any adjourned meeting not less than 25 per cent. of the total number of Bondholders. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).
- 17 Written resolutions:** The Instrument provides that a resolution in writing signed by or on behalf of all the Bondholders shall for all purposes be as valid and effective as an Extraordinary Resolution of the Bondholders.
- 18 Modification and Waiver:** The Bond Trustee may agree, without the consent of the Bondholders to (i) any modification of any of the provisions of the Instrument which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Instrument), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Instrument which is in the opinion of the Bond Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, if the Bond Trustee so requires, such modification shall be notified to the Bondholders as soon as practicable.
- 19 Entitlement of the Bond Trustee:** In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Bond Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Bond Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.
- 20 Enforcement:** Subject always to the terms of the Intercreditor Deed, at any time after the Bonds become due and payable, the Bond Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Instrument and the Bonds, but it need not take any such proceedings unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by at least one-fifth of the total number of Bondholders, and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Bondholder may proceed directly against the Issuer unless the Bond Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.
- 21 Non-Petition:** No Bondholder may take any corporate action or other steps or legal proceedings for the winding-up, dissolution, arrangement, reconstruction or reorganisation of the Issuer or for the appointment of a liquidator, receiver, administrative receiver, administrator, trustee, manager or similar officer in respect of the Issuer or over any or all of its assets or undertaking.
- 22 Indemnification of the Bond Trustee:** The Instrument contains provisions for the indemnification of the Bond Trustee and for its relief from responsibility. Each Bondholder agrees and acknowledges such indemnification and relief from responsibility. The Bond Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit. The Bond Trustee may rely without liability to Bondholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert or adviser, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Bond Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Bond Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Bond Trustee and the Bondholders.
- 23 Liability of the Bond Trustee:** Each Bondholder agrees and acknowledges the limitations on the Bond Trustee's liability set out in the Instrument and these Conditions.
- 24 Notices:** Notices to Bondholders will be mailed to them at the respective addresses in the Register and deemed to have been given on the second Business Day after the date of mailing.
- 25 Contracts (Rights of Third Parties) Act 1999:** No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.
- 26 Governing Law:** The Instrument and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by English law.

Glossary

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| Applicant | An applicant for Bonds through submission of an application form. | MWh (megawatt hour) | A unit that measures energy and is equal to 1000 kWh (see above). |
| Application form | The form in this Offer Document which must be completed and be returned in accordance with the terms and conditions of this offer and the guidance notes. | Offer Period | The period during which the Bond Offer will remain open (including any extension) as set out in the offer timetable in this document. |
| Application monies | The total gross sum realised by the Bond Offer. | Project | The proposed ownership and operation by Energise Barnsley of rooftop PV systems on housing owned by the Council. |
| Board | The board of directors of Energise Barnsley Limited. | Projections | The financial projections for Energise Barnsley set out in this Offer Document. |
| Bond Offer | The offer of bonds in Energise Barnsley contained in this Offer Document. | PV-photovoltaic | The technology used in the solar panels which converts sunlight into electricity. |
| Council | Barnsley Metropolitan Borough Council. | Rules | The rules of Energise Barnsley are the 'Community Energy Model Rules 2015' of Gen Community and are available on request. |
| Directors | The directors of Energise Barnsley Limited. | Terms and Conditions | The terms and conditions of the Bond Offer contained in and constituted by this Offer Document. |
| FIT (Feed in Tariff) | An incentive for micro generation up to 5MW introduced by HM Government on 1st April 2010 under powers from the Energy Act 2008. | The PV installation | The PV panels, inverters and all associated equipment that are being installed on the roofs of the Council properties. |
| kW (kilowatt) | A unit that measures power and is equal to 1000 Watts. | | |
| kWh (kilowatt hour) | A unit that measures energy and is equal to the energy that can provide the power of 1kW for the period of one hour. | | |
| Energise Barnsley | Energise Barnsley Limited c/o Barnsley MBC, PO Box 634, Barnsley S70 9GG (Registered Society number 7180). | | |

Bond application

To buy bonds and become a member of Energise Barnsley you should apply online through the Ethex website www.ethex.org.uk/eb where our bond offer is listed. This is our preferred method. It is a paperless process and is the most efficient mechanism for investing. Alternatively, you may use this form.

Amount to invest

You may invest a minimum of £100 if a Barnsley resident (postcode S70 through to S75) or a minimum of £1,000 for all other investors. The maximum investment is £500,000. Each bondholder will have one vote at a bondholder meeting, regardless of the size of investment.

By investing in this Bond Offer you may become a member of Energise Barnsley for the additional sum of £1. Please add the £1 to your investment, e.g. £1,001 if you wish to become a member, in addition to becoming a bondholder.

I/We wish to invest a total amount of £

In Energise Barnsley under the Terms and Conditions of the Bond Offer.

Applicant details

Title (Mr/Mrs/Ms/other):

Forenames:

Surname:

Date of Birth:

Company name (if appropriate):

Address:

Town:

County:

Postcode:

If you have been at the address above for less than 3 years please provide your previous address below:

Please provide a daytime telephone number in case of queries relating to this application:

Please provide your email address:

Where did you hear about the share offer?:

To keep costs to a minimum and save resources we will communicate with you mainly by email. Please tick this box if you are happy for us to do so.

Bond Application

I/We confirm my/our understanding that:

This application, if and when accepted by Energise Barnsley, forms a contract subject to English law on the terms and conditions of the bond offer document.

If insufficient funds are raised by the Bond Offer, application monies will be returned.

I/We confirm that

I/We have read the bond offer document, including the risk factors.

To the extent that I/we am/are an individual, I/we am/are over 18 and will give proof of my/our identity and address if the directors ask for it. They may need to do this for anti-money laundering purposes. The directors may have to hold my/our bonds until they see this.

I/We am/are not relying on any information, which is not included in the bond offer document.

Signature:

Date:

Data Protection

In signing this form I/we confirm that Energise Barnsley may hold any personal data submitted in this form in accordance with the Data Protection Act 1998.

Such personal data may be disclosed to Energise Barnsley Limited's agents and others in connection with this application and the Bond Offer (including Wrigleys Trustees Limited (as bond trustee) and Gen Community Ventures (as registrar).

Declaration

Holding bonds on behalf of children

If you wish to hold bonds on behalf of someone who is under 18, please fill in that person's details below.

Forenames:

Surname:

Date of birth:

Town/city:

Postcode:

Bond Application

Nominee appointment form

This form should only be completed if you wish to nominate a person (or persons) to receive your bonds on your death.

Please name your choice of nominee(s) below.

Full name(s):

Address:

Town/city:

Postcode:

(We will use this address when we write to you)

You can nominate a person (or persons) to whom you wish your bonds to be transferred on your death. If this form does not provide for your requirements you may write to us separately with your individual instructions.

We will respect those wishes, providing they are clear and so far as the law and Energise Barnsley's Rules permit. If you are a joint holder and you do not wish your holding to pass to the other joint bondholder(s) then you must complete this form. You may nominate a person (or persons) to whom you wish your joint bondholding to be transferred on your death.

I understand that it may not be possible for Energise Barnsley to action this request and I and my heirs will not hold Energise Barnsley responsible for its actions.

I understand that these instructions can only be revoked or amended by my giving clear written instructions to the Secretary of Energise Barnsley at the registered office.

I understand that trustees will need to be appointed if my nominee is under 18 years of age.

Signed:

Date:

Please return with your application form to: Energise Barnsley Limited, c/o Ethex, The Old Music Hall, 106-108 Cowley Road, Oxford OX4 1JE

For corporate membership

Please attach on a separate sheet the Company Registration number, registered office address (if different from applicant details) name personal address and date of birth of each director/trustee.

Name to appear on the bond certificate:

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Further information

Complaints – Any complaints about the Bond Offer, or about the bonds should be sent to the Chair of Energise Barnsley at c/o Barnsley MBC, PO Box 634, Barnsley, S70 9GG. Reference may also be made to the Financial Ombudsman Service at Exchange Tower, London E14 9SR or by visiting www.financialombudsman.org.uk

If you wish to invest online, please visit www.ethex.org.uk/eb

Please call 01865 403 304, or email help@ethex.org.uk if you have any questions with regard to investing in this bond.

Energise Barnsley, c/o Barnsley MBC, PO Box 634, Barnsley, S70 9GG



Energise Barnsley is a Community Energy 2016 Finalist at the Renewable Energy Association awards

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