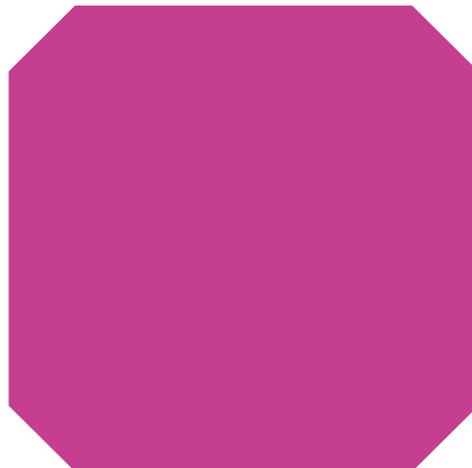




Solar Bond

Closing date: 31st January 2016



“I wanted to do something about global warming”

Richard, Investor

IMPORTANT NOTICE

This offer has been prepared by Bristol Community Energy Limited (“BCE”) and its Directors, who are responsible for its contents. BCE trades as Bristol Energy Cooperative. This offer is published in accordance with the Financial Services and Markets Act 2000. It has been approved as a financial promotion for the purposes of Section 21 of that Act by Bates Wells & Braithwaite London LLP, a firm of solicitors authorised and regulated by the Financial Conduct Authority (registered FCA number 466148). It is for use only by BCE and potential applicants for the bonds. Bates Wells & Braithwaite London LLP is not providing advice to any potential applicant or to any other person as a recipient of this document or otherwise.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities law of such jurisdictions.

An application to invest in the bonds may only be made through Ethex, a not for profit organisation operating an online platform for positive investments. This offer is made available on the basis that any investment can only be made via **ethex.org.uk**.

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

This is because it is an Enterprise Scheme, which is exempt from regulation in arranging financial deals provided it is not acting for financial gain. Further information can be found at **ethex.org.uk/bristolbond**.

If you have a query about how to apply for this offer, please visit Ethex.org.uk or contact Ethex on **01865 403 304** or by email at **help@ethex.org.uk**.

For general queries about this offer, please contact BCE on **07503 372 689** or email **invest@bristolenergy.coop**.

You should not apply for any bonds except on the basis of information set out in (a) this offer document and (b) the terms and conditions on ethex.org.uk. Before applying you are advised to read the whole of this offer document, including the risks set out in pages 20 and 21 and the terms and conditions regarding this offer at ethex.org.uk/bristolbond. You should consider taking appropriate financial and other advice before making any investment decision.

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1 | CHAIR'S WELCOME

I'm delighted to introduce to you Bristol Community Energy Limited's (BCE) first bond offer to fund a 4.568MWp¹ solar farm at Puriton, south of Bristol.



BCE has been developing community-owned, environmentally friendly energy generation since 2011, including the installation of solar PV panels on the roofs of six community buildings in Bristol.

BCE is now expanding

its activities to develop a solar PV programme of:

- a 500kWp series of solar roof installations;
- a 4.2MWp solar farm on the eastern edge of Avonmouth near Lawrence Weston, at the junction of the M5 and M49 motorways; and
- the solar farm at Puriton being funded using the proceeds of this offer.

Altogether, this solar PV programme is estimated to generate an average of 9,300 MWh of electricity each year. This is enough to power 2,270 average UK homes and save more than 100,000 tonnes of CO₂ over the 25-year lifetime of the programme.²

The total projected cost of the programme is £10.65m. We have secured finance offers from commercial lenders for part of this cost, and we have a parallel share offer seeking £2.8m of equity funding from people in the community looking for a long term investment.

We aim to raise the balance – **£2.662m** – by offering this three-year bond, which has an interest rate of **6% per annum** and will be used to complete the financing package for the Puriton solar farm.

The bond is designed to give people from anywhere in the UK the opportunity to:

- participate in the development of local, renewable energy resources;
- support the re-investment of surplus profits back into local communities;
- help reduce the impact of climate change, strengthen local energy supplies and improve energy security;
- earn interest on your bond at a rate of 6%, compounded each year and paid after 3 years. The bond also offers the option to extend beyond 3 years on a rolling annual basis, offering a rate of 5% per annum.

Your support will help us develop community-owned projects that generate clean, renewable energy and deliver significant, long-term, community benefit. In this year when Bristol is European Green Capital city, I hope you will give this bond offer serious consideration.

Peter Thompson

Chair, Bristol Community Energy Ltd

¹MWp, or megawatts-peak, is a measure of the power output of a solar photovoltaic (PV) installation, under peak irradiance conditions; on less sunny days the output will be less.

²DECC "Energy consumption in the UK (2015)"

2 | KEY FACTS

The key facts of the offer are:

Bond:	Debt instrument issued by BCE under this offer
Purpose:	To fund the purchase of Puriton solar farm
Maximum sum to raise under this offer:	£2,662,000
Interest:	6% per annum, paid gross after 3 years. Interest will be compounded over this period. If extended, interest will accrue thereafter at 5% on an annual basis, paid each year.
Maturity:	<ul style="list-style-type: none"> • 3 year initial term to 31 January 2019 • bonds are redeemable in full on the bondholder giving three months' notice prior to 31 January 2019 (ie, before 31 October 2018); or • (subject to BCE's right to redeem the bond early) bondholders may opt to extend beyond the 3 year initial term on an annual basis.
Minimum investment per applicant:	£500, or higher multiples of £100 (1 bond = £100)
Timetable:	The offer will remain open to applications up to the value of the maximum sum, or until 31 January 2016, whichever is the earlier. The Directors may extend the offer period up to 31 March 2016 at their discretion.
Eligibility:	Anyone over the age of 18 may apply for the bonds and you do not have to be existing members of BCE to apply. Co-operatives, community benefit societies, companies and other incorporated associations may also apply for the bonds.
How to apply:	Applications can only be made via www.ethex.org.uk/bristolbond

Any decision to apply for the bonds should be based on consideration of the offer document as a whole, including the risks set out at pages 20 and 21 and the terms and conditions of the offer provided at ethex.org.uk/bristolbond.

Technical and other words and phrases used in this offer document with a particular meaning are defined and explained in the Glossary.

No advice on investments is given in this offer document, or by the promoters in relation to it. If any person has any doubt about the appropriateness or suitability of the investment which is the subject of this offer document he/she should contact an appropriate authorised person for advice on investments.

Any complaints about this offer or about the bonds should be sent to the Chair of BCE, Peter Thompson, at Happy City Hub, 1st Floor, Canningford House, 38 Victoria St, Bristol, BS1 6BY. Reference may also be made to the Financial Ombudsman Service at Exchange Tower, London E14 9SR or by visiting <http://www.financial-ombudsman.org.uk/>.

3 | BRISTOL COMMUNITY ENERGY AND ITS PARTNERS

BCE

BCE was formed in 2011 by people from a number of community energy groups across the city.

It is a community benefit society registered with the FCA with registration number 31313R.

BCE's purpose is to:

- enable meaningful cuts in carbon emissions, and reduce dependence on unsustainable sources of energy;
- fund and implement renewable energy and energy efficient measures, in collaboration with communities and businesses; and
- work co-operatively with communities to make carbon reduction technologies available to all, regardless of financial resources, and support mutual action to respond to the challenges of climate change.

BCE ran its first share offer in 2012, and used the money to fund the installation of solar panels on three community buildings – Hamilton House, Knowle West Media Centre and Easton Community Centre.

In 2014, BCE's second share offer raised money to install solar panels at the Bristol Folk House, Mill Youth Centre and South Bristol Sports Centre.

BCE is an active voting member organisation of the Bristol Energy Network (BEN), an umbrella organisation for all grassroots initiatives broadly engaged in energy and sustainability issues in the Bristol region. Member groups include community energy groups in urban Bristol and others such as Low Carbon Gordano, Sustainable Thornbury and the Marshfield Energy Project.

BEN members enabled BCE to find its first buildings for community solar, and are helping to provide a pipeline of further buildings and other projects.

What makes us different from a typical commercial enterprise?

As a community benefit society, our model democratises energy ownership. There is one-member-one-vote irrespective of shareholding, and a strong participatory ethos. All members have an equal say in the strategic development of BCE through general meetings, and members can get further involved through joining working groups and standing for election to the Board.

Our constitution is in the form of Rules registered with and approved by the Financial Conduct Authority.

You can view our Rules at www.bristolenergy.coop.

Our Rules forbid the sale of our assets to commercial organisations or the distribution of surpluses to members should BCE be wound up, and we are bound by them to act for the benefit of the community. We do this in a number of practical ways:

- Our existing and future solar installations help communities reduce their energy bills and use green energy, thereby cutting carbon emissions.
- We promote the benefits of community energy and 100% renewable energy. We run an energy-switching scheme, produce regular newsletters and provide volunteering opportunities. We run community energy skills days and activities in Bristol's Big Green Week.
- We contribute revenue from our projects to a community benefit fund. BEN has been the recipient of our community benefit payment thus far and its current projects include:
 - A pilot that uses thermal imaging to highlight areas of heat loss in residents' homes. It has the triple aim of lowering energy consumption, saving householders money and reducing the carbon footprint of the homes.
 - Free advice sessions covering energy deals, bill management, energy reduction and how to maximise energy savings. Graduates of the course are offered a free home energy audit to help apply their new skills and receive free insulation materials.

BCE community fund

The provision of significant community benefits is central to BCE's vision. One of the ways BCE will achieve this is to make financial contributions to the BCE community fund. It is projected that, subject to sufficient funds being available, over the course of the whole solar PV programme, up to **£4.2m** will be contributed to the BCE community fund, which equates to 13% of the total solar PV programme revenue over 25 years.

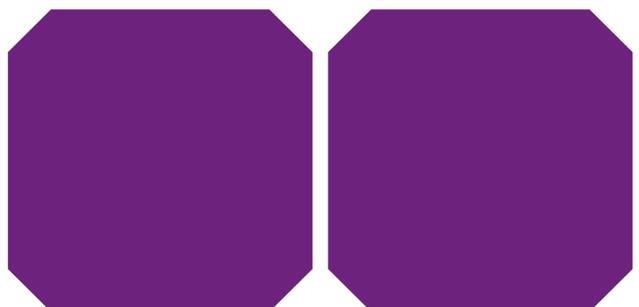
A portion of the revenue generated by the Lawrence Weston solar farm will be reserved for the community

near the site for that solar farm, with the remaining community benefit from the solar PV programme being paid into the community fund. Each year BCE members will vote at the AGM on how to allocate the monies in the fund for that year. BEN is expected to receive a proportion of the funds.

BCE will establish a committee to ensure that community benefit monies are distributed in accordance with: the funding decisions made at each AGM; any funding agreements made while developing particular projects; and BCE's core aims.

“This empowers a lot of people and makes you feel very good that you are doing something”

Alexandra
Pickford, Investor



Our partners

Bristol City Council



Bristol City Council is a key partner to BCE. It has long committed to promoting a more sustainable Bristol and the promotion of green energy initiatives.

Bristol City Council is the landlord for BCE's Lawrence Weston solar PV farm and will be providing the grid connection for that project.



Mongoose Energy

Mongoose Energy Limited (www.mongooseenergy.coop) is a company,

majority-owned by a cooperative of its client community benefit societies, that works with commercial developers and investors to identify, develop, build and manage community-owned renewable energy projects. Mongoose was formed early in 2015 by the same team that successfully grew Bath and West Community Energy (BWCE), now a Mongoose member, to become an award-winning forerunner in the community energy sector.

Working with its partner community benefit societies – of which BCE is one – Mongoose has helped raise nearly £21m investment into community energy projects over the past year, and is currently managing over 27MWp of renewable energy projects on behalf of its partners with a further 37MWp coming on stream by June 2016.

Mongoose is working with BCE to help with the preparation and promotion of this bond offer and the parallel share offer; on the management of the development of the 4.2MWp solar farm in Lawrence Weston; and to facilitate the transfer of the 4.568MWp Puriton solar farm from its current owner into community ownership as part of BCE's solar programme.

Mongoose carries out its work on an at risk basis and only recovers its development costs and earns income when an offer is successfully funded. This means that BCE has no liabilities associated with work carried out by Mongoose or others on Mongoose's behalf before the successful close of this bond offer or the share offer.

Ethex



Ethex (www.ethex.org.uk) is a not-for-profit, web-based investment platform designed to "make positive investment easy

to understand and easy to do". Ethex will be promoting the share offer and the bond offer and acting as receiving agent; that is, investors wishing to make an investment in BCE will do so via the Ethex website.

Ethex is registered with HMRC for anti-money laundering regulation. This is so that it can receive money from investors and pass it on to the businesses receiving investment. All money received from investors is held in a separate account, meaning that it is separated from Ethex's own funds. All Ethex Directors have undertaken a 'fit and proper test', as part of the HMRC registration process.

Ethex is not required to be authorised by the Financial Conduct Authority in so far as it provides information on or arranges deals in investments. This is because it is an Enterprise Scheme, which is exempt from regulation in arranging financial deals when not for pecuniary gain, as specified in the Financial Service and Markets Act 2000 (Exemption) Order 2001 at paragraph 40.

4 | PURITON SOLAR FARM

How does solar PV technology work?

Solar photovoltaic (PV) systems capture the sun's energy using photovoltaic cells. Solar PV cells are made from layers of semi-conducting material, usually silicon. When light shines on the cell it creates an electric field across the layers. The stronger the sunshine, the more electricity is produced, but the PV cells don't need direct sunlight to work – they can still generate some electricity on a cloudy day. Cells are grouped together in panels or modules that can either be mounted on a roof or on the ground. In the case of the Puriton solar farm, the panels will be mounted on steel frames sitting on shallow piles driven into the ground.

Since solar PV cells convert sunlight into DC electricity, inverters are used to convert this into high-voltage AC electricity, which is then connected to the local distribution network.

Solar PV is a well-established and proven technology – at the end of 2014 the International Energy Agency reported that just over 175 GW of solar PV was installed around the world.

Many solar PV projects benefit from financial assistance from government renewable energy schemes, including the Feed-in-Tariff scheme (FiT). FiT aims to support individuals and organisations, including communities, to generate low-carbon electricity using small-scale installations. It is comprised of two elements – a generation tariff and an export tariff.

Once a project has been accredited under the FiT scheme by Ofgem, the relevant generation tariff and export tariff are secured for a period of 20 years of operation. Although there have been some recent government proposals to reduce the value of the tariffs, these proposals will not affect projects where pre-accreditation has already been granted by Ofgem.

Puriton Solar Farm

The solar farm is located near to Puriton, Somerset, just west of the M5 near Junction 23. Construction of the solar farm has just completed and it is now generating electricity. It is currently owned by SSB Puriton CIC, a community interest company, and has been developed by Anesco, a commercial energy services company.

The solar farm has secured pre-accreditation with Ofgem for FiT, resulting in an offer of 6.16p per kWh for the generation tariff and 4.85p per kWh for the export tariff. The price of the tariffs will be adjusted periodically by Ofgem in line with inflation (measured by the Retail Prices Index (RPI)).

As the export tariff is a 'floor price' for the price of electricity that generators can opt to accept in order to give them a predictable price for their power, the solar farm is likely to be able to gain a higher price for exporting electricity by negotiating agreements with electricity suppliers instead of accepting the export tariff. Typically, re-negotiation of agreements with electricity providers occurs annually.

How we will use the bond

BCE has negotiated with Anesco to purchase the solar farm for £5.65m. The purchase will be achieved by BCE acquiring from Anesco all the shares in SSB Puriton CIC, which owns the assets and contracts required to operate the solar farm. SSB Puriton CIC will therefore become a wholly owned subsidiary of BCE.

With Mongoose's help, BCE has been offered use of a £2.684 million loan facility from Close Brothers, an independent merchant bank based in London, in order to pay a portion of the purchase price.

4 | PURITON SOLAR FARM

The balance of the purchase price will come from two sources:

- The current BCE share offer, which is due to allocate £300,000 of the investment raised towards this project. The reason for this relatively low amount is due to changes in the EIS rules which, from mid-November 2015, preclude investments in projects like Puriton. However, BCE shares issued prior to the EIS rule change are still eligible for the EIS tax benefits.
- This BCE bond offer, which will run in parallel with the share offer, and which seeks to raise £2.662m.

SSB Puriton CIC owns the assets comprising the Puriton solar farm and will be the immediate recipient of the revenue generated by the Puriton solar farm. As a wholly owned subsidiary of BCE, it is anticipated that SSB Puriton CIC will pay dividends to BCE after meeting any costs associated with the running of Puriton solar farm and the financial projections have been formulated on this basis. As BCE is itself a community benefit society with an asset lock, dividend payments to BCE are not subject to the cap on dividends which usually applies to dividends distributed by community interest companies.

The Directors have planned for the revenue received by BCE from the Puriton solar farm to be sufficient to pay for all capital and interest on the bonds, although the Directors may use other sources of income in order to meet BCE's obligations to bondholders if necessary, and bondholders' rights will not be limited to the revenue generated by the Puriton solar farm.

5 | THE BOND

Issuer	Bristol Community Energy Limited
Maximum Sum	£2,662,000
Status	Unlisted but transferable
Maturity	3 year initial term, redeemable in full on the bondholder giving three months' notice prior to 31 January 2019. The bondholder may (subject to BCE's right to redeem the bond early) extend the bond beyond 3 years on an annual basis, when 6 months' notice will be required to redeem
Interest	6% per annum, paid gross after 3 years. Interest will be compounded over this period. If extended, interest will accrue thereafter at 5% on an annual basis, paid each year. If bondholders choose to extend beyond 3 years, interest will be paid to them at the end of the 3 year initial term in any case.
Security	Unsecured
Reporting	BCE will publish an annual report and accounts and send these to bondholders
Closing Date for Offer	31st January 2016, or up to 31 March 2016 if extended by the Directors
Transferability	The bonds are transferable and bondholders may be able to sell their bonds on a matched bargain basis through Ethex (see below)

The Bond Instrument

Bonds will be issued under the terms of the bond instrument found in Appendix 4 of this offer document. Applicants should read the bond instrument carefully to make sure they understand the terms of the bond.

Maturity

The bonds are designed to allow bondholders a choice of when to redeem their bonds and to take account of BCE's plans for re-financing the project in 3 years' time.

The bonds will have a 3 year initial term, ending on 31 January 2019. If bondholders wish to redeem their bond at that point, they must give BCE at least 3 months' notice of their intention by completing and returning the repayment notice on the reverse of their bond certificate. BCE will then be obliged to pay each bondholder their capital and the interest accrued on their bond within 30 days of 31 January 2019.

If bondholders wish to extend the term of their bond beyond the 3 year initial term, subject to BCE's decision to redeem the bond early (see below), they do not need to do anything. BCE will be obliged to automatically pay these bondholders the interest accrued on their bonds during the 3 year initial term within 30 days of 31 January 2019, but will retain the capital and the bond will continue. Interest will then accrue and be paid to bondholders annually (the interest will not be compounded after the 3 year initial term).

Bondholders will subsequently have the option in each year to redeem their bonds in full, on each anniversary of 31 January 2019, by giving at least **6 months'** prior notice to BCE (by completing and returning the repayment notice on the reverse of their bond certificate). If they do so, BCE will pay those bondholders their capital and interest accrued within 30 days of the relevant anniversary.

BCE will send reminders to each bondholder 1 month before each notice is due.

Early redemption by BCE

There is no limit to the number of years a bondholder may continue to hold their bonds after the 3 year initial term.

However, **BCE does have the option to redeem the bonds early, in whole or in part, at any point. If this occurs during the 3 year initial term of the bonds, BCE must give bondholders at least 3 months' notice. If this occurs after the 3 year initial term of the bonds, BCE must give bondholders at least 6 months' notice.**

The Directors do not intend to redeem the bonds during the 3 year initial term. The Directors have planned for the possibility that the solar farm could be re-financed after the 3 year initial term of the bond, to take account of the possibility that by that point it demonstrates a clear track record of performance, and so would be able to secure finance on better terms. If that is the case, BCE may exercise its option to redeem the bonds early, in whole or in part. If the bonds are redeemed in full by BCE,

5 | THE BOND

this would mean that bondholders would not be able to extend their bonds beyond 3 years and all bondholders would be repaid their capital and interest accrued. If the bonds are redeemed in part by BCE, this would mean that a portion of the total bonds in issue would be redeemed by reducing each bondholders capital proportionately.

If a business critical need arises, BCE also has the option to redeem the bonds, in whole or in part, at any time by giving bondholders 28 days' notice, but the Directors will only choose to do so in exceptional circumstances.

As part of its regular communications with bondholders, BCE will keep bondholders informed of any plans with regards to the refinancing of the solar farm at year 3 or otherwise.

Interest

BCE will pay 6% per annum on the capital invested in the bonds by each bondholder. The interest will be compounded during the 3 year initial term, but not thereafter. This means that, for example, during year 2 bondholders will earn interest on both their original capital investment and the interest earned during year 1.

For applicants who apply on or before 12.00 noon on 31 December 2015, interest will begin to accrue from 1 January 2016.

For applicants who apply after 12.00 noon on 31 December, but on or before 11.59 on 31 January 2016, interest will begin to accrue from 1 February 2016. (If the offer period is extended (as explained further below), applicants who apply after this time will see interest accrue on their bonds from the date of issue of their bonds).

Bondholders will have the option to continue holding their bonds after the initial term. Interest at 5%, calculated annually, will be paid to bondholders after the initial term.

BCE will not deduct any income tax bondholders may need to pay on interest from the bonds. Applicants should be aware that they will be responsible for ensuring that interest payments received are properly declared to HMRC. Further information on tax can be found in Appendix 3 to this document, but if applicants are in any doubt about their position they should consider taking appropriate financial and other advice from a suitably qualified professional.

If an applicant is not resident in the UK for tax purposes they should not proceed to invest in the bonds without first contacting BCE.

Trading your Bonds

Although the Bonds are transferable, they will not be listed on a recognised stock exchange due to the considerable costs involved. Instead, BCE has decided to partner with Ethex (www.ethex.org.uk) a specialist, not-for-profit organisation designed to support the growth and development of social and environmental businesses through the provision of a platform for investment into shares and bonds.

Through Ethex, bondholders may be able to buy and sell bonds on a matched bargain basis whereby registered sellers are matched with registered buyers. A modest charge will be applied by Ethex which can be reduced if the Bondholder opens an Ethex Member Account (providing access to other Ethex portfolio services).

BCE will not deduct any income tax bondholders may need to pay on interest from the bonds. Ethex will feature a dedicated web profile on BCE which will provide details of the organisation's governance structure and its social and financial performance as well as recent trades in the bonds and the numbers of current buyers and sellers. This will be regularly updated.

Applicants should be aware that there can be no guarantee that a market in the bonds will develop, whether through the platform provided by Ethex or at all.

Offer timetable

The offer opens on 15 December 2015 and will remain open with the aim of reaching the maximum sum – £2.662 million – as soon as possible and before 31 January 2016. The offer period may be extended to a date no later than 31 March 2016 at the discretion of the Directors.

If the offer does not reach the maximum sum, the Directors will review the options available to secure further finance in order to meet the purchase price of the solar farm, which may include an additional loan facility from Close Brothers.

How to apply for the Bonds

An application to invest in the bonds may only be made through Ethex under the terms and conditions available on ethex.org.uk.

Please visit www.ethex.org.uk/bristolbond to complete the application form and follow the instructions on how to transfer your application monies to Ethex.

Application monies will be kept in a separate client bank account by Ethex and only drawdown by BCE on two occasions:

1. For those who have applied on or before 12.00 noon on 31 December 2015, from 4 January 2016 onwards; and
2. For those who apply after 12.00 noon on 31 December 2015, following the close of the offer period on 31 January 2016.

Ethex will provide instructions to all applicants regarding when their application monies should be available for transfer.

Bond certificates

Each bondholder is entitled to receive a certificate as evidence of their investment in the bonds.

Bonds will be issued and certificates produced by BCE in two stages:

1. for those who have applied for bonds on or before 12.00 noon on 31 December 2015; and
2. for those who have applied after that date but before 23.59 on 31 January 2016.

A template certificate can be found within the bond instrument at Appendix 4.

6 | THE TEAM

Our Directors have worked in the financial, environmental, IT, and healthcare industries, as well as the cooperative, social and education sectors.

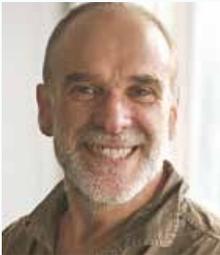
Equally importantly, we were all attracted to being a Director of BCE through an existing involvement with local energy groups or because we wanted to help the development of community energy. We care about the local economy, the global environment and believe in the power of community to create alternative business solutions that effect real change.

BCE's existing members are also actively engaged in BCE's development and activities, and this has allowed

us to develop a number of specific working groups, including solar PV and wind. Many of our working group members also work in the environmental technologies sector.

Our partnership with Mongoose on solar PV projects means that we can draw on Mongoose's considerable skills and experience in fund raising, project development, and working with banks and other financial institutions.

The directors



Eric Booth

Eric has worked in environmental and social organisations, including nearly 20 years for the Soil Association and then for Sustrans as part of the Cycling City project.

Eric has lived in an 1820's house in Southville for over 20 years and over that time has brought the energy standards up about as high as they can go for a refit, starting with the essentials such as draft-proofing and insulation, through to external solid wall insulation. PV and solar thermal were installed in 2006 and since then he has tracked the energy use of the house every month. The house has been part of the Bristol Green Doors network since it was set up and has been visited by hundreds of people.



Gareth Hoskins

Gareth's professional background is working as a finance officer in the public sector. He is also a founder member and CEO of Brendon Energy – a community owned renewable energy

co-operative in Somerset – and has experience of running community solar PV projects.



Andrew Lee

Andrew is another founder director and works as an architectural technician and a New-Build Domestic Energy assessor. He has been instrumental in negotiating with

the owners of proposed roof installations, preparing planning applications, arranging energy assessments and liaising with structural engineers to make sure that the route to installing solar PV on our partners' roofs has run smoothly.



Andy O'Brien – Secretary

Andy is a founder director and former founder chair of Sustainable Westbury-on-Trym in North Bristol. He has a background in project management and IT. He also has

a Post Graduate Certificate in Education, and previously taught for 10 years in England and overseas. He is a member of Sustainable Thornbury.

6 | THE TEAM



Chris Speller

Chris is a retired doctor who worked as an NHS Consultant and manager. He co-founded and chaired Sustainable Bishopston. Chris has a long-standing interest in sustainable architecture and

energy use, and has opened his home in Bishopston as part of the Bristol Green Doors project. He joined the board inspired by BEC's aim of making greater Bristol's energy economy much more sustainable and equitable.



Peter Thompson – Chair

Peter works for a consultancy business in the telecommunications industry and has a long-standing interest in both the practical and academic sides to sustainability. He has a

Diploma in Sustainability from the Schumacher Institute, and has run a small company and chaired a trade association. His house has been part of Bristol Green Doors.

Declaration

BCE and its Directors are responsible for the information given in this offer document. BCE and each of its Directors hereby declare that having taken all reasonable care to ensure that such is the case, the information contained in this offer document is to the best of its or his knowledge, in accordance with the facts and contains no omission likely to affect its meaning.

Mongoose: Key Personnel



Jan-Willem Bode, Managing Director has been a researcher at Utrecht University, and has a further professional career as a consultant and director for various parts of the Ecofys group, after which he founded, grew

and sold the carbon originator OneCarbon. He went on to work for Orbeo (JV of Société Generale and Rhodia) where he developed various investor products and had joint P&L responsibility for the entire carbon business. Investor in sustainability and internet businesses. .

trading and solar photovoltaics. One of these, AIM-listed Camco International, subsequently merged with ESD. Jeff resigned as chief executive of Camco in 2009 and is currently non-executive chairman and working on a several new clean energy initiatives.



David Bunker, Financial Director qualified as a Chartered Accountant with KPMG. In practice as a partner in Elliott Bunker for over 20 years, David has dealt with a wide range of accounting and taxation issues.

Resigned in 2007 to concentrate on specialist work as an accounting expert and to pursue a commitment to the renewable energy sector as Finance Director of Windcluster 2000 Ltd and Bath & West Community Energy Ltd.



Jeff Kenna, Commercial Director, in 1989 Jeff co-founded Energy for Sustainable Development Ltd (ESD) which received a Queen's Award for Export Achievement. ESD spun out a number of

successful ventures, in project development, electricity

7 | FINANCIAL INFORMATION

The bonds are an investment in the whole of BCE's business, but the Directors have planned that the revenue generated by the Puriton solar farm alone will be sufficient to pay for all capital and interest on the bonds. The financial information below therefore addresses both the whole of BCE's solar PV programme (including the Puriton solar farm), followed by additional detail on the Puriton solar farm.

Monahans Chartered Accountants of 38-42 Newport Street, Swindon SN1 3DR have confirmed the financial projections have been properly compiled on the basis of the assumptions made by the Directors in relation to the **whole BCE solar PV programme**, to the extent set out in the Accountant's letter on page 19.

A summary of BCE's business performance over the past 3 years can be found at Appendix 5. BCE's full accounts can be accessed at www.bristolenergy.coop/annual-accounts.html

BCE's solar PV programme overview

The solar projects in BCE's bond offer and parallel share offer are:

- Rooftops project: installation of solar panels with a total capacity of 500kWp, on community buildings and schools in Bristol and the surrounding area.
- Lawrence Weston solar farm: a 4.2MWp solar farm to be constructed in early 2016 and expected to be operational by May 2016.
- Puriton solar farm: acquisition of the 4.568MWp solar farm from Anesco.

Financial projections for the BCE solar PV programme

General information sourced from third parties in this offer document has been accurately reproduced as far as the Directors are aware and are able to ascertain from information published by that third party. The Directors believe that no facts have been omitted which would render any such reproduced information inaccurate or misleading.

The financial projections are based on information provided by BCE, Anesco and Mongoose and are deemed

to be conservative. The Directors take responsibility for the reasonableness of the financial projections.

Bondholders are projected to receive a return on their bonds at a level intended to be sufficient for BCE to obtain and retain enough capital for its business requirements.

The financial projections shown in the table on the next page cover **the performance of BCE's solar PV programme over the next 25 years**. The financial projections are based on the following key assumptions:

- The total cost to complete the BCE solar PV programme is £10.65m, including construction, legal, technical and fund-raising costs.
- The programme will generate an average of 9,300 MWh of electricity each year for 25 years.
- RPI inflation is 1% for the next two years, but after that will average 2.5% per annum (in line with the long-term average).
- FiT revenue and all costs will increase by RPI each year.
- Electricity export revenue increases in line with accepted industry projections (less than RPI in the short term, and more than RPI in the long term).
- Maximum degradation in solar panel performance is at 0.5% per year in line with performance warranties.
- All projects continue to be insured for risks and loss of income.
- Current expectations relating to the global energy market, the UK electricity industry, UK government policy and the desirability for and the promotion of electricity from renewable sources will remain reasonably consistent and reasonably favourable to BCE over the next 20 years.

Any one of the assumptions on this page 16 or on page 18 not being realised is likely to result in adjustments to the financial projections. Financial projections and assumptions such as those set out above are inherently less reliable over longer time spans.

7 | FINANCIAL INFORMATION

BCE solar PV programme	Start	Years 1-5	Years 6-10	Years 11-15	Years 16-20	Years 21-25	Total
FIT revenue		2,973,000	3,421,648	3,775,679	4,166,341	132,084	14,468,752
Electricity export revenue		2,318,853	3,097,375	3,743,094	4,285,946	4,660,829	18,106,098
Total revenue		5,291,853	6,519,023	7,518,773	8,452,287	4,792,913	32,574,850
Operating costs		1,498,404	1,841,405	2,086,015	2,218,525	2,198,123	9,842,472
Net revenues		3,793,449	4,677,618	5,432,759	6,233,762	2,594,790	22,732,378
Loan interest payments		1,612,359	1,640,227	1,068,358	367,974	0	4,688,918
Member interest payments		561,596	701,995	651,020	445,513	57,140	2,417,264
Loan capital payments		1,122,081	2,016,167	2,620,480	2,595,562	0	8,354,290
Member capital payments		0	97,172	648,412	1,738,171	324,223	2,807,978
Taxation		0	0	22,444	263,411	51,526	337,381
Community fund payment	100,000	350,000	350,000	350,000	630,000	2,446,546	4,226,546

Puriton Solar Farm

The following information on pages 17-18 relates only to Puriton solar farm and is extracted from the projections for the whole of BCE's solar PV programme, as set out above.

The Puriton solar farm has an operational lifetime of 25 years, but FIT revenue ends after Year 20. In Years 21 onwards the bulk of the revenue is from electricity export revenue alone.

The intention is for the Puriton solar farm project to be refinanced after three years, once it has demonstrated its reliability in operation and has yielded consistent revenues. This means that at the end of the 3 year initial term of the bonds the Directors will consider whether the Puriton solar farm should be re-financed, which may lead to BCE using its option to redeem the bonds early, in whole or in part, as explained above. Any refinancing may also include the issue of new bonds, or the sale of additional shares through a further share offer. The BCE Board will review all options closer to the time and make a decision based on what is most likely to further BCE's community purpose, whilst seeking to ensure that bondholders' interest and capital is repaid.

Income

The total projected income over the 25-year life of Puriton solar farm is £15.95 million.

This consists of income from the sale of generated and exported electricity.

- FIT: The solar farm has secured pre-accreditation with Ofgem for the Feed-in Tariff so that it has been offered a price of 6.16p per kWh it generates for the next 20 years. The price is adjusted in line with RPI each year, and over a 20 year period is projected to generate a total income of £6.9 million.
- Electricity export revenue: Ofgem offers a minimum export tariff to solar farms such as Puriton of 4.85 pence per kWh. This tariff will be accepted until wholesale energy markets increase in price and can therefore offer a more attractive price to BCE. It is established market practice that power purchase agreements with providers be renegotiated approximately every 12-24 months, and, with Mongoose's assistance, the Directors intend to use this approach in order to achieve the best price for BCE from time to time.

7 | FINANCIAL INFORMATION

Costs

The principal operational costs of the Puriton solar farm are:

- Payments to Anesco for ensuring the proper running of the solar farm under the Operations and Maintenance contract;
- Payments due to landlords under the site agreements; and
- Payments to Mongoose for managing BCE's relationship with Anesco under the Mongoose management services agreement.

Borrowing

Close Brothers will provide a first ranking debt facility that will contribute £2.684 million towards the cost of the solar farm. As part of the loan facility, Close Brothers will hold security over the assets relating to SSB Puriton CIC.

After payments have been made to commercial lenders, payments to bondholders will take priority over any interest due on BCE members' capital. Remaining cash surplus will be used to pay interest on members' capital, contributions to the community fund and for either reinvestment in new projects or to repay members' capital. The precise amounts available will depend on the overall business performance.

Offer Costs

The costs of this offer are not expected to exceed £40,000. All costs associated with making this offer have been

initially met by Mongoose and will only be paid by BCE to Mongoose upon successful completion of the offer, as part of the Mongoose management services agreement with BCE.

Financial projections for Puriton solar farm

The financial projections in the table below relate only to the Puriton solar farm, and are extracted from the projections for the whole of BCE's solar PV programme, as set out above. The financial projections below are based on the following key assumptions, in addition to those set out above in relation to the whole BCE solar PV programme:

- BCE will raise at least £300,000 via the share offer and will contribute that amount to the purchase of the Puriton solar farm;
- This offer will raise the maximum sum (£2,662,000);
- The Puriton solar farm will commence operation in December 2015;
- The bonds are refinanced after year 3:
 - with an increased level of debt, but at a reduced interest rate at 5% (BCE is in advanced discussions with commercial lenders keen to provide this refinancing debt); and
 - approximately 30% of bondholders will have opted to redeem their bonds at the end of year 3
 - the balance between these two elements may differ with higher or lower debt levels to accommodate differing levels of bond redemption
 - the bank and bond payment lines in the financial projections below include the Close Brothers loan in years 1 to 3, and the remaining balance of bank debt and bond in year 4 onwards, based on the assumptions above.

Puriton solar farm	Year 1	Year 2	Year 3	Year 4	Year 5	Years 6-10	Years 11-15	Years 16-20	Years 21-25	Total
FIT revenue	251,689	290,328	295,657	301,537	307,534	1,631,875	1,800,722	1,987,039	42,659	6,909,039
Export revenue	212,545	228,598	232,921	237,553	244,753	1,518,626	1,839,096	2,108,710	2,418,662	9,041,463
Total revenue	464,234	518,927	528,578	539,090	552,287	3,150,501	3,639,818	4,095,748	2,461,320	15,950,502
Operating costs	156,190	157,768	159,384	22,142	167,534	903,302	1,023,375	1,084,079	1,153,391	4,827,166
Net revenues	308,044	361,159	369,194	516,948	384,752	2,247,199	2,616,443	3,011,670	1,307,929	11,123,337
Bank and bond interest payments	151,646	151,646	144,251	279,256	268,449	1,160,254	796,468	332,174	0	3,284,145
Bank and bond capital payments	0	130,887	138,282	216,139	226,946	1,316,723	1,680,509	2,144,803	0	5,854,290
Bond interest payment: initial term	0	0	0	508,453	0	0	0	0	0	508,453
Bond capital payment: initial term	0	0	0	2,661,837	0	0	0	0	0	2,661,837

8 | ACCOUNTANT'S LETTER

Monahans

Chartered Accountants & Business Advisers



Monahans, Chartered Accountants
Fortescue House, Court Street
Trowbridge, Wiltshire BA14 8FA

Telephone: 01225 785520
Fax: 01225 785523
trowbridge@monahans.co.uk
www.monahans.co.uk

The Directors
Bristol Community Energy Limited
Happy City Hub
1st Floor, Canningford House
38 Victoria Street
Bristol, BS1 6BY

Our Ref: DBB/515833

15 December 2015

Dear Sirs

Accountant's Letter of Comfort

We report on the financial projections comprising the projected financial forecast of Bristol Community Energy Limited ("the Society") in respect of the Bristol Community Energy Limited solar projects on Bristol rooftops, at Puriton and at Lawrence Weston only, for the 25 years ending 31 May 2041 ("the Financial Projections").

The Financial Projections and the material assumptions upon which they are based are set out on pages 16-18 of the section headed "Financial Information" ("the Document") issued by the Society as a section of the offer for bonds dated 15 December 2015. This report is given for the purposes of enabling compliance with the Financial Conduct Authority's Conduct of Business Rules ("the Conduct of Business Rules") and for no other purpose.

This report is made solely to the Society's Board of Directors, as a body in accordance with our terms of reference dated 11 November 2015. Our work has been undertaken so that we might state to the Society's Board of Directors those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Society's Board of Directors, as a body, for our work for this report, or for the opinions we have formed.

Responsibilities

It is the responsibility of the Directors of the Society to prepare the financial projections in accordance with the requirements of the Conduct of Business Rules. It is our responsibility to form an opinion as to the proper compilation of the financial projections and to report that opinion to you to enable compliance with the Conduct of Business Rules.

Basis of Preparation of the Financial Projections

The Financial Projections have been prepared on the basis stated on pages 16-18 of the Document. The Financial Projections are required to be presented on a basis consistent with the accounting policies of the Society.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting, issued by the Auditing Practices Board in the United Kingdom. Our work included evaluating the basis upon which the financial projections had been prepared and considering whether the financial projections have been properly computed based upon the disclosed assumptions and the accounting policies of the Society. Whilst the assumptions and the accounting policies upon which the financial projections are based are solely the responsibilities of the Directors, we considered whether anything came to our attention to indicate that any of the assumptions adopted by the Directors, which in our opinion are necessary for a proper understanding of the financial projections, have not been disclosed, or if any material assumption made by the Directors appears to us to be unrealistic.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the financial projections have been properly compiled on the basis stated.

Since the financial projections and the assumptions on which they are based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the financial projections and differences may be material.

Opinion

In our opinion, the Financial Projections have been properly compiled on the basis of the assumptions made by the directors and the basis of accounting used is consistent with the accounting policies of the Society.

Declaration

We have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Yours faithfully

Managing Partner: Michael Shawyer FCA

Partners: Iain Black ACA, Linda Bess FCA, Dominic Bourquin ACA, Simon Cooper FCA, Steve Elliott FCA

(Licensed by the Insolvency Practitioners Assoc.) Richard Farrelly FCA, Steve Fraser FCA, Stephen Fry FCA,

Harry Hilliard FCA, Martin Longmore FCA, Simon Tombs FCA.



An independent member of Baker Tilly International

Registered to carry on audit work in the UK and Ireland and regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales.

9 | RISK FACTORS

All investment and commercial activities carry risk, and investors should take appropriate advice and make their own risk assessment whilst bearing in mind the social and environmental aspects of this investment opportunity.

If you are in any doubt about the contents of this document or the action you should take, you are strongly recommended to consult a professional adviser authorised by the Financial Conduct Authority to advise on investment in unlisted debt, shares and other securities.

The Directors believe the following risks to be the most significant for potential bondholders. However, they do not necessarily comprise all those associated with an investment in the Bond and are not intended to be presented in any assumed order or priority.

1. Investment risks

- a. **BCE business:** the bonds are an investment in the whole of BCE's business, but the Directors are confident that the projected revenue generated by the Puriton solar farm will be sufficient to fund all interest due on the bonds. However, if the financial performance of BCE's business as a whole materially deteriorates there is a risk that bondholders' capital and interest may be negatively affected.
- b. **Capital Risk:** Investment in smaller, new and unquoted businesses is likely to involve a higher degree of risk than investment in larger, established companies and those traded on a stock exchange. Investing in bonds is not the same as investing money in a bank account as your capital is at risk and you could lose up to, but no more than, your entire investment.
- c. **Unsecured:** The bond is an unsecured investment and will rank behind secured or preferential creditors. In the event of BCE's financial failure, a bondholder would have the status of an unsecured creditor and may not be capable of being repaid in full or at all should the proceeds from a sale of BCE's assets fail to cover all unsecured liabilities.
- d. **Liquidity:** The bonds will not be traded on a recognised exchange and are therefore non-readily realisable. Although bondholders may be able to buy and sell bonds on a matched bargain basis via ethex.org.uk, applicants should be aware that there is no guarantee that a willing buyer will be found.
- e. **Medium-term commitment:** Applicants should consider investment in the bonds as a medium-term commitment as their capital will be committed for at least the 3 year initial term of the bonds and so will not be available to them during that time except through a sale via Ethex.
- f. **The bonds are not covered by the Financial Services Compensation Scheme (FSCS):** This means if BCE does not fulfil the terms of the Bond Instrument there is no right to compensation from FSCS.
- g. **Past performance is not necessarily a guide to future performance:** Events in the past, or experience derived from these, or indeed present facts, beliefs or circumstances, or assumptions derived from any of these, do not predetermine the future.
- h. **Financial projections:** Hopes, aims, targets, projections (including the financial projections in this offer), plans or intentions contained in this document are no more than that and should not be construed as forecasts.

2. Risks to Puriton solar farm

- a. **Mechanical failure:** Installations will be insured for damage, breakdown and loss of income in line with standard industry practice and as required by the Close Brothers loan facility. However, there may be interruptions to the generation of electricity from the installations once built, caused by damage to or mechanic/electrical failure of equipment.
- b. **Solar PV performance:** BCE's assumptions around energy generation levels each year are based on site capacity and yield calculations provided by our construction partners based on methodologies commonly used by the industry. These calculations, and the solar radiation data behind them, have been

9 | RISK FACTORS

reviewed and verified by external technical experts appointed by Close Brothers as part of their due diligence process. However, long-term changes to weather patterns and/or equipment under-performance may result in lower levels of electricity generation and therefore income.

- c. **Government legislation:** Puriton solar farm has been pre-accredited with Ofgem which means that the FiT tariff is fixed for 20 years. However, changes in government legislation may affect the profitability of future renewable energy projects undertaken by BCE.
- d. **Electricity prices:** If the electricity prices for which BCE can sell electricity from the solar farm fall, BCE could opt to use export tariff as a floor price. The financial projections assume that electricity prices over the long-term will exceed the export tariff. However, those assumptions of future electricity prices may be inaccurate.
- e. **Bond redemption:** Bondholders will have the contractual right to full redemption of their bonds at the end of the 3 year initial term and, if they wish to extend beyond the 3 year initial term, at annual intervals thereafter. BCE's ability to repay the bonds at these points is dependent on it being able to secure finance from third parties. The Directors are committed to managing BCE's business with a view to ensuring that BCE has a range of options available to it to repay the bonds and the interest due on them. However, there is no guarantee that there will be sufficient finance available to repay the bonds at this point.



“You can really achieve things when you combine technologies with people’s action”

Rachel Clarke, Communications and Press Officer, Knowle West Media Centre

10 | GLOSSARY

Anesco Limited A commercial energy services company registered in England and Wales with number 07443091 and with registered office at The Green, Easter Park, Benyon Rd, Reading, Berkshire RG7 2PQ

applicant An applicant for bonds through submission of an application form

application An application for bonds made in accordance with this offer document and the terms and conditions

application form The application form provided by Ethex.org.uk through which applicants may make an application for the bonds

application monies Money received from applicants in response to this offer

BCE solar PV programme or solar PV programme

The programme of activities planned by BCE to generate solar electricity, including Puriton solar farm

bond or bonds The bonds to be issued by BCE on the terms of the bond instrument dated 9th December 2015 a copy of which is found in Appendix 4 to this offer document

bondholders A person who has been issued bonds under this offer

Bristol Energy Network or BEN The umbrella organisation for community energy groups in Bristol and the surrounding area. BEN is a community interest company limited by guarantee registered in England and Wales with number 9077917 and with registered office at 9 Privet Way, Corsham, Wiltshire SN13 9WR

Close Brothers A merchant banking group providing lending, deposit taking, wealth management services, and securities trading. The holding company, Close Brothers Group plc, is registered in England and Wales with number 00520241 with registered office at 10 Crown Place, London EC2A 4FT

community benefit society or BenCom A legal entity managed for the benefit of the community that is owned by its members and managed by its Directors.

Its constitution is in the form of Rules approved by and registered with the FCA

community fund An internal fund established by BCE to receive a portion of revenue from its projects from which grants will be made by BCE to benefit the community

community interest company or CIC a company registered with the Regulator of Community Interest Companies which exists to benefit the community and which has an 'asset lock' to ensure that assets are used to benefit the community

Directors The directors of BCE

Ethex A not for profit organisation operating an online platform for positive investments. Further information can be found at ethex.org.uk.

FCA The Financial Conduct Authority

financial projections The financial projections for BCE set out on page 16 in relation to the BCE solar PV programme and on page 17 in relation to Puriton solar farm

Financial Ombudsman Scheme or FOS The ombudsman established in 2001 as a result of the Financial Services and Markets Act 2000 to help settle disputes between consumers and UK-based businesses providing financial services, such as banks, building societies, insurance companies, investment firms, financial advisers and finance companies.

Financial Services Compensation Scheme or FSCS The compensation fund of last resort for customers of financial services firms authorised by the FCA

key assumptions The assumptions which have been made in the course of compiling the financial projections

kW A unit that measures power and is equal to one thousand watts

kWh A unit that measures energy and is equal to the work done by 1 kW acting for the period of one hour.

material contracts The contracts described in Appendix 2 to this offer document

10 | GLOSSARY

maximum sum The maximum value of Bonds to be issued under this Offer, being £2,662,000

member A member of BCE

Monahans A firm of chartered accountants registered to carry out audit work in the UK with the Institute of Chartered Accountants in England and Wales with registration number C008718763 and registered office at 38-42 Newport Street, Swindon SN1 3DR

Mongoose Mongoose Energy Limited, a company with registered number 09415125 and registered office at 13/14 Orchard Street, Bristol, BS1 5EH

MW A unit that measures power and is equal to one million watts

MWh A unit that measures energy and is equal to the work done by 1 MW acting for the period of one hour

offer The offer of bonds issued by BCE as contained in (a) this offer document and (b) the terms and conditions found at ethex.org.uk.

offer costs The costs of preparing this offer, including obtaining legal and financial advice on the requirements to formally approve this offer as a financial promotion

offer period The period during which the offer will remain open, which will be from 15 December 2015 until 31 January 2016, unless extended by the Directors to a date no later than 31 March 2016

Ofgem The Office of Gas and Electricity Markets

Puriton solar farm The 4.568 MW solar PV farm located at Puriton, near Bristol.

RPI The Retail Prices Index, a measure of inflation defined monthly by the Office for National Statistics

rules The rules of BCE, which can be accessed at <http://www.bristolenergy.coop/society-rules.html>

SSB Puriton CIC A community interest company limited by shares registered in England and Wales with company number 08885925 and with registered office at The Green, Easter Park, Benyon Rd, Reading, Berkshire RG7 2PQ

terms and conditions The terms and conditions of the offer as set out on Ethex.org.uk, which formally invite investment into the offer

APPENDIX 1 | GENERAL INFORMATION ON BRISTOL COMMUNITY ENERGY

Structure

BCE is a community benefit society, registered with the Financial Conduct Authority under number 31313R. BCE's registered office is at 77 Stokes Croft, Bristol BS1 3RD. Whilst BCE is registered with the FCA in its capacity as the registrar of co-operatives and community benefit societies BCE is not regulated by the FCA as a financial institution or for carrying out financial activity.

A community benefit society is a legal form which is required to conduct business for the benefit of the community. It has shares that can be purchased by the public, who by purchasing shares become members of the community benefit society.

The Directors of BCE are appointed by the members at the annual general meeting, subject to the Rules. Administration and management is the responsibility of the Directors. Only members have the right to vote at members' meetings and appoint the Directors.

As well as raising money from its members in return for shares, a community benefit society may raise money by asking its supporters to invest through other means, such as through bonds.

Investing in BCE through bonds, including the bonds described in this offer is a different way to invest in BCE than by purchasing shares. Investing through the bonds involves a different length of commitment and different rights. You can find a copy of BCE's Rules and business plan at www.bristolenergy.coop/society-rules.html

Administration

Management

The Board bears ultimate responsibility for the management and administration of BCE, including conducting the business of BCE so that it can satisfy its commitments to those who invest in BCE through this bond offer.

Day-to-day operations of the renewable energy projects owned by BCE will be managed by Mongoose under the supervision of the Board. BCE has an agreement with Mongoose to provide ongoing management services.

Disclosure Statement

The Directors of BCE have not, for at least the past five years, received any convictions (for any fraudulent offence or otherwise), or been involved in any bankruptcies, receiverships or liquidations,

or received any public recrimination or sanction by a statutory or regulatory authority or designated professional body, or been disqualified from any function by any court.

Conflicts of Interests Statement

None of the Directors are connected to Mongoose or Anesco. The Directors are not aware of any other actual or potential conflicts of interest.

Remuneration Statement

The Directors are acting as Directors because they are committed to the success of the BCE's business, its ability to directly benefit the surrounding community and to make a difference by their own actions to the environment. Directors serve in accordance with the Rules of BCE.

Directors are not paid for their work except for the reimbursement of properly incurred expenses. Directors Andy O'Brien and Chris Speller are however employed in a business development /project management capacity. They have developed the solar PV programme and are responsible for implementing it. Both had previously worked in these roles in an unpaid capacity. Andy is permanently employed on an annual salary of £24k, and Chris has a 6-month contract based on the same annual rate. The decision to offer these contracts was made by the other board members without Andy and Chris being present. It is intended that the Directors will collectively apply for £5,500 in bonds.

Major Shareholders

There are currently no major shareholders in BCE and in the context of a community benefit society such a concept is of limited significance. There is a principle of one vote per member regardless of how many share are held by each member. No individual, organisation or groups of individuals or organisations has control, given the one member, one vote governing principle.

Voting rights of Bondholders

Bondholders do not acquire voting rights in BCE by owning the bonds – voting rights in BCE are reserved for members of BCE. If an applicant is also a member of BCE, their entitlement to vote as a member will not be affected by owning bonds. To the extent that applicants may need to make decisions affecting the bonds, they have the collective rights set out in the bond instrument and meetings and votes of bondholders will follow the procedure set out in the bond instrument.

APPENDIX 2 | MATERIAL CONTRACTS

A summary of the material contracts in relation to Puriton solar farm is found below. BCE can provide certain additional information to applicants on request.

Share purchase agreement

- BCE will acquire Puriton solar farm via a share purchase agreement with the original developer, Anesco. The effect of the agreement will be that BCE will acquire all the shares in SSB Puriton CIC, the community interest company which holds the assets and contracts required to operate the solar farm.
- Once the share purchase agreement has been signed, BCE will not be required to make any payments to Anesco until Close Brothers are satisfied with their due diligence on the solar farm and have provided loan funds to BCE.
- Payments towards the total cost of acquiring the project (£5.65m) will be required after Close Brothers has made the loan facility available.

Site agreements

SSB Puriton CIC will have the benefit of three agreements giving it the right to operate the solar farm on the Puriton site:

- A lease at Walpole Farm granted for 30 years, with a break right for SSB Puriton CIC on 6 months' notice.
- A lease of land at Whiddon granted for 30 years, also with a break right for SSB Puriton CIC on 6 months' notice.
- A right to lay electricity cables and other equipment under the railway track crossing near Bridgewater for 30 years. The landlord has the right to break from the agreement on 6 months' notice if required to carry out necessary work to maintain its own equipment.

Engineering and Procurement contract

This contract covers the design, supply, installation testing and commissioning of the Puriton solar farm, and is between Anesco and the SSB Puriton CIC. The contract provides for a guaranteed performance level of the solar farm, which, if missed, obliges Anesco to pay SSB Puriton CIC compensation. Successful completion of the commissioning tests will mark the end of this contract,

after which technical support is offered by Anesco under the Operation and Maintenance contract.

Operations and Maintenance contract

Anesco will manage the long-term operation, maintenance and upkeep of the solar farm including replacement of parts, security, project performance monitoring and regular site visits. It will do so under the terms of the operations and maintenance contract, which is due to last for 30 years. The contract includes a performance guarantee from Anesco that awards payment to SSB Puriton CIC in case the project underperforms during its warranty period.

Mongoose Management Services Agreement

Mongoose's work in assisting BCE in preparing the purchase of the solar farm, including raising the capital required for the purchase price, is covered under the Mongoose management services agreement ("MSA"). If the purchase price for the Puriton solar farm is raised, Mongoose will receive a fee of 4% of the total raise inclusive of all offer costs which Mongoose has incurred in putting together the funding, this offer and advice on the parallel share offer.

Under the Mongoose MSA, Mongoose will also provide project management, administration, payments and company secretarial services to BCE (and including as necessary to its subsidiary, SSB Puriton CIC) in exchange for a fee of £13,333 per annum, adjusted each year in line with RPI. The Directors anticipate signing the Mongoose MSA once SSB Puriton CIC has been acquired by BCE. The term of the MSA is one year, annually renewable, with each party able to terminate on three months' notice.

APPENDIX 3 | INFORMATION ON TAX

The precise tax treatment of a bondholder will depend on the bondholder's individual circumstances and the law and practice in force at the relevant time and may therefore be subject to change in the future. If applicants are in any doubt about their tax position they should consider taking appropriate financial and other advice from a suitably qualified professional.

The comments below do not constitute advice and are of a general nature, based on current United Kingdom law and practice. They relate only to the United Kingdom tax treatment of interest payable on the bonds. The comments do not deal with any other United Kingdom tax implications of acquiring, holding or disposing of bonds,

and relate only to the position of bondholders who are the absolute beneficial owners of the bonds.

BCE will pay interest to bondholders without deducting any amount by way of tax. Applicants should be aware that they may need to pay tax on that interest, and therefore may need to declare it to HMRC. For many applicants, this should be done by declaring the interest they have received from BCE on a self-assessment tax return.

If applicants wish to sell their bonds via Ethex they should consider how such a sale may be affected by tax considerations.

APPENDIX 4 | THE BOND INSTRUMENT

THIS INSTRUMENT is made by way of Deed Poll on 9 December 2015

BY BRISTOL COMMUNITY ENERGY LIMITED a community benefit society registered with the Financial Conduct Authority with registration number 31313R and whose registered office is at 77 Stokes Croft, Bristol BS1 3RD (BCE).

Recital

BCE has, by resolution of its board of directors passed on 8 December 2015, resolved to create up to a maximum nominal amount of £2,662,000 unsecured bonds, to be constituted in the manner set out below.

Agreed terms

1. Definitions and interpretation

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

“Bondholder” means each person for the time being entered in the Register as a holder of any Bonds.

“Bonds” means up to £2,662,000 unsecured bonds constituted by this instrument or, as the case may be, the amount of such bonds for the time being issued and outstanding.

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

“Certificate” means a Certificate issued by BCE under clause 4.

“Conditions” means the conditions set out in Schedule 1: Part 2 as from time to time amended and Condition shall be construed accordingly.

“Directors” means the board of directors of BCE for the time being.

“Ethex” means Ethex Investment Club Ltd, a company registered in England and Wales with number 07432030 and registered office at The Old Music Hall, 106-108 Cowley Road, Oxford, Oxfordshire, OX4 1JE, which operates the website ethex.org.uk on which the Offer will be available to view and invest in.

“Event of Default” means any of those events specified in clause 6.

“Group” means BCE and any subsidiary or holding company from time to time of BCE (and the expression member of the Group shall be construed accordingly).

“Interest Rate” means (a) 6% per annum until 31 January 2019; and (b) 5% for any subsequent period until the Repayment Date;

“Offer” means the offer of Bonds issued by BCE contained in the Offer Document and made subject to the terms and conditions found at ethex.org.uk.

“Offer Document” means the financial promotion describing BCE’s offer of Bonds.

“Register” means the register of Bondholders kept and maintained by BCE in accordance with clause 5.

“Repayment Notice” means the notice of repayment found on the reverse of each Certificate.

“Repayment Date” means, at the option of the Bondholder, the later of (i) 31 January 2019, or (ii) any subsequent anniversary of that date.

“Special Resolution” means a resolution passed at a meeting of the Bondholders duly convened and held in accordance with the provisions of this instrument and carried by a majority consisting of

not less than 75% of the persons voting at such meeting on a show of hands or, if a poll is demanded by a majority consisting of not less than 75% of the votes given on such poll.

1.2 Any reference in this instrument to:

1.2.1 an encumbrance shall be construed as a reference to a mortgage, charge, assignment, pledge, lien (save as arising in the ordinary course of business), hypothecation, right of set-off (save as arising under the general law for the protection of certain classes of creditors) or trust arrangement for the purpose of and having a similar effect to the granting of security, or other security interest of any kind;

1.2.2 a person includes a natural person, corporate or unincorporated body (whether or not having separate legal personality);

1.2.3 repayment includes redemption and vice versa and the words repay, redeem, repayable, redeemed and repaid shall be construed accordingly.

1.3 References to any statute or statutory provision:

1.3.1 shall be construed as a reference to it as amended, extended or re-enacted from time to time and shall include all subordinate legislation made from time to time under that statute or statutory provision.

1.4 In construing this instrument general words introduced by the word “other” shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things and general words followed by the word “including” shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words.

1.5 All the provisions of this instrument are severable and distinct from one another and the illegality, invalidity or unenforceability of any provision of this instrument under the law of any jurisdiction shall not affect its validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision.

1.6 The Schedules (including, for avoidance of doubt, the Conditions) form part of this instrument and shall have effect and shall be binding on the Bondholders as if set out in full in the body of this instrument. Any reference to this instrument includes the Schedules.

2. Amount, Description and Status of Bonds

2.1 The total principal amount of the Bonds is limited to £2,662,000 and the Bonds shall be issued in integral multiples of £100 by BCE.

2.2 The Bonds when issued shall rank *pari passu* equally and rateably without discrimination or preference among themselves and as an unsecured obligation of BCE.

3. Repayment and Interest

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

APPENDIX 4 | THE BOND INSTRUMENT

4. Certificates

- 4.1 Each Certificate shall be issued to a Bondholder substantially in the form set out in Schedule 1: Part 1 and shall be executed by BCE and have the Conditions endorsed on or attached to it. Each Bondholder shall be entitled to receive without charge one Certificate registered in his name.
- 4.2 When a Bondholder transfers or redeems part only of his Bonds, the old Certificate shall be cancelled and a new Certificate for the balance of such Bonds shall be issued without charge.

5. Register

- 5.1 BCE shall, at all times, keep a Register at its registered office (or at such other place as BCE may from time to time have appointed for the purpose and have notified to the Bondholders).
- 5.2 The Register shall contain the following details:
- 5.2.1 the names and addresses of the Bondholders and the date on which the name of the Bondholder is entered on the register;
- 5.2.2 the principal amount of the Bonds held by each Bondholder; and
- 5.2.3 the date of issue of each Bond, together with all subsequent transfers and changes of ownership of each Bond.
- 5.3 Any change of name or address by any Bondholder that is notified to BCE at its registered office address above shall be entered in the Register.
- 5.4 Any Bondholder may, by written notice to BCE, request to be informed of the information regarding that Bondholder held in the Register and require BCE promptly to rectify an error in the Register in relation to that Bondholder.

6. Default

- 6.1 The following are Events of Default:
- 6.1.1 Non-payment: BCE fails to pay any principal or interest on any of the Bonds within 10 Business Days after the due date for payment thereof;
- 6.1.2 Breach of undertaking: BCE fails duly to perform or comply with any obligation (other than an obligation to pay principal or interest in respect of the Bonds) expressed to be assumed by it in this instrument and such failure continues for 10 days after written notice has been given by any Bondholder requiring remedy thereof;
- 6.1.3 Insolvency: BCE or any member of the Group is (or is, or could be, deemed by law or a court to be) insolvent or unable to pay its debts (as defined in section 123 of the Insolvency Act 1986), stops, suspends or threatens to stop or suspend payment of all or any material part of its indebtedness or commences negotiations with any one or more of its creditors with a view to the general readjustment or re-scheduling of all or any material part of its indebtedness or makes a general assignment for the benefit of, or composition with, any of its creditors (or any class of its creditors) or a moratorium is agreed or declared in respect of, or affecting, all or a material part of its indebtedness;
- 6.1.4 Enforcement proceedings: A distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any part of the assets of BCE or

any member of the Group and is not discharged or stayed within 10 days;

- 6.1.5 Winding-up: BCE or any member of the Group takes any corporate action or other steps are taken or legal or other proceedings are started for its winding-up, dissolution or re-organisation (other than for the purposes of a bona fide, solvent scheme of reconstruction or amalgamation previously approved by Special Resolution) or for the appointment of a receiver, administrator, administrative receiver, liquidator, trustee or similar officer of it or of any or all of its assets;
- 6.1.6 Analogous proceedings: Anything analogous to or having a substantially similar effect to any of the events specified in clause 6.1.3 to clause 6.1.5 inclusive shall occur under the laws of any applicable jurisdiction;
- 6.1.7 Encumbrance enforceable: Any encumbrance on or over the assets of BCE or any member of the Group becomes enforceable and any step (including the taking of possession or the appointment of a receiver, manager or similar person) is taken to enforce that encumbrance;
- 6.1.8 Cessation of business: BCE or any member of the Group ceases to carry on the business it carries on at the date of this instrument or a substantial part thereof; and
- 6.1.9 Illegality: It is or becomes or will become unlawful for BCE to perform or comply with any of its obligations under this instrument, or any such obligation is not or ceases to be legal, valid and binding.

7. Acceleration

If, at any time and for any reason, any Event of Default has occurred, the Bondholders may by Special Resolution or by written notice to BCE from Bondholders holding more than 50% in nominal value of the Bonds then issued and outstanding, at any time while such Event of Default remains unremedied and has not been waived by a Special Resolution, direct that the principal amount of all Bonds, all unpaid accrued interest and any other sum then payable on such Bonds shall become due and payable immediately and such amounts shall be immediately payable by BCE to the Bondholders (in each case less any applicable taxes).

8. No set-off

Payments of principal and interest under this instrument shall be paid by BCE to the Bondholders, and the Bonds shall be transferable in accordance with the provisions of Schedule 2, without any deduction or withholding (whether in respect of any set-off, counterclaim or otherwise whatsoever) unless the deduction or withholding is required by law.

9. Meetings of Bondholders

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

10. Enforcement

- 10.1 From and after the date of this instrument and so long as any amount is payable by BCE in respect of the Bonds, BCE undertakes that it shall duly perform and observe the obligations on its part contained in this instrument.
- 10.2 The Bonds shall be held subject to and with the benefit of the provisions of this instrument, the Conditions and the schedules.

APPENDIX 4 | THE BOND INSTRUMENT

All such provisions shall be binding on BCE and the Bondholders and all persons claiming through or under them respectively, and shall enure for the benefit of all Bondholders, their personal representatives, successors and permitted assigns.

- 10.3 Except as expressly provided in this clause 10.3, a person who is not a party to this instrument shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this instrument. This instrument and the Bonds are enforceable under the Contracts (Rights of Third Parties) Act 1999 by each Bondholder.

11. Modification

The provisions of this instrument and the Conditions and the rights of the Bondholders may from time to time be modified, abrogated

or compromised in any respect by Special Resolution and with the consent of BCE.

12. Governing law and jurisdiction

- 12.1 This instrument and the Bonds and any dispute or claim arising out of or in connection with any of them or their subject matter or formation (including non-contractual disputes or claims) shall be governed by, and construed in accordance with, the law of England and Wales.
- 12.2 The courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this instrument or any Bond or their subject matter or formation (including non-contractual disputes or claims).

APPENDIX 4 | THE BOND INSTRUMENT

Schedule 1: Part 1 Bond Certificate

Certificate No. [NUMBER]

Date of Issue [DATE]

Amount £[AMOUNT]

**BRISTOL COMMUNITY ENERGY LIMITED (BCE)
£2,662,000 UNSECURED BONDS**

Created and issued pursuant to a resolution of the board of directors of BCE passed on 8 December 2015

THIS IS TO CERTIFY THAT [INSERT NAME OF BONDHOLDER] is the registered holder of £[AMOUNT] of the £2,662,000 unsecured bonds constituted by an instrument entered into by BCE on 9 December 2015 (Instrument). Such bonds are issued with the benefit of and subject to the provisions contained in the Instrument and the Conditions endorsed hereon.

1. The Bonds are repayable in accordance with Condition 2.
2. This Certificate must be surrendered before any transfer, whether of the whole or any part of the Bond comprised in it, can be registered or any new Certificate issued in exchange.
3. Any change of address of the Bondholder(s) must be notified in writing and signed by the Bondholder(s) to BCE at its registered office from time to time.
4. The Bonds are transferable in amounts and in integral multiples of £100 in accordance with the terms of the Conditions and the Instrument.

5. Words and expressions defined in the Instrument shall bear the same meaning in this Certificate and in the Conditions endorsed hereon.
6. The Bonds and any dispute or claim arising out of or in connection with any of them or their subject matter or formation (including non-contractual disputes or claims) shall be governed by, and construed in accordance with, the law of England and Wales.
7. The courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with the Bonds or their subject matter or formation (including non-contractual disputes or claims).
8. A copy of the Instrument is available for inspection at the registered office of BCE.

Executed by BRISTOL COMMUNITY ENERGY LIMITED, acting by two directors:

Director

Director

Dated:

2016

APPENDIX 4 | THE BOND INSTRUMENT

Schedule 1: Part 2 The Conditions

1. Priority

Any payments due to Bondholders under the terms of this instrument shall be satisfied in priority to any payments to members of BCE as interest payments on members' share capital.

2. Repayment and option to redeem

2.1 Subject to Condition 3, all Bonds not previously redeemed (in whole or in part) before the Repayment Date will be repaid by BCE within 30 days of the Repayment Date, at par, together with interest accrued up to and including the date of redemption, on the occasion that:

- (a) In the case of a Bondholder wishing to redeem their Bonds as at 31 January 2019, the Bondholder completes the Repayment Notice and returns the same to BCE in accordance with the instructions printed thereon so as to be received by BCE at least 3 months prior to the relevant Repayment Date;
- (b) In the case of a Bondholder wishing to redeem their Bonds on a Repayment Date following 31 January 2019, the Bondholder completes the Repayment Notice and returns the same to BCE in accordance with the instructions printed thereon so as to be received by BCE at least 6 months prior to the relevant Repayment Date.

3. Voluntary early repayment by BCE

- 3.1 Subject to Condition 3.2 below, BCE may, by giving Bondholders the same period of notice as Bondholders are required to give under Condition 2, repay the principal amount of all or a portion of the Bonds on the date specified in such notice.
- 3.2 Where the Directors are of the opinion that BCE is required to redeem the Bonds other than in accordance with Condition 3.1 in order to avoid a material adverse effect on the Group, BCE may, by giving the Bondholders not less than 28 days' written notice, repay the principal amount of all or a portion of the Bonds on the date specified in such notice.
- 3.3 In either scenario under Condition 3.1 and Condition 3.2 BCE shall also pay to the Bondholders all outstanding interest accrued on the Bonds to be redeemed up to and including the date of such redemption (in each case less any taxes required by law to be deducted or withheld from such payments).
- 3.4 Any payment made under this Condition 3 shall be treated as reducing the amount of the repayments under Condition 2 proportionately and shall be made pro rata to the holdings of all Bondholders.

4. Cancellation

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

5. Payment of interest

- 5.1 Until the Bonds are repaid in accordance with these Conditions, interest on the principal amount of the Bonds outstanding from time to time shall accrue at the Interest Rate, calculated annually on 31 January in each year. During the period up to and including 31 January 2019, but not thereafter, interest shall accrue on a compound basis calculated as at 31 January 2017 and 31 January 2018.
- 5.2 Interest shall be calculated on the basis of the actual number of days elapsed in the relevant period and a 365 day year. In the case of Bondholders who have applied for Bonds on or before 12.00 noon on 31 December 2015, interest shall begin to accrue on

1 January 2016. In the case of Bondholders who have applied for Bonds after 12.00 noon on 31 December 2015 but on or before 23.59 on 31 January 2016, interest shall begin to accrue on 1 February 2016. For those who apply thereafter in the event that BCE allows application for Bonds after 31 January 2016, interest shall accrue from the date of issue of their Bond(s), provided that the first year of their holding the Bond(s) shall run from that date of issue to 31 January 2017 inclusive.

- 5.3 Those Bondholders who do not exercise their option to redeem their Bond(s) under Condition 2 as at 31 January 2019 shall, within 30 days of that date, be paid the interest accrued on their Bonds up to and including that date and interest shall continue to accrue on the principal amount of their Bonds at the Interest Rate, calculated annually on 31 January in each year. This Condition 5.3 shall apply to each subsequent anniversary of 31 January 2019 until the earlier of the Bondholder exercising his option under Condition 2 or BCE exercising its option under Condition 3.
- 5.4 If BCE fails to pay any amount of interest or principal on any Bond when such amount is due, interest at the rate applicable under these Conditions plus 1% per annum shall accrue on the unpaid amount from the due date until the date of payment.
- 5.5 Interest on any Bonds repaid by BCE in accordance with these Conditions shall cease to accrue as from the date of such repayment.

6. Dealings

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

7. Notices

- 7.1 Any notice or other document (including Certificates) may be given or sent to any Bondholder by sending the same by post in a prepaid, first-class letter addressed to such Bondholder at his registered address in the United Kingdom or (if he has no registered address within the United Kingdom) to the address (if any) within the United Kingdom supplied by him to BCE for the giving of notice to him or to an electronic address notified by the Bondholder to BCE for the purpose of receiving notices or other documents (including Certificates). Notice may be given to the persons entitled to any Bonds as a result of the death or bankruptcy of any Bondholder by sending the same by post in a prepaid, first-class envelope addressed to them by name or by the title of the representative or trustees of such Bondholder at the address (if any) in the United Kingdom supplied for the purpose by such persons or (until such address is supplied) by giving notice in the manner in which it would have been given if the death or bankruptcy had not occurred.
- 7.2 Any notice or other document (including Repayment Notices, Certificates and transfers of Bonds) may be given or sent to BCE by sending the same by post in a prepaid, first-class letter addressed to BCE at its registered office for the time being.
- 7.3 Any notice, communication or document sent by post shall be deemed to have been delivered or received on the second Business Day following the day on which it was posted. In proving such delivery or receipt it shall be sufficient to prove that the relevant notice, communication or document was properly addressed, stamped and posted (by airmail, if to another country) in the United Kingdom. Any notice, communication or document sent to an electronic address shall be deemed to have been delivered on the day on which it was sent.

APPENDIX 4 | THE BOND INSTRUMENT

Schedule 2

Provisions as to registration, transfer and other matters

1. Recognition of Bondholder as absolute owner

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

2. Transferability of Bonds

- 2.1 The Bonds are transferable by instrument in writing in amounts and multiples of £100. There shall not be included in any instrument of transfer any Bonds other than the Bonds constituted by this instrument.
- 2.2 Every instrument of transfer shall be duly signed by or on behalf of the transferor and the transferor shall be deemed to remain the owner of the Bonds to be transferred until the transferee's name is entered in the Register in respect of such Bonds.
- 2.3 Every instrument of transfer shall be left for registration at the address where the Register is maintained for the time being (as referred to in clause 5.1 of this instrument) accompanied by the Certificate(s) for the Bonds to be transferred, together with such other evidence as the Directors or other officers of BCE authorised to deal with the transfers may require to prove the title of the transferor or his right to transfer the Bonds and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person to do so. All instruments of transfer which are registered shall be retained by BCE. No transfer shall be registered of Bonds in respect of which a notice of repayment has been given under Condition 3 (Voluntary early repayment).
- 2.4 No fee shall be charged for the registration of any transfer or for the registration of any confirmation, probate, letters of administration, Certificate of marriage or death, power of attorney or other document relating to or affecting the title to any Bonds or for making any entry in the Register relating to or affecting the title to any Bonds.

3. Recognition of personal representatives

- 3.1 The executors or administrators of a deceased Bondholder shall be the only person(s) recognised by BCE as having any title to such Bonds.
- 3.2 Any person who becomes entitled to any of the Bonds as a result of the death or bankruptcy of any Bondholder, or of any other event giving rise to the transmission of such Bonds by operation of law may, upon producing such evidence that he sustains the character in respect of which he proposes to act under this Condition or of his title as the Directors shall think sufficient, be registered himself as the holder of such Bonds or, subject to the preceding Conditions as to transfer, may transfer such Bonds. BCE may retain any payments paid upon any such Bonds which any person under this provision is entitled to, until such person is registered as the holder of such Bonds or has duly transferred the Bonds.

4. Payment of interest and principal

- 4.1 The payments of principal, interest or other sums payable by BCE in respect of the Bonds may be paid by:
 - (a) electronic transfer in immediately available cleared funds on the due date for payment, to the account specified for the purpose by the Bondholder in writing to BCE or its agent; or
 - (b) in the absence of such notification, by cheque, warrant or bankers' draft made payable to and sent to the registered address of the Bondholder or made payable to such person and sent to such address as the registered holder may in writing direct.
- 4.2 Every such cheque, warrant or bankers' draft shall be sent on or before the due date for payment and may be sent through the post at the risk of the registered Bondholder. Payment of the cheque, warrant or bankers' draft shall be a good discharge to BCE.
- 4.3 All payments of principal, interest or other moneys to be made by BCE shall be made after any deductions or withholdings for or on account of any present or future taxes required to be deducted or withheld from such payments.

5. Replacement of Certificates

If the Certificate for any Bonds is lost, defaced or destroyed it may be renewed on such terms (if any) as to evidence and indemnity as the Directors may require. In the case of defacement, the defaced Certificate shall be surrendered before the new Certificate is issued.

APPENDIX 4 | THE BOND INSTRUMENT

Schedule 3

Provisions for meetings of Bondholders

1. Calling of meetings

BCE may at any time and shall on the request in writing signed by Bondholders representing 5% or more of the Bonds in nominal value then in issue convene a meeting of the Bondholders to be held at such place as BCE shall determine.

2. Notice of meetings

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

3. Chairman of meetings

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

4. Quorum

4.1 At any such meeting convened for any purpose, other than the passing of a Special Resolution, a person or persons holding or representing by proxy 10% in nominal value of the Bonds for the time being outstanding shall form a quorum for the transaction of business. At any meeting convened for the purpose of passing a Special Resolution persons (at least two in number) holding or representing by proxy at least 50% in nominal value of the Bonds for the time being outstanding shall form a quorum. No business (other than the choosing of a Chairman) shall be transacted at any meeting unless the requisite quorum is present at the commencement of the meeting.

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

5. Adjournment of meetings

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

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

6. Voting

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

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

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

6.4 Any poll demanded at any such meeting shall be taken at the meeting without adjournment. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

6.5 On a show of hands every Bondholder who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative (not being himself a Bondholder) or by proxy shall have one vote (provided that a proxy appointed by more than one member should only have one vote or, where the proxy has been instructed by one or more of those members to vote for the resolution and by one or more other of those members to vote against it, such proxy shall have one vote for and one vote against the resolution). On a poll every Bondholder shall have one vote for every £1 in nominal amount of the Bonds of which he is the holder. A Bondholder (or a proxy or representative of a Bondholder) entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

7. Proxies

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

7.2 The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority shall be deposited with BCE at the address where the Register is maintained for the time being (as referred to in clause 5.1 of this instrument) or at such other place as may be specified in the notice convening the meeting before the time appointed for holding the meeting or adjourned meeting or the taking of

APPENDIX 4 | THE BOND INSTRUMENT

a poll at which the person named in such instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument of proxy or of the authority under which the instrument of proxy is given or transfer of the Bonds in respect of which it is given unless previous intimation in writing of such death, insanity, revocation or transfer shall have been received by BCE at the address where the Register is maintained for the time being (as referred to in clause 5.1 of this instrument). No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution.

8. Power of meetings of Bondholders

In addition to the powers to pass the Special Resolutions referred to at Clause 6 (Events of Default), Clause 7 (Acceleration) and Clause 11 (Modification) of this instrument, a meeting of the Bondholders may, by Special Resolution, consent to any proposal put to Bondholders by BCE where such proposal may affect Bondholders' rights to repayment of principal, payment of interest or to demand accelerated repayment under Clause 7.

9. Resolutions

- 9.1 A Special Resolution, passed at a meeting of Bondholders duly convened and held in accordance with the provisions of this schedule, shall be binding on all the Bondholders whether or not present at such meeting and each of the Bondholders shall be bound to give effect to such Special Resolution accordingly. The passing of any such resolution shall be conclusive evidence that the circumstances justify the passing of such Special Resolution.
- 9.2 Subject to clause 7 of this instrument, a resolution in writing signed by the holders of at least 75% in nominal value of the Bonds for the time being outstanding who are for the time being entitled to receive notice of meetings in accordance with the provisions contained in this instrument shall for all

purposes be as valid and effectual as a Special Resolution. Such resolution in writing may be contained in one document or in several documents in like form each signed by one or more of the Bondholders.

10. Minutes of meetings

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

Executed by BRISTOL COMMUNITY ENERGY LIMITED,
acting by two directors:



Andy O'Brien
Director



Chris Speller
Director
Dated: 9th December 2015

APPENDIX 5 | BEC SUMMARY ACCOUNTS

Years ended 30 April 2013-15			
PROFIT AND LOSS ACCOUNT	2014-15	2013-14	2012-13
REVENUE	£22,458	£22,152	£12,718
Cost of sales	£521	£0	£0
GROSS PROFIT	£21,937	£22,152	£12,718
Administrative expenses	£13,794	£16,587	£8,520
OPERATING PROFIT	£8,143	£5,565	£4,198
Attributable to:			
Operating profit before exceptional items	£8,143	£8,565	£4,198
Exceptional items	£0	-£3,000	£0
	£8,143	£5,565	£4,198
Interest receivable	£207	£34	£27
Interest payable and similar charges	-£4,518	-£4,778	£0
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	£3,832	£821	£4,225
Tax on profit on ordinary activities	£1,544	£0	£0
PROFIT FOR THE FINANCIAL YEAR	£2,288	£821	£4,225
Balance brought forward	£5,046	£4,225	£0
Balance carried forward	£7,334	£5,046	£4,225
BALANCE SHEET	2014-15	2013-14	2012-13
FIXED ASSETS			
Tangible assets	£190,860	£98,098	£102,633
CURRENT ASSETS			
Debtors	£31,463	£3,608	£24,101
Cash at bank	£34,864	£134,367	£5,588
	£66,327	£137,975	£29,689
CREDITORS: amounts falling due within one year	£3,293	£1,004	£924
NET CURRENT ASSETS	£63,034	£136,971	£28,765
TOTAL ASSETS LESS CURRENT LIABILITIES	£253,894	£235,069	£131,398
PROVISION FOR LIABILITIES			
Deferred taxation	£1,537	£0	£0
	£252,357	£235,069	£131,398
CAPITAL AND RESERVES			
Called-up equity share capital	£245,023	£230,023	£127,173
Profit and loss account	£7,334	£5,046	£4,225
MEMBERS FUNDS	£252,357	£235,069	£131,398

Investing in renewables

Cutting carbon

Building community



This offer has been approved as a financial promotion for the purposes of Section 21 of the Financial Services and Markets Act 2000 by Bates Wells & Braithwaite London LLP, a firm of solicitors authorised and regulated by the Financial Conduct Authority (registered FCA number 466148). It is for use only by BCE and potential applicants for the bonds. An application to invest in the bonds described in this offer document may only be made through Ethex, a not for profit organisation operating an online platform for positive investments.

You should not apply for any bonds except on this basis of information set out in (a) this offer document and (b) the terms and conditions on ethex.org.uk. Before applying you are advised to read the whole of this offer document, including the risks set out on pages 20-21, and all the terms and conditions at ethex.org.uk, which together constitute the whole of the offer. You should consider taking appropriate financial and other advice before making any investment decision.