

COMMUNITY SHARE OFFER



Invest in a community-owned renewable energy project in the London Borough of Brent

*Solar Panels on the roof of Capital City Academy
Doyle Gardens, Willesden, London, NW10 3ST*

Document V1.0 Issue 10th June 2021

Brent Pure Energy
<http://www.brentpureenergy.org.uk/>

Contents

1. Chairperson's letter	3
2. Introduction	4
3. The project	5
4. The share offer, timescales and financial information	7
5. About Brent Pure Energy Limited, Community Benefit Society	13
6. Legal information and risks	17
7. Glossary of terms	21
8. Application form	22



Capital City Academy

Photographs of Capital City Academy in the following pages reproduced with the Academy's permission

1. CHAIRPERSON'S LETTER

Dear Potential Investor,

Thank you for requesting this Share Offer Document which sets out a unique opportunity for our community to invest in a Community Benefit Society which will install solar panels on the roof of Capital City Academy. Investing will enable you to:

- Support the Academy financially and in its educational and sustainability objectives.
- Generate renewable energy, helping tackle energy security and climate change.
- Support sustainable development in our community.
- Receive an attractive and fair return on your investment of 4% per annum (subject to project performance and the risks outlined in this document).

Brent Pure Energy Limited is a not-for-profit, community-based enterprise designed to make sufficient surplus to enable it to pay a reasonable return to its members. As an investor, you will be able to see your investment in action every day on the roof of a local Academy, generating electricity.

The Community Benefit Society has three broad goals: to engage the community, to support our local schools and to generate renewable energy.

The Offer will close when fully subscribed or on 31st July 2021, whichever is sooner (although the directors may extend the date for *up to 3 months*).

How to invest

An Application Form with details of how to invest is attached at the end of this Share Offer Document. The minimum investment is £100. The maximum investment is £20,000. Please read this Share Offer Document and consider the risks, including those set out in section 6, before investing.

I look forward to welcoming you as a member of Brent Pure Energy Community Benefit Society

Yours faithfully

Ian Saville
Chairperson
Brent Pure Energy Ltd, Community Benefit Society (FCA reg.7198)
20 Hopefield Avenue, London NW6 6LH
020 8969 9030

2. INTRODUCTION

Brent Pure Energy is a local response to the issue of Climate Change in the London Borough of Brent. We believe that urban communities are well placed to act in driving the transition to clean energy. We use the financial model successfully pioneered by Brighton Energy Co-op, Wey Valley Solar Schools, Repowering London and many others since 2010.

Brent Pure Energy is a Community Benefit Society that is run by a Board of Directors established by the founder members. The directors are listed later in this document. We have been mentored by Brighton Energy Co-op who have considerable experience in the development of solar energy projects and the management of cooperatives.

We have already raised funds and installed solar panels on the roofs of Queens Park Community School (in August 2016) and Malorees Infant and Junior Schools (in March 2020). These installations have been a complete success generating the forecast level of electricity and allowing us to pay members the expected level of investment return to date.



Brent Pure Energy arrays at QPCS and Malorees

This share offer is an opportunity to invest in a new project - green renewable solar energy for the benefit of Capital City Academy and the wider community. The project is similar to our previous projects with QPCS and Malorees, however on this occasion the government feed-in tariff is no longer available. But, as this is a larger installation, the economies of scale make it financially viable.

What is the offer?

We plan to issue £195,000 of community shares which is the amount required to fund the installation of the solar panels. By buying a share you will automatically become a member of **Brent Pure Energy** with the an equal opportunity to participate in the democratic running of the Society irrespective of the amount of share ownership and you will receive interest on your investment over the lifetime of the project.

Our financial projections show that we should be able to pay interest to investors at a set rate of 4% p.a. on the amount invested. Your share capital will be repaid over the twenty year period in equal instalments. However, the return on investment is not guaranteed and your share capital is also at risk as explained in this document.

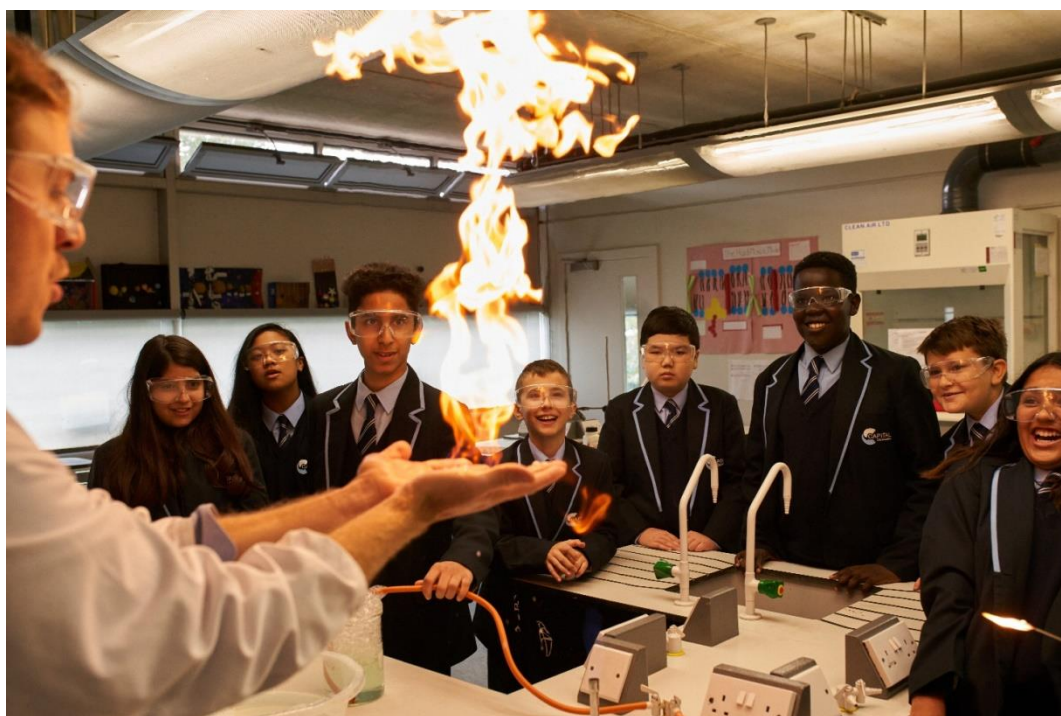
This Share Offer Document as a whole, together with the documents referred to, should form the basis for any decision to invest in our Community Benefit Society, **Brent Pure Energy**.

3. THE PROJECT

Brent Pure Energy has arranged to install a 300 kWp solar PV array on Capital City Academy's roof. This equates to 800 panels and will generate some 263 MWh of electricity per annum. Modelling suggest that this will supply between 25 and 30% of the Academy's current annual consumption. This will result in an estimated saving to the Academy of around £9,000 to £10,000p.a. The project does not involve battery storage so the size of the solar array is chosen to maximize the Academy's consumption of the generated electricity, by creating the best fit between the Academy's demand and generated capacity through each day of the year.

Capital City Academy

Capital City Academy is a specialist sports and arts Academy in Willesden, North West London, in the borough of Brent. The Academy, which caters for over 1,100 children from 11-18, was designed by architect Sir Norman Foster and engineers Buro Happold, and is sponsored by Sir Frank Lowe. In 2003 it became one of the first generation city academies opened in England, with the aim of attempting to overcome educational underachievement in deprived areas. -



The commercial arrangement with Capital City Academy

Capital City Academy will purchase metered electricity from the solar PV array under a Power Purchase Agreement (PPA) with Brent Pure Energy, which is a component part of Brent Pure Energy's leasing arrangement with the Academy.

The key terms of the lease and PPA are as follows:

- a term of 20 years
- an electricity sale price of 8 p/kWh (significantly less than the daytime rate the Academy is

- currently paying which averages 13.77p);
- a requirement on the Academy to purchase the solar electricity that is generated, up to the amount where the generated electricity exceeds the Academy's demand.
 - no penalties apply to Brent Pure Energy if it fails to deliver solar generated electricity
 - rights granted to Brent Pure Energy to install the solar PV array and carry out all ancillary activities;
 - restrictions on the Capital City Academy's use of the estate to ensure that there is no interference with sunlight reaching the solar PV array, the construction, operation and maintenance of the solar PV array, the transmission of electricity or Brent Pure Energy's rights to occupy the premises for the "Permitted Use" (i.e. for the installation of the solar PV array and all ancillary activities);
 - a recognition that Brent Pure Energy is the owner of the solar PV array. At the end of the lease term the ownership of the solar PV array passes to the Academy;
 - compensation payments due from Capital City Academy if the Lease is breached, to repay the remaining investor capital in full .

What is the current situation?

At this stage we have:

- 1) Obtained letters of authorisation and a memorandum of understanding with the Academy.
- 2) Applied for permission from London Power Networks to connect the planned installation to the national grid, on behalf of the site owners.
- 3) Carried out financial modelling to verify the viability of the project.
- 4) Prepared drafts of the lease and power purchase agreement for the Academy to review.
- 5) Invited estimates from several solar installers experienced in this type of project and now have obtained competitive tenders from 3 reliable installers. We have selected the company Genfit (www.genfit.co.uk) for this project, subject to contract.



4. The Share Offer, Timescales and Financial Information

The Share Offer will launch in June and remain open until 31st July 2021 (but will be closed early if the capital target is raised). The Directors intend to ensure that all capital is raised and fully engaged in its business and all solar panel installations are completed and commissioned during the summer or autumn half-term holidays, by 30th November 2021 at the latest, to ensure that there is no disruption the Academy during term time. The Directors expect the following timetable to apply:

June 2021	Share Offer Launch – Investment Period Opens
31 st July 2021	Offer period ends (unless closed early due to oversubscription or extended at the discretion of the board).
August – October 2021	Solar panels commissioned (the exact date will depend on the date the subscription closes. The installation will take place at a time convenient for the Academy – the target is during the August holiday, with a fallback date of the October half term)
October 2021	Share certificates posted, Financial accounts prepared for 2020/21
November 2021	AGM
September December-2022	First payment of share interest and capital to BPE Capital City Academy members subject to availability of funds.
October 2022	Financial Accounts prepared for 2021/22
November 2022	AGM

Following a successful share offer where the required capital is raised, shares will be allocated and shareholders shall be notified by email of their successful subscription.

Following notification by email, signed share certificates will be circulated to the shareholders to acknowledge their shareholding (expected October 2021).

Details of shareholders will be held on a GDPR- secure share register and will be administered by the Directors of Brent Pure Energy.

In the event of oversubscription, priority will be given to local residents and smaller investors. Failure to raise the required capital will result in monies being returned to investors.

Your Investment

The minimum investment is £100 and the maximum £20,000. The Share Offer is set at £195,000. We expect that investments will receive a return of 4% interest per annum, based on projected income and expenditure over the life of the project, using the assumptions stated below. The first interest payment will be made between 12 and 24 months after installation.

Please note that although we believe Brent Pure Energy is a comparatively secure investment because solar panels are a mature technology, our figures are provisional and your investment is

subject to risk and the return on your investment could go down. Interest will be paid gross and is subject to taxation. It is important to read the risk factors further below.

Members of the board intend investing a total of at least £10,000 in aggregate.

The shares are not eligible for Enterprise Investment scheme tax relief or Social Investment Tax relief.

How Long Do I Need to Invest For?

The Community Benefit Society will operate the project for 20 years. This Share Offer has been set up as a 20 year investment.

Your share capital will be repaid over the twenty-year period in equal instalments. Interest payments will be made on the share capital that remains invested. For example if you invest £100 we expect to pay 4% interest for the first year (which would be £4) but also repay 1/20th of the capital which is £5. Hence the total payment for year one would be £9. For the second year the interest payment would be 4% of £95 and capital repayment would again be £5.

The shares are not tradeable on a recognised stock exchange and are not transferable but the Directors intend to repay members' capital and interest back as a fixed amount annually, such that all capital is repaid in 20 years. Requests for greater amounts of capital withdrawal would be subject to availability of funds, a notice period, as well as the approval of the Board of the Society.

In the event of the death of a member, transfer of shares is permitted, in line with the rules of the Society.

Community Benefit Society Income

We will generate and sell electricity that will be produced by solar PV renewable technology. This means there will be two income streams:

- The sales tariff (8p/ kWh): Over 70% of the electricity kWh generated will be fed to the Academy, which pays a reduced rate for it compared with its current cost. This income stream is linked to RPI, the Retail Price Index through the terms of the lease.
- The Smart Export Guarantee: (5.5p/kWh). Approximately 30% of the electricity will be fed to the National Grid and this attracts the smart export guarantee. The exact rate depends on the offer from the electricity utility. We expect this rate to rise in line with RPI.

Community Benefit Society- Outgoings

After the installation of the panels, the greatest costs will be interest payments and capital repayment to members. Other costs include running expenses such as maintenance, insurance and an inverter warranty. If there is income remaining after these costs then it will go to a Community Benefit Fund described further below.

Assumptions in our projections

We have made the following assumptions:

- Performance degradation 1% per annum. This is a normal degradation rate for solar PV.
- Retail Price Index (RPI) is assumed to average 2.5% over the 20 year period in line with long-term historic trends.
- Interest payments to members are projected to be 4% paid annually.
- Insurance figures are based on quotes received.
- Administration costs and running costs are based on figures from our experience with Queens Park Community School (QPCS).
- Projections are based on the project generating electricity appropriate to the size of the installation.

Capital Repayment and Share Withdrawals

a) Mandatory Capital Repayment

The Board requires a proportion of the share capital to be repaid along with interest each year. This will be a fixed 1/20th amount each year based on repaying all capital in 20 years while maintaining a rate of 4% interest on capital remaining in any one year. All members are deemed to give the required consent to the repayment of their capital in this manner. The number of shares issued will remain fixed but the value of the shares will be reduced in proportion to the reduction in share capital.

b) Requested Withdrawal

In addition to the mandatory capital repayment described above, the Board may also approve at its absolute discretion, ad-hoc share withdrawal requests. Members do not have the right to withdraw share capital but the Board has the power to permit shares to be withdrawn by agreement between the Board and the Member. Requests to withdraw share capital will be reviewed annually at the AGM. In the case of joint investments, all investors concerned must agree to a withdrawal.

In the case of both mandatory capital repayment and requested withdrawal the following points will apply:

Capital repayment in general depends upon whether the Community Benefit Society is making the returns forecast in its business plan projections. The scope for being able to withdraw shares in the future will be dependent upon the Society developing a successful business and hence cash flows to pay out share withdrawals or contingent on the Society raising additional capital for the purpose of paying out share withdrawals. The Board has the right to suspend or amend the withdrawal facility.

The initial value of a single share is £1 and the value will never exceed £1. We would expect to repay withdrawn shares at the prevailing value taking into account the value reduction related to the 1/20th capital repayment each year (e.g. after year 3 the value of a £1 share will have reduced to £0.85 as £0.15 will have been repaid to the shareholder already). However, the Directors have the right to write down the value of shares if the liabilities of the Society (and its share capital) exceed the value of its assets. Should you then wish to withdraw your shares, you should expect to receive only their written- down value.

Returns to Members

The Society will pay interest only if financial returns are sufficient and may pay lower interest or no interest at all. The rate is determined by the Directors as that necessary to carry out the Objects of the Society as set out in its Rules. The Rules state that the maximum interest the Society can pay is 5% or two percent above base rate whichever is higher. . However, as stated previously, the interest rate for this Share Offer is set at a 4% return.

Oversubscription of Share Offer

The Directors will plan to offer shares on a first come, first served basis and end the share offer when the capital has been raised. However, at their absolute discretion the directors will be allowed to scale back the amount of shares allocated to one or more applicants so as to maximise community participation

In the event of oversubscription the directors may also elect to increase the size of the solar installation and hence the capital fund raised, always provided that there is no impact on the forecast investment return of 4% per annum.

Financial year

The Society has a 31st August financial year end. The first financial year of the Society was 18 months (Aug 2015 – Aug 2016), as permitted by law.

Documents

The Rules of Brent Pure Energy, application form, latest financial statements and financial projections are available on our website: see <http://www.brentpureenergy.org.uk/content/documents>

Other Projects

Brent Pure Energy has delivered two projects to date which are the installations at QPCS and Malorees. These projects were subject to a separate share offer and the financing of these other projects will not affect the financial returns of the Capital City Academy project which is the subject of this Share Offer.

Brent Pure Energy may pursue additional projects in the future. However, any future project will again be subject to a separate share offer and the financing of that project will not affect the financial returns of the Capital City Academy project which is the subject of this Share Offer.

Community Benefit Fund

Any financial surplus will become part of the Brent Pure Energy community benefit fund. This fund is intended to allocate money in line with the environmental objects of the society. In practice this involves either a) paying for start-up costs for future Brent Pure Energy renewable energy projects b) making charitable donations to local Brent community environmental projects.

Application Process

The following points should be noted:

- by completing an application, this is an irrevocable offer to enter into a contract with the Society subject to English law on the terms and conditions of the offer document
- non-UK residents must take responsibility for ensuring there are no laws or regulations in their own country that would prevent them from investing in or receiving income from a UK Society
- applications can be rejected in whole or in part or scaled-down, and will be returned within one month after they have been rejected
- incomplete or inaccurate application forms may be accepted as if complete and accurate



Project Finance Summary

Set Up Costs

Set Up Costs	£
Installation costs	-£181,575
Legal set up	-£7,500
Inverter warranty	-£2,405
Other set up expenses	-£1,150
Contingency	-£2,370
Total Set up	-£195,000
Capital Fund	£195,000
Balance	£0

20 Year Summary (with price inflation)

20 Year Total with price inflation	£
Sales to Academy	£339,857
Export income	£100,137
Total Income	£439,994
One off set up	-£195,000
Annual Expenses	
Maintenance and cleaning	-£65,220
Insurance	-£17,166
Administration	-£25,545
Total Expenses	-£302,931
Gross Surplus	£137,063
Interest paid to members	£81,900
Surplus for community fund	£55,163

Saving to the Academy

The estimated 20 year saving to the Academy is in the range of £180,000 to £200,000. The exact figure will depend on a number of factors including, most significantly, the market price of electricity. The estimate is based on the difference between the proposed sales tariff of 8p and the Academy's historic day time rate of 13.77p

Notes:

- i) Income and expenses reflect annual 2.5% RPI increase where applicable
- ii) The figures are presented net of VAT (VAT on sales will exceed VAT on expenses over the life of the project.)
- iii) Corporation tax is expected to be negligible due to application of capital allowances and the fact that Community Benefit Fund donations paid to charities will be exempt from tax

5. About Brent Pure Energy

Brent Pure Energy is set up as a Community Benefit Society (a CBS). A CBS is slightly different to a cooperative because a CBS is run primarily for the benefit of the community at large, rather than just for members of the society. This means that it must have an overarching community purpose that reaches beyond its membership. For Brent Pure Energy the declared purpose is to deliver environmental benefit to the community. The exact wording of the Society's purpose is described in the "objects" section of our model rules. Another important aspect of a CBS which differentiates it from a company is that it has a democratic decision-making structure. We have adopted a set of model rules provided by Co-ops UK. Every member has a single vote, no matter how many shares they hold. The full rules of the Brent Pure Energy Community Benefit Society can be found at <http://www.brentpureenergy.org.uk/content/documents> and each investor is advised to review the rules. The Directors are elected each year at our AGM.

Brent Pure Energy was founded in August 2015. We have been mentored by Brighton Energy Co-op and we have been supported through a UCEF grant and Co-ops UK community energy mentoring scheme, which was funded by the Esmée Fairbairn foundation.

The society currently has 46 members (inclusive of the six Directors) who were all investors in the QPCS and Malorees projects.

The objects of the Society as described in our constitution are:
(See <http://www.brentpureenergy.org.uk/content/documents>)

- (i) The installation, development and operation of renewable energy generation systems for the benefit of local communities, so as to reduce fossil fuel dependence, lessen greenhouse gas emissions, mitigate against the threat of climate change and help alleviate fuel poverty;
- (ii) the promotion of awareness of environmental and related issues and support for educational initiatives related to renewable energy;
- (iii) education about, and promotion of improved energy efficiency measures;
- (iv) contribution to education, training and employment in the field of renewable energy and energy efficiency;
- (iv) provision of an opportunity for community-minded people and organisations to contribute financially to the above aims, with the expectation of a social dividend and community benefit, in addition to any financial dividend received.

Voting

Each member has one vote regardless of the size and value of their shareholding. Members are kept informed of developments through the Brent Pure Energy website, by e-mails where the member so wishes, by occasional newsletters, annual reports and an Annual General Meeting. Members will be informed of the AGM with 14 days' notice by post, or as otherwise agreed according to paragraphs. 38 to 42 of the Society's rules (see <http://brentpureenergy.org.uk/content/documents>)

Meet the Team:



Nick Hartley

Director, Secretary

Nick is a physicist and electronic engineer with experience in semiconductor devices, lab instrumentation and forensic science equipment. He has a lifelong interest in environmental issues including renewable energy and meeting climate change targets. He has reduced his family's carbon footprint by 70% since 1992 by installing thermal and PV solar panels, a wood burning stove, efficient appliances, etc. He has run and maintained electric cars for the last 14 years.

Nick has volunteered at QPCS as a mentor for the charity Salusbury World,



Ian Saville

Director, Chairperson

Ian is a performer, writer and lecturer, living in Neasden. His training is in theatre studies, but he has been involved in many community campaigns and has been joint coordinator of Brent Friends of the Earth. He is chair of the Brent group of the London Cycling Campaign and has photovoltaic and thermal solar panels on his roof.



Tom Wright

Director

Tom lives in Queens Park with his family and his children attend QPCS. He has a broad span of commercial experience and is currently the Commercial Director of an NHS Trust. Previously he worked in the IT and computing industry and was a director of a subsidiary of Psion PLC. Tom has a BA in Natural Sciences from Cambridge University and an MBA from INSEAD business school. He is committed to environmental development and has been involved in other community projects such as the creation of the Greenspace Garden at Salusbury Primary school where he was co-chair of the steering group.



Glenis Scadding

Director

Glenis Scadding is Honorary Consultant Allergist & Rhinologist at the Royal National ENT Hospital, and Honorary Associate Professor in Infection and Immunity at the UCL School of Medicine. She was President of the British Society for Allergy and Clinical Immunology 2009-12 and has won many awards for her contributions to clinical allergy. Dr Scadding's research interests include rhinitis and its co-morbidities, including asthma. She is the author of

over 300 peer-reviewed scientific publications. For most of her adult life Glenis has been concerned about climate change and about the impact of man-made pollution, particularly that of fossil fuels, on respiratory health. She has given up running a car in the UK and has a solar array.



Steve Shaw

Director

Steve Shaw trained as a documentary cameraman and filmmaker. In 1981 he was invited to take a group of kids on a summer camping trip to a farm in Cornwall, and the following year to a farm in Glastonbury which was to become Paddington Farm. From this experience came two series for Children's ITV ("Running Loose"), and the voluntary organisation Steve still runs – Paddington Arts, which has maintained a close connection with Paddington Farm Trust ever since. Steve is actively involved in the local community and has served as a school governor and board member on many local charities, currently Paddington Farm Trust and Elimu Carnival Band.



Andrew Lawson

Director

Andrew Lawson lives in Queens Park with his family and has extensive commercial experience. He is currently a Solutions Architect with Xiatech Consulting Ltd and previously has worked in IT with a variety of International Multi-Channel Retailers. Andrew has an MBA from the Open University Business School. He enjoys cycling and growing fruit and veg

on his allotment and is actively involved in the local community, including Queens Park Sharks.

Disclosure

None of the Directors of Brent Pure Energy Ltd have, for at least the past five years, received any convictions (for any fraudulent offence or otherwise), or been involved in any bankruptcies or receiverships, 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.

The board is not aware of any actual or potential conflicts of interest between its directors, the Academy and any of the proposed contracting partners.

There have been no governmental, legal or arbitration proceedings relating to BPE and none are pending or threatened which could have a significant effect on the financial position or profitability of BPE or the Project proceeding.

Contact details:

Brent Pure Energy Ltd.
20 Hopefield Avenue
London NW6 6LH
020 8969 9030

Website: www.brentpureenergy.org.uk

All board members can be reached via the website.



6. Legal Information and Risks

Legal Information

In producing this Community Share Offer, the Directors have taken advice from the law firm, Lux Nova Partners, Clean Energy Specialists. However Lux Nova has not verified any factual statements or financial information.

Brent Pure Energy complies with all statutory requirements and those of the Financial Conduct Authority.

It is important to consider the risks carefully before you decide to invest. Make sure you can afford to be without the money you will pay for the Shares. If you are in any doubt about the information in this document, you should consult an independent financial adviser authorised by the Financial Conduct Authority, or get advice from a solicitor or accountant.

This document is issued by Brent Pure Energy Limited. Brent Pure Energy Ltd is a Community Benefit Society registered under the Co-operative and Community Benefit Societies Act 2014. The registration number is 7198 and the registered address is 20 Hopefield Avenue, London NW6 6LH.

Brent Pure Energy is a Community Benefit Society and, in offering withdrawable shares, it is exempt from the requirement to be regulated by the Financial Services and Markets Act 2000 (FSMA) and subsidiary regulations due to the specific exemption for community benefit societies that conduct their business for the benefit of the community. Accordingly, this offer document is not required to be approved as a share offering by the Financial Conduct Authority, nor has it been. As the shares will not be listed, the Society is not obliged to comply with the UK Corporate Governance Code.

The shares are not specified investments for the purposes of section 22 of FSMA (which specifies which activities are regulated by the Act) pursuant to paragraph 76 of FSMA (Regulated Activities) Order 2001. Therefore, you do not have the level of protection you might otherwise be offered by the FMSA.

The money you pay for your shares is not safeguarded by any depositor protection scheme or dispute resolution scheme and you have no right to complain to the Financial Ombudsman Service. The Society, unlike banks and building societies, although authorised by, is not subject to prudential supervision by the Financial Conduct Authority, nor has it been approved by an 'approved person' under section 21 of the above Act. This document does not constitute an approved share offering required by section 85(1) of FMSA or a prospectus within the meaning of the Prospectus Regulations 2005.

As a member and shareholder of the Society you own the Society. If the Society is unable to meet its debts and other liabilities, you may lose all the money you have paid for your Shares. This may make it inappropriate as a place to invest savings. Your investment in your share account receives interest but does not enjoy any capital growth. It is primarily for the purpose of supporting the Society rather than making an investment.

Variations to Application of Society Rules

Certain aspects of the Brent Pure Energy Society Rules are amended or dis-applied to this share offer as follows:

- Article 23 of the rules of the society allowing an investor to pay for the minimum share allocation in instalments does not apply to this share offer.
- Article 24 which gives discretion to allot shares up to the maximum permitted by law (currently £100,000 per investor) is amended to limit the maximum individual shareholding to £20,000.
- Article 27 relating to withdrawal rights is treated as varied by the Share Offer Documentation.

Declaration

Brent Pure Energy and each of its directors, whose names are set out above, confirm that, having taken all reasonable care to ensure that such is the case, the information contained in this Share Offer Document is, to the best of their knowledge, in accordance with the facts and contains no omissions likely to affect the Share Offer.

Risks

Set out below are some of the principal risk factors that could affect the financial performance of the project and your investment:

i) Insufficient funds: BPE may be unable to raise enough capital to proceed with the project.

Mitigation: Investors will be repaid their investment in full.

ii) General investment risks

Shares cannot be transferred or traded on a recognised stock exchange, but are buyable back only by Brent Pure Energy.

Your attention is drawn to rules 98 to 101 of the Society's Rules which requires members to give up any personal financial benefit from the conversion, transfer, dissolution or winding-up of the Society. The asset lock provisions require any surplus assets (after payment of any liabilities) to be transferred to some other non-profit body or body with similar objects and subject to the same degree of restriction in the distribution of its surpluses and assets as the Society.

iii) Risks associated with the assumptions

Technical or legal matters may delay the construction and installation of the project.

Solar PV panel performance projections are based on methodologies commonly used by the industry. We have estimates provided by our mentor, installers and the results of our own report using the professional software package PV*sol. These form the basis of our financial projections. However, long-term changes to weather patterns may result in lower levels of electricity generation and therefore income.

Energy cost inflation may prove to be more volatile than forecast; it is expected to rise ahead of inflation on average but will probably do so in an irregular fashion. In the last decade, electricity prices have risen by an average of 6% per annum (ONS). If this trend continues, the Academy will benefit increasingly. Revenue may surge ahead of projections in the short term but fall back to trend later, or vice versa; alternative energy sources might in the long run reduce energy cost in real terms and so reverse recent inflationary trends and erode profit.

The Academy may also make changes that reduce that reduce the Academy's demand for electricity

compared with forecast.

The Board will need to review actual revenue and developing trends before making interest payments or allocating funds to the Community Benefit Fund. In order of priority, income goes to project costs (solar panel maintenance, admin, insurances, accountancy, etc.) then to the capital repayment fund and investor interest. Surplus, if any, goes to the Community Benefit Fund.

iv) Risks specific to the Capital City Project

There may be interruptions to the generation of electricity from the installations once built caused by damage to or mechanical/electrical failure of equipment.

Mitigation: Once the solar panels are in place, warranties are provided by the installer and BPE will take out insurance to cover mechanical or electrical breakdown of the equipment. Complete failure and loss of revenue through breakdown is reduced through the use of multiple inverters and the system will be monitored and managed to minimise interruptions to supply. Accidental and malicious damage will also be covered under the insurance and public liability insurance.

There is a risk that the Academy decides to remove or alter the building where the solar panels have been installed, prior to the end of the twenty-year period, such that the solar panels can no longer be maintained. This scenario is covered by the Lease Agreement with the Academy under which the Academy will be responsible for finding an alternative location for the panels on the site, at the Academy's cost, or alternatively paying Brent Pure Energy a compensation fee.

There is a risk that the Academy makes changes which mean its demand for electricity is less than forecast.

v) Renewable energy industry risks

The government's support of solar PV through the FIT (Feed-in-Tariff) ended at the beginning of April 2020. The solar industry now depends on commercial sales and on the SEG (Smart Export Guarantee). The smart export guarantee (SEG) came into effect on 1 Jan 2020 and is an obligation set by the government for licensed electricity suppliers to offer a tariff and make payment to small-scale low-carbon generators for electricity exported to the National Grid, providing certain criteria are met. The SEG price is determined by the utility and is subject to market forces. We have modelled a rate of 5.5p/kWh based upon offers available at this time. Our model assumes this rate will increase with RIP in line with long term trends for electricity price inflation. However neither this rate nor any RIP increase is guaranteed and the SEG could go down in value. There is no long-term certainty over this income stream as only short-term contracts are currently being offered (if you want a fixed rate) and the SEG supplier has full discretion on the terms it offers. There is also the risk that the SEG scheme is replaced in the future with a worse support mechanism or no support mechanism.

Government policy towards renewable energy may change. If the Government chose not to incentivise small scale renewable energy production (which given the current trajectory is unlikely) this could mean that the obligation on suppliers to purchase electricity supplied to the grid by small renewable energy producers is removed, meaning that circa 25% of the income could be at risk, however, we consider this to be a low risk.

Government policy towards the consumption of energy at source (i.e. "embedded generation" or "behind the meter" generation) is currently changing, with Ofgem in the process of reviewing network charges. These changes may have an impact on the income that projects secure and/or the licensing regime for small scale generation (which could ask additional administrative burdens and costs to the Project).

However as a potential upside if the recently introduced Local Energy Bill passes into law, local generators such as ourselves will be able to sell exported electricity at a higher than SEG rate to local people and business via the grid. This will improve solar economics considerably.

Vi) Covid 19

The Covid -19 pandemic may continue to affect society in multiple ways. This could affect the supply of solar panels, or the functioning of the solar installer and cause a delay to the installation of the panels with a knock –on impact on the ability to pay interest and capital returns in accordance with the proposed timetable. It could also entail further school closures affecting the Academy's demand for electricity and therefore Brent Pure Energy income.

vii) Inflation

Inflation rates in the UK may increase to levels higher than the 4% interest rate offered for this project investment meaning that the rate of return received by investors is less than inflation.

Mitigation: as this is a long term 20 year investment, long term trends indicate inflation is unlikely to exceed the 4% interest rate for a long portion of the investment period however this cannot be guaranteed.

viii) Lease Terms

The terms of the lease and power purchase agreement with the Academy have not yet been finalised. It is possible that the Academy will ask Brent Pure Energy will need to agree terms that are less favourable to investors.

Mitigation: if satisfactory terms cannot be agreed with the Academy then the share offer will be terminated and investors will be repaid in full.



7. Glossary of Terms

Academy	Capital City Academy
BPE	Brent Pure Energy Ltd. A CBS incorporated with the FCA.
CBS	Community Benefit Society
CPI	Consumer Price Index
BEIS	Department of Business, Energy and Industrial Strategy
FCA	Financial Conduct Authority
IHT	Inheritance Tax
kWh	kiloWatt hours Standard unit for energy measurement
kWp	kiloWatt power Power rating of a solar array in full sunlight
MBA	Masters in Business Administration
OFGEM	Office of Gas and Electricity Markets
PLC	Public Listed Company (offers shares to the general public and has limited liability)
PPA	Power Purchase Agreement
PV	Photovoltaic
RPI	Retail Price Index
QPCS	Queens Park Community School
UCEF	Urban Communities Energy Fund

8. Application Form

IMPORTANT

Before completing this application form you must:

- Read the Share Offer document carefully
- Pay special attention to the risk factors set out in section 6 of this document
- Consider taking financial, legal or other advice in relation to the terms and conditions of this Share Offer
- Read the Rules of the Society at the weblink above or on our website

Share Application

PLEASE USE CAPITALS AND BLACK INK

Amount to invest

I wish to invest a total amount of £ in shares of Brent Pure Energy Community Benefit Society on the Terms and Conditions of the Offer Document at the price of £1.00 per Share.

I confirm I am eligible to be a member of the Society. I accept I may invest not less than £100 and not more than £20,000.

Individual Applicant details

Title (Mr/Mrs/Ms/Other):

Forenames:

Surname:

Address:

Town:

Post code:

Date of Birth:

Email:

Daytime Telephone (for any enquiries in relation to this Application):

Confirmations

I hereby confirm:

- I understand that an application once made cannot be withdrawn
- that Brent Pure Energy Community Benefit Society is permitted to make enquiries as deemed necessary to confirm the eligibility of this application;
- that where this application is signed on behalf of any other person, I have explicit authority from such person to make this application and will provide the Directors with evidence of my authority to sign if they ask for it;

- (iv) that I will supply any additional information requested by Brent Pure Energy Community Benefit Society in connection with money laundering, taxation or compliance with relevant Laws and Regulations;
- (v) I am at least 16 years of age;
- (vi) I will provide proof of my identity and address if the directors ask for it;
- (vii) I acknowledge that I will be bound by the Society's Rules if shares are issued to me;
- (viii) If paying by cheque, I understand that the cheque supporting this application will be presented for payment upon receipt and I warrant that it will be paid on first presentation.

Signature:

Signature Date:

Payment Details

You may pay by cheque or bank transfer. Please tick the payment method you are using

Cheque ☐ or bank transfer ☐

Please then either

- a) Attach a single cheque or banker's draft for the amount shown above, payable to Brent Pure Energy Community Benefit Society.
- b) Make a bank transfer to the Brent Pure Energy account using the following account details.

Account name: Brent Pure Energy

Account Sort Code: 60 83 01

Account Number: 20359773

If paying by bank transfer it is essential that you insert your name from this application in the "your reference" box of the bank transfer so we can link your application to your transfer.

Send your completed Application Form (and payment if paying by cheque) to:

Brent Pure Energy Ltd.
20 Hopefield Avenue
London NW6 6LH

Please provide us with your bank details for ease of interest and capital payments:

Account name:

Account sort code:

Account number:

We would be grateful if you would inform us how you first heard of this Share Offer:

This page is left intentionally blank.