



BRENDON ENERGY

OWNED BY THE COMMUNITY

Offer document

for the sale of shares in

Brendon Energy Limited trading as Brendon Energy

An Industrial and Provident Society (no. IP031263) for the benefit of the community developing renewable energy resources owned by the community.

Take a share in your energy future

This Share Offer Document has been prepared by Brendon Energy and its Directors, who are responsible for the contents.

Share issue offer

Offer opens: on July 9th 2011 at 11.00 a.m.

Offer closes: on October 9th 2011 at 12.00 noon

This share issue is supported by : Taunton Deane Borough Council, Wessex Community Assets, West Somerset District Council and the Wiveliscombe Area Partnership.

We believe that communities should own their resources and benefit from them.





SUMMARY

These summary pages should be read as an introduction to the document. Any decision to invest should be based on the document as a whole and, where considered necessary, having taken independent financial and/or legal advice.

Introduction

This document explains the unique opportunity presented by BRENDON ENERGY and the benefits and risks involved in investing. It is prepared in good faith by the Directors with the interests of all members of the Wiveliscombe and Environs community in mind. It explains how the issue of shares has been prepared in order to be available to every member of our community. All shareholders will have equal voting rights in deciding how their local renewable energy resources are developed and managed.

YOUR opportunity – reasons to invest

BRENDON ENERGY provides a way in which YOU can own and benefit from the development of renewable energy resources. Everyone who invests will have a real say in the activities of BRENDON ENERGY. The governing documents of BRENDON ENERGY can be found on our website www.brendonenergy.org

YOU are asked to give investing in BRENDON ENERGY serious thought, given the vital need to take action now to deal with the twin challenges of dwindling fossil fuel resources and the carbon emissions responsible for global warming. Community ownership of our energy also contributes to a sustainable and secure economic future. The successful launch and operation of BRENDON ENERGY offers US – the people of Wiveliscombe and Environs - the opportunity to rise to these challenges, now and in the future.

By purchasing shares in BRENDON ENERGY YOU become a member and will:

- gain an equal vote in how the Society is managed and how your local energy resources are used.
- ensure that YOU participate in the ownership and management of local renewable energy resources.
- be eligible for interest paid to members.
- begin to develop a local energy supply offering protection against fluctuations in energy supply and costs.
- enhance the contribution of Wiveliscombe and Environs in dealing with global climate change
- contribute to the provision of renewable energy supplies for Wiveliscombe and Environs that, in turn, will build long-term prosperity and economic security.
- support a model that can be copied in other communities across the UK, thereby promoting the above benefits on a national scale

We are working with HMRC to ensure that purchase of our shares brings Enterprise Investment Scheme benefit to taxpayers (EIS details on HMRC.gov.uk/eis)



YOUR future – new opportunities in community owned renewable energy

Recent developments in technology, legislation and policy coupled with greater understanding of the impacts of climate change and the status of global energy reserves, make investment in renewable energy an attractive proposition for some investors. Community ownership offers an opportunity to create a diverse, sustainable and stable energy supply infrastructure, under control of the local community and with cash surplus supporting the local economy. BRENDON ENERGY is not pioneering this model in the UK and Europe as other communities have successful track records with a large number of Danish and German (1) energy installations in community ownership.

YOUR investment - and your returns

Our first project is the installation of solar photo-voltaic (PV) panels on community buildings in the Wiveliscombe area – benefiting the community and investors. Solar PV projects similar to ours typically offer a reasonable return on capital. This would allow BRENDON ENERGY to aim to pay investors, to re-invest in the business, and to help fund community projects. Revenues from sales of locally generated energy are expected to increase in line (2) with rising global energy prices (3), although you should take note that energy prices can fall as well as rise.

Anticipated schedule

This Share Issue offer opens on July 9th 2011 at 11.00 a.m. and **closes** on October 9th 2011 at 12.00 noon

Enquiries

Please contact Brendon Energy for further information relating to the issue of shares.

Email address at info@brendonenergy.org

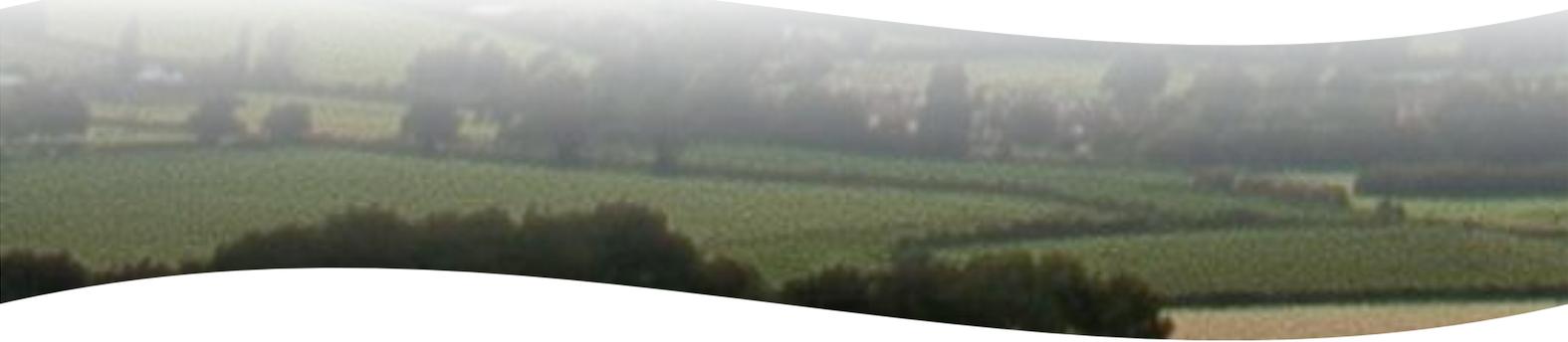
Please note: Neither Brendon Energy nor any of its Directors can provide investment advice, tax advice or recommendations to Investors.

About us

A brief history – our achievements to date

At a meeting organised by the 10Parishes Transition Initiative in June 2009, local residents got together to discuss the potential for community ownership in developing the renewable energy resources of the area. A working group formed, which became the Brendon Energy Project (BEP).

Since that date BEP has worked to identify suitable projects, has obtained grant funding from Western Somerset Local Action for Rural Communities and support from Taunton Deane Borough Council. BEP commissioned a feasibility study (4) into four technologies and the area resources from Aardvark EM Ltd – environmental consultants. Aardvark's study concluded that solar panels were the most suitable technology for immediate action. As a result, BEP formed Brendon Energy Limited in May 2011, and is proceeding with the development of our first installations of solar panels.



An Industrial and Provident Society

BRENDON ENERGY is an Industrial and Provident Society (No. 31263R), registered with the Financial Services Authority under the Industrial and Provident Societies Act. BRENDON ENERGY is owned by its shareholders, whose liability is limited to the extent of their investment. Its constitution is in the form of Rules registered and approved by the Financial Services Authority. The Rules of the Society are available on our website www.brendonenergy.org.

The status of BRENDON ENERGY as an Industrial and Provident Society prevents the sale of shares to third parties. This provides protection against takeover by larger companies and prevents interference in the affairs of BRENDON ENERGY by those outside the local community.

Board of Directors

BRENDON ENERGY has so far been developed by a group of local residents concerned about the threats of depleting global oil and gas supplies ('peak oil') and the impacts of climate change, and committed to developing the capacity of our local communities. These individuals comprise the current Board of Directors of the Society. In future, Directors will be elected by shareholders of the Society at an annual general meeting, ensuring democratic accountability.

The current Board of Directors represents a positive complement of skills, local knowledge, experience, passion and commitment that will enable BRENDON ENERGY to successfully establish itself, quickly realise its aims, and become a strong asset to the community and its members.

Gareth Hoskins, Chief Executive.

A graduate with an Honours Degree from London University and post-graduate qualifications in administration and finance. With thirty years of public service in Higher Education and Social Services administration, finance and project management, he also has extensive experience in personnel management. Joint owner and manager of a property business based largely in London. Treasurer of Wiveliscombe and District Rotary Club. Parish Councillor and Vice-Chair of Huish Champflower Parish Council. Director of Wiveliscombe Area Partnership/Wivey Link. Vice-Chair of Wiveliscombe Civic Society. Founder member of the 10Parishes Transition Initiative.



Iain Beath, Technical Director.



A graduate with an honours degree from Oxford in Biochemistry, an MSc from UCL in Computer Science, and further post-graduate studies with the Open University in Renewable Energy and Environmental Ethics. As a director of Renewable Power Limited, he has eight years' experience in renewable energy consultancy. He is a project developer responsible for three wind farm sites at various stages in the planning process. Application for a 5MW solar PV farm is due to be made in 2011. He has secured legal contracts with several land owners, completed Environmental Impact Assessment (EIA) scoping processes and manages work in progress with a number of external EIA consultant companies as well as other related specialists. In his capacity as consultant, he has undertaken a wide range of dedicated tasks for third party companies and public sector bodies including County and District Councils, National Parks, Utility and other private companies based in the UK and Germany, and Community Trusts.

Mandy Johnson, Communications & Public Liaison Director.

A graduate qualified in veterinary medicine at Cambridge University (M.A. Vet MB.) and moved to Wiveliscombe 18 years ago. She worked as a vet and managed her own local mixed veterinary practice for 11 years with her husband Geoff, before taking a career break for having children. She now manages Geoff's veterinary business and her family's small-holding. She is a great believer in local food production and has been keeping the family fairly self-sufficient in vegetables, some fruit and some meat over the last few years. Mandy is a keen member of the Apple Group, a sub-group of the Ten Parishes Transition Town Initiative. Last year the group created approx. 500 litres of apple juice from local apples (many windfalls) which would otherwise have gone to waste.



Geoff Johnson, Commercial Director.



Geoff worked in 22 veterinary practices in the 7 years after qualifying as a vet from Cambridge University in 1987 with a MA VetMB MRCVS, before becoming the owner and manager of a four vet mixed practice which he ran for 11 years with Mandy, his wife. He has also studied and practiced homeopathy for the last 16 years, resulting in the selling of the veterinary practice and the opening of a homeopathic practice in Wiveliscombe in 2003. Geoff is now a sought after homeopathy teacher, and lectures widely nationally and internationally. He is an active member of the local community, and having played rugby for Wiveliscombe for many years, he has coached the primary school team to county success for the last four years.

Directors Shareholdings

Name	Current Shareholding	Intention from this offer	Proposed total Holding
Gareth Hoskins	£7,000	£0	£7,000
Iain Beath	£1,125	£1,000	£2,125
Mandy Johnson	£0	£1,000	£1,000
Geoff Johnson	£0	£1,000	£1,000

Directors Intention from this offer is in respect of cash payments for shares in this share offer.

Membership of the Society

- Membership is open to all residents within Wiveliscombe and Environs, comprising the Town of Wiveliscombe and the surrounding parishes, or at the Directors' discretion.
- There is a single class of shares with a nominal value of £1 each.
- Minimum number is 10 shares.
- All Members of BRENDON ENERGY have one vote regardless of how many shares they hold
- No Member may hold more than 20,000 shares, unless the Member is another Industrial and Provident Society
- The Board of Directors is elected by the Members

The Investment Opportunity

Investors should regard Shares as a long-term investment with social as well as financial returns. Nobody should invest money they need quick access to or cannot afford to be without.

New opportunities in Renewable Energy

Renewable energy, in the form of heat, electricity and transport fuels, is derived from energy that occurs naturally and repeatedly in the environment - from the sun, the wind, the fall of water, the movement of the oceans and from biomass. Renewable energy is a key component of the developing green economy, helping to lead us out of the current recession.





“The depletion of our domestic fossil fuels reserves, combined with projected growth in global energy demand, puts our security of energy supply at risk. Exploiting our renewable resources will make a strong contribution to our energy needs and allow us to be less reliant on others. Our drive to increase the proportion of energy we obtain from renewable sources will not only increase the security of energy supplies in the UK, it will also provide opportunities for investment in new industries and new technologies.” Department for Energy and Climate Change, July 2010 (5).

Community Ownership

The UK National Renewable Energy Action Plan identifies communities as a key sector in meeting the binding target to supply 15% of our primary energy needs from renewable sources by 2020. Government support measures, including the recently introduced Feed In Tariffs and the Renewable Heat Incentive, significantly improve the prospects for community scale renewable energy ventures.

The widespread distribution of renewable energy resources, and the relatively small scale of renewable energy equipment, offer real opportunities for communities to generate sustainable power. Community owned enterprises ensure that the benefits are retained within the local economy, bringing new employment and inward investment.

BRENDON ENERGY has worked hard over the past 2 years to identify local renewable energy projects with commercial potential. We have secured a site for our first Solar PV project and other sites are in development. Further technologies have been identified for future investment opportunities. We are now proud and pleased to offer to everyone in Wiveliscombe and Environs the opportunity to invest and take part in the ongoing development of our shared renewable energy resources.

As part of its sustainability ethos BRENDON ENERGY has determined to specify British made, wherever possible, installed by local tradesmen.

INITIAL PROJECTS

1. Community Solar PV

We have examined projects for the installation of solar photovoltaic panels on community buildings and parish halls throughout the area of interest.

a. BRENDON ENERGY has been working with the Wiveliscombe Children’s Centre, run by the Children’s Society, on a proposal to install up to 68 solar panels (maximum production capability of 16kW) capable of producing 14,245 kWh (units of electricity) per year. BRENDON ENERGY will commission the pre-installation survey, agree safe working practises with the Children’s Society, and install, maintain and insure the panels.

The Children's Society will be offered the electricity generated at no cost, and this will make a considerable saving on its current electricity bill of nearly £5,000 per year, since it operates during the daylight hours when the panels are generating.

BRENDON ENERGY will receive the current Feed-In-Tariff payments (for generation and export) from the electricity supply company at a rate of 32.9 pence per kilowatt hour (generation) and 3.1 pence per kWh (export). It is estimated this will produce gross revenue of £4,900 per year on an investment of £43,460, which is equivalent to a yield of 11%.

b. BRENDON ENERGY is also working on projects involving the Victoria Rooms, Milverton and the Community Centre, Wiveliscombe. Assuming each project equates to 50 panels producing 10,470 kWh, additional gross revenue of £3,600 for an investment of £32,000 will be produced.

c. Finally BRENDON ENERGY is in the early stages of discussion with a Primary School and a number of parish facilities - each of which could produce similar figures to b. above.

It is intended that any surplus revenue will be used to give a fair return to share-holders and for the benefit of the community to be decided at the end of each year. The community's share of revenue will be used to fund projects decided on by the community.

2. Domestic Solar PV

BRENDON ENERGY has been approached by a number of homeowners with the offer of the use of their roof for installing solar panels. In return, homeowners would receive free electricity when the panels are generating. A typical domestic installation with well aligned panels could work like this at current Feed In Tariffs (6)

3.60kW system. Cost – fully installed
£13,000 paid for by BRENDON ENERGY.
Average annual output 3,551kWh.

Benefit to householder is £298.20 over the year

Benefit to BRENDON ENERGY is

Feed-in-Tariff generation payment = 3,551 kWh x 41.3p = £1,466.56
Plus
FIT export payment on remaining unused 30% = 1,066 x 3.1p = £33.00



FUTURE PROJECTS

BRENDON ENERGY has been investigating other renewable energy technologies which might be commercially viable under community ownership. Future BRENDON ENERGY projects might include anaerobic digestion, biomass, wind power and/or hydro power. All members will have a say in these future developments.

Voting

Each shareholder will have one vote, regardless of the value of their shareholding and will be kept informed of developments through the BRENDON ENERGY website, by e-mail, by occasional Newsletters, the Annual Report and the Annual General Meeting.

Interest on YOUR investment

The primary purpose of BRENDON ENERGY is the financially sustainable development of renewable energy resources for the benefit of the local community. As an Industrial and Provident Society, BRENDON ENERGY will use its surplus to pay interest to members and to promote its objectives.

It is the intention that BRENDON ENERGY members shall receive interest on their investment when revenue allows. The rate of interest shall be determined on an annual basis.

The lead-in times and risks inherent in renewable energy projects mean that it is likely to take time from this share issue before BRENDON ENERGY will be in a position to pay interest to its members.

In order to keep administration costs to a minimum, interest payments of less than £5 on smaller shareholdings will be held by BRENDON ENERGY in a Trust account and paid out at a later date, when the accrued value exceeds £5.

Social Investment

YOUR investment in BRENDON ENERGY should be regarded as a social as well as financial investment. Development of renewable sources of energy is urgently required to meet the twin challenges of climate change and energy security threatening the wellbeing of the community. BRENDON ENERGY will ensure the democratic control of renewable energy resources by the local community through the right of each shareholder member of the Society to vote. BRENDON ENERGY will seek to maximise the financial and employment value from the construction, operation and maintenance of these developments by the local community.

In the current economic climate, public organisations are under increasing budgetary pressure and can be threatened with closure. It is hoped that the installation of solar PV will help to relieve some of this pressure and thus protect local amenities.

Nomination Option

In the event of the death of a shareholder, the repaid value of the shares will normally be added to the estate for probate purposes. You may (if you wish) elect to nominate a recipient for the value of the shares (but only up to £5000) and thus (under current legislation) remove the shares (up to £5000) from your estate for probate purposes (i.e. the shares may pass to the nominee outside the Will of the deceased). The nominated property will nevertheless form part of the deceased's estate for Inheritance Tax purposes, unless the estate is an excepted estate.



Risk factors

Eligible local residents wishing to purchase shares in BRENDON ENERGY should be aware of the element of risk in their investment. The major risks to your investment are described below but the list is not exhaustive.

Renewable energy risks

Projects are sometimes dependent on regulatory permissions being granted. Planning consent for BRENDON ENERGY projects may not be obtained, although this is unlikely where solar PV is concerned (7).

Changes in government legislation may affect the profitability of renewable energy projects being undertaken by BRENDON ENERGY. The Feed in Tariffs have already been reviewed and will be reviewed again.

Projects may be delayed by financial, legal or other matters.

New technology and developments may render existing technologies obsolete.

Operational costs may rise faster than anticipated.

The price of energy can go down as well as up.

Buildings are always at risk from fire, terrorism and vandalism although insurance will be taken out to cover this and revenue loss.

Securities risk

Contracts with third parties are subject to uncertainty and may encounter unforeseen delays or problems.

YOU should not purchase these shares if you cannot afford to be without the money with which you will pay for them.

Terms and Conditions for applying for shares

YOU must normally be resident within Wiveliscombe and Environs, and be a British citizen.

YOU must be aged 16 or over.

Sale or transfer of shares

Shares in BRENDON ENERGY cannot be sold or traded and there is no prospect of them ever being worth more than their nominal value and may reduce in value.

YOU may withdraw your shares on 180 days notice at the discretion of the Directors. BRENDON ENERGY will not repay more than you originally paid for your shares. Shares may only be withdrawn after 3 years from start of trading but should be regarded as a long term investment. Although shares in BRENDON ENERGY are withdrawable, you may not be able to withdraw the full price you paid for them if the society does not have sufficient funds available at the time you want to withdraw your shares.

In some circumstances the Directors may be compelled to write down the value of your shares. Should you then wish to withdraw your shares you will receive only their written down value.

YOUR Application

YOU cannot withdraw your application for shares after we receive your application form (included in the appendices of this document).

The Directors do not have to accept your application for shares. They may decide not to issue shares to you or may allocate you less shares than you applied for. They do not have to give any reasons for their decision.

YOUR application will be considered for approval at the first convenient Board of Directors meeting, and therefore you should not expect an immediate response.

YOUR Payment

BRENDON ENERGY will acknowledge receipt of your cheque and application and may cash your cheque as soon as it is received. BRENDON ENERGY will hold your money on trust for you in a separate account until the Directors consider your application, which will be after the offer closes.

The Directors will return your money to you (within 28 days of the Board of Directors meeting at which they consider your application) if they decide not to issue shares to you. If they decide to issue fewer shares to you than you applied for, they will return the balance to you (within 28 days of that Board of Directors meeting)

The money will belong to BRENDON ENERGY (and the Directors will no longer hold it on trust for you) as soon as the Directors issue shares to you (to the extent that they take it as payment for shares).

BRENDON ENERGY will not pay you interest on any money it returns to you if the share offer fails to raise sufficient funds.

YOUR promise to BRENDON ENERGY

YOU promise that:

- Your cheque will be honoured on presentation.
- You as an individual are at least 16 years of age.
- You have the authority to sign the application form. If you are signing it for another person, you will provide the Directors with evidence of your authority to sign.
- You will supply us with proof of your identity and address if the Directors ask for it. They may need to do this to comply with the Money Laundering Regulations 2003. The Directors may have to hold your shares until they see this.

Demutualisation

You will not benefit financially from your shares if BRENDON ENERGY converts, or transfers its business or is wound up. In this case the only financial benefits you may receive from your shares are:

The possibility of any outstanding interest.

The possibility of the return of the money you pay for your shares.

Miscellaneous

You will be bound by the rules of BRENDON ENERGY (as may be amended from time to time) if the Directors issue shares to you.

The Registered office for BRENDON ENERGY:The Old Parsonage Farm, Huish Champflower, Wiveliscombe, Somerset TA4 2EW.

Legal Adviser:

Banker:

APPLICATION FOR THE PURCHASE OF SHARES IN BRENDON ENERGY LTD

Important: before completing this application form you must:

Read the accompanying Share Offer/Prospectus of Brendon Energy Ltd (BRENDON ENERGY) dated 9th July 2011.

Pay special attention to the Risk Factors set out in the Share Offer.

Consider taking financial or other advice in relation to the Terms and Conditions of the Share Offer.

Read the Rules of Brendon Energy Ltd available on our website : www.brendonenergy.org

Declaration I confirm my understanding that:

This application, if and when accepted by Brendon Energy Limited, forms a contract subject to English law on the Terms and Conditions of the Offer Document.

If funds raised by the Offer are insufficient to proceed Application Monies may be returned after discussion with members.

I confirm that:

I have read the Share Offer document dated 9/7/11, including the Risk Factors.

I am 16 or over.

I am not making an Application for more than 20,000 shares.

How to join

We are only accepting applications for at least 10 shares.

Each Share has a value of £1.

The maximum permissible individual share holding is £20,000.

Please complete the Share Application Form below and return it with a cheque or bankers draft to:

Brendon Energy Ltd, Wiveliscombe House, The Square, Wiveliscombe, Somerset TA4 2JT.

Please note we are unable to accept cash as a form of payment for your shares.

You will need to supply us with proof of your identity and address if the Directors ask for it. They may need to do this to comply with the Money Laundering Regulations 2003. The Directors may have to hold your shares until they see this.



Share application

PLEASE USE CAPITALS AND BLACK INK

Applicant details

Title (Mr/Mrs/Ms/other)

Forenames

Surname

We prefer to spend money on social and environmental improvements for the community, not on stamps. Please provide us with an e mail address we can use to contact you. It is your responsibility to keep this up to date.

E mail

Postal Address

Town

County

Postcode

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

Telephone Number

I hereby apply for shares in BRENDON ENERGY at £1.00 per share

Total £.....

SIGNED.....

DATE.....

Witnessed by NAME.....SIGNED.....

References

- (1) Samsøe Sustainable Energy Community, Denmark
 - Operating since 1997
 - 140% CO₂ reduction
 - Achieved Return on Investment faster than expected (6 years compared to 7.5)
 - 100% of community's electricity provided from wind
 - 35% of community's heat provided from solar and biomass

Juhnde bioenergy village, Lower Saxony, Germany

 - Operating since 2001
 - 2 tons CO₂ saved per capita annually
 - 75% of inhabitants are members of operating company
- (2) Feed in tariff Inflation linked
www.solarfeedintariff.co.uk/2010/02/uk-feed-in-tariffs-announced
- (3) UK energy bills expected to rise
<http://uk.reuters.com/article/2011/03/15/uk-britain-energy-prices-idUKTRE72E6BH201103157>
- (4) Aardvark Powerpoint presentation available to Brendon Energy shareholders
- (5) 2010 UK Government renewable energy action plan, DECC 2010
- (6) Based on similar example to one on Solar Systems limited website
<http://www.solarsystemslimited.co.uk/feedintariffs.php>
- (7) Planning permission has been simplified for most microgeneration technologies
<http://www.energysavingtrust.org.uk/Generate-your-own-energy/Getting-planning-permission>

“If you look wherever you find instance of climate change impacts around the world, the data shows us we need to move now, not tomorrow. This is the start of a sustainable energy revolution and the sooner people get excited about that the better it will be.”

Sir Jonathon Porritt, CBE

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This document was printed on recycled paper by Carly Press of Wellington, Somerset.