

hepburnwind



Hepburn Community Wind Park Co-operative Limited

Share Offer

Notice

This Offer Document is issued by Hepburn Community Wind Park Co-operative Limited (Hepburn Wind), a co-operative registered in Victoria under the *Co-operatives Act 1996* (Vic). This Offer Document is dated 25 July 2008. This Offer will expire on 31 October 2008 unless otherwise stated by Hepburn Wind.

This Offer Document is an invitation to apply for shares in Hepburn Wind (Offer). This Offer is made in Victoria. If you reside in Victoria, you can apply for shares in Hepburn Wind in accordance with this document. This Offer is only made to persons interstate in certain circumstances. If you have any queries about interstate investment, please contact Hepburn Wind. This Offer is exempt from disclosure under the Corporations Act.

Any person who receives or reads this Offer Document (Recipient) should not consider it as a recommendation to purchase shares. Recipients should read the document in its entirety and seek advice from their financial and other professional advisers before applying to subscribe for shares. To the maximum extent permitted by law, Hepburn Wind, its directors, officers, employees, advisers or consultants and their associated companies, businesses, partners, directors, officers or employees (together with Hepburn Wind and/or its advisers) do not accept any liability or responsibility for any loss or damage (however caused including without limitation for negligence) arising from reliance placed on the information contained in this Offer Document.

The information contained in the Offer Document has not been independently verified or audited. To the maximum extent permitted by law, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by Hepburn Wind and/or its advisers as to the accuracy or completeness of any part of this Offer Document, nor will they have any responsibility to update or supplement this Offer Document. No person is authorised to give any information or to make any representation in connection with the Offer or the shares described in this Offer Document which is not in this Offer Document.

Any information or representation not contained in this Offer Document may not be relied upon as having been authorised by Hepburn Wind in connection with the Offer. No wind turbine depicted in this Offer Document is an asset of Hepburn Wind.

Neither Hepburn Wind nor any other person warrants the future performance of Hepburn Wind, or any particular rate of return, nor the repayment of capital.

This Offer Document does not provide investment advice. Applicants for shares should seek their own professional investment advice. To the extent that information in this Offer Document constitutes financial product advice, it is general financial product advice only, and provided only by Hepburn Wind. The Offer does not take into account a Recipient's individual investment objectives, financial situation and particular needs (including financial and tax issues) as an investor. It is important that Recipients read the entire Offer Document before deciding to apply for shares. Recipients should carefully consider their particular investment objectives, financial situation and particular needs (including financial and tax issues) and seek professional advice from their financial adviser or other professional adviser before deciding whether to apply for shares. For investment risks relevant to the Offer, see the Risks section of this Offer Document.

The distribution of this Offer Document in jurisdictions outside Victoria, Australia and outside Australia may be restricted by law. Any person who is in possession of this Offer Document should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the shares, or the Offer, or otherwise to permit any public offering of shares in any jurisdiction outside Australia. This Offer Document does not constitute an offer or invitation in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

This Offer Document is confidential and for the exclusive use and benefit of potential investors for shares. The information contained in this Offer Document must be kept confidential (except as otherwise required by law). It may only be disclosed to any person for the purpose of evaluating a potential investment in shares. It may not be disclosed to any person or used for any other purpose without the prior written consent of Hepburn Wind. This Offer Document may not be reproduced in whole or in part without Hepburn Wind's prior written consent. By accepting delivery of this Offer Document the Recipient acknowledges and agrees with these terms.

This Offer is made in Victoria

Chairman's Letter



Simon Holmes à Court
Chairman

Dear Potential Shareholder,

Thank you for considering an investment in Hepburn Wind.

Hepburn Wind is an opportunity for the investor who seeks to make a financially attractive investment at the same time as making a contribution to our community and the fight against climate change.

As a key component of the solution to climate change, renewable energy has rapidly become a major growth industry.

Environmental awareness, rising energy prices and an increasingly supportive regulatory environment have all contributed to the phenomenal growth of the sector.

Whilst the above factors have driven unprecedented levels of investment across all green technologies, wind energy remains the preferred method of large scale renewable energy generation. Wind power is already providing over 2,000 GWh annually of clean, affordable energy to the Australian market, and forecasts predict that this demand will continue to enjoy strong growth.

Hepburn Wind was established in order to develop, own and operate Australia's first co-operatively owned wind farm. Based on a highly successful European model, and built on solid commercial principles, Hepburn Wind's significant local ownership will ensure that it plays a leading role in the environmental, economic and social sustainability of the local community.

Nestled among the hills of the Great Dividing Range in Hepburn Shire, the two turbines of the Hepburn Community Wind Park will offset almost the entire residential electricity demand of both Hepburn Springs and Daylesford, and the Wind Park is projected to provide attractive financial returns for our shareholders.

This Offer is an opportunity to become part of the rapidly emerging Australian renewable energy industry and to invest in a financially rewarding opportunity with a strong commitment to the local community. Please take the time to read this Offer Document and you will appreciate the promise of Hepburn Wind.

I look forward to welcoming you as a shareholder.

A handwritten signature in black ink, appearing to read 'S. Holmes à Court'.

Simon Holmes à Court
Chairman
Hepburn Wind

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Summary of Offer



Photo Simulation of Leonards Hill

Nature of this Summary and the Offer Document

This summary is intended to provide potential shareholders with an overview of the key features of this Offer Document. This summary is not exhaustive and potential shareholders should read this Offer Document as a whole before making any decision to purchase shares in Hepburn Wind.

Any words or phrases in this Offer Document in title case are defined in the glossary.

Hepburn Wind

Hepburn Wind provides an opportunity to take part in the rapidly developing Australian wind industry. Global calls for action on climate change and continuing legislative changes demonstrate that few other industries have the same degree of future security and growth as the renewable energy sector.

Hepburn Wind was incorporated as a registered co-operative in 2007 with the purpose of developing and owning the Hepburn Community Wind Park.

The Board of Directors will manage Hepburn Wind in accordance with the Rules of Hepburn Wind and the Victorian *Co-operatives Act 1996*. The Board has eight directors who are elected by members at the Annual General Meeting.

The Wind Park

The Wind Park will consist of two wind turbines each rated at 2 MW, located on Leonards Hill approximately 10 kilometres south of Daylesford, Victoria. Assessment of 12 months of on-site wind data by leading wind energy analysts Garrad Hassan has established that the energy production from the Wind Park will average over 12,200 MWh of renewable electricity each year, which is enough energy to power over 2,300 homes.¹ This electricity will be fed directly into the local electricity grid, which is in turn connected to the national electricity grid.

Business Overview

Throughout the lifetime of the Wind Park, Hepburn Wind will be managed by its Board of Directors which will be elected by shareholders at the Annual General Meeting.

¹ Based on 5.33 MWh per annum per home. Sustainability Victoria, *Policy and planning guidelines for development of wind energy facilities in Victoria 2003*.

Summary of Offer

The electricity generated from the Wind Park is expected to be sold via a Power Purchase Agreement (PPA). A PPA is a fixed term agreement for energy sales between a generator and a single electricity retailer. A long term maintenance contract is expected to be sourced via a long term maintenance agreement with the chosen turbine provider.

The Wind Park will operate for an expected life of 25 years. Over this period associated equipment will be subject to depreciation. At the end of the 25 year period it is expected that the Wind Park will be decommissioned and Members' initial investments returned. While this is the current intention of the Board of Directors of Hepburn Wind, at the end of the 25 year period the Board may seek to recommission the Wind Park in consultation with both Members and the landowner.

Renewable Energy Support Fund

The Renewable Energy Support Fund aims to facilitate the development of small and medium scale renewable energy projects in Victoria. Sustainability Victoria² manages this fund for the Victorian Government and has provided a funding agreement of \$975,000 towards the development and construction of the Wind Park.³

Payments from the Renewable Energy Support Fund are made in stages and are conditional on the project achieving agreed milestones. More information about this funding can be found in the Contracts section of this Offer Document.

The Board



Left to Right: Simon Holmes à Court, Brett Dutton, Per Bernard, Scott Kinnear, Mim Dineen, Phil Hanson, Koos Hulst, David Wait

This Offer

This Offer is made in Victoria. It aims to raise \$9,679,000 by the offer of 9,679,000 shares valued at \$1 each in order to finance the Wind Park. In addition to monies raised by this Offer, the Victorian Government has provided a funding commitment of \$975,000 (plus GST) to Hepburn Wind via its Renewable Energy Support Fund (RESF), to be paid in staged payments towards the project. Together, the \$9,679,000 to be raised by this Offer and

² Sustainability Victoria is a Victorian statutory authority established under the *Sustainability Victoria Act 2005* (Vic).

³ The provision of this funding is based on an assessment of the project's innovative and pioneering application of renewable energy. Neither the Victorian Government nor Sustainability Victoria guarantees the financial or technical performance of Hepburn Wind or the Wind Park.

Summary of Offer

the \$975,000 being provided by the Victorian Government's RESF will total \$10,654,000 and will cover the projected total cost of establishing the Wind Park and Hepburn Wind.

In the event that subscriptions correspond to less than \$9,679,000 Hepburn Wind will seek debt funding via the Bank Loan. Further information about the Bank Loan can be found in the Financial Information section of this Offer Document.

The Financial Information section of this Offer Document contains more information regarding the capital requirements of this Offer.

Offer Period

This Offer will expire on 31 October 2008 unless otherwise stated by the Board.

The Board reserves the right to extend or shorten the Offer Period at any stage before 31 October 2008.

Share Details

The minimum subscription of shares for this Offer is 1,000. At present there is no maximum level of subscription, however the Board of Hepburn Wind reserves the right to apply a limit.

Shares in Hepburn Wind will not be tradable on a registered stock exchange, however the Board may approve the repurchasing of shares from willing shareholders. Additionally, Hepburn Wind will maintain a register of buyers and sellers for shares. This register will put willing buyers into contact with those shareholders who wish to sell their shares.

The Board of Hepburn Wind must approve all membership applications according to the Rules of the Hepburn Community Wind Park Co-operative Limited. As provided for in the Rules, the Board reserves the right to refuse membership to any party for any reason. The Rules can be found at the rear of this Offer Document.

The Board will give the following applicants preference in this Offer:

- applicants with a postal address within a 30 kilometre radius of the Wind Park
- residents (permanent or part time) of Hepburn Shire
- members of the Hepburn Renewable Energy Association.

There are no other preferences relating to the allocation of shares in this Offer.

Dividend Policy

Throughout the life of the project the Board will declare, at their discretion, a dividend to be paid out of operating profit. Rates of return will vary with financial performance. Subject to the assumptions listed in the Financial Information section of this Offer Document, financial models forecast that earnings per share, before tax, will range from approximately 7.2 cents to 19.4 cents over the 25 year operating life of the project, with an annual average of 13.9 cents per share.

Summary of Offer

The Directors anticipate that the majority of earnings will be paid to Members as dividends after making allowance for the payment of any taxation liabilities. Payments to Members from after-tax earnings will therefore carry associated imputed franking credits. Hepburn Wind will also allocate a portion of the Wind Park's profits to a Community Sustainability Fund, which will be used for community and energy programs in Leonards Hill and across the Hepburn Shire.

Over the life of the project, cash reserves will be accumulated in a Depreciation Fund with the intention of returning initial investments in full.

Detailed information regarding financial forecasts can be found in the Financial Information section of this Offer Document.

Financial Projections

Prudent financial projections have been prepared for the project based on the expert wind energy analysis, market information and industry pricing. These projections forecast the long term profitability of Hepburn Wind. The financial projections can be found in the Financial Information section of this Offer Document.

How to Subscribe

In order to purchase shares in Hepburn Wind and become a Member, a prospective shareholder must:

- read this Offer Document and the Rules
- complete the application form at the back of this Offer Document
- pay by cheque or electronic funds transfer.

More detailed instructions for subscription can be found at the rear of this Offer Document next to the application form.

Risks

As with any commercial activity, Hepburn Wind is subject to both general and specific risks. Prospective shareholders should seek professional advice regarding their financial commitment and clarify their investment objectives prior to becoming a shareholder in Hepburn Wind. An outline of the risks associated with Hepburn Wind is included in the Risks section at the rear of this Offer Document.

This Offer is made in Victoria. This Offer Document is not a recommendation to purchase shares nor does it contain investment advice. Prospective shareholders should read the document in its entirety. Hepburn Wind is not responsible for any loss or damage arising from reliance placed on the information contained in this Offer Document, nor is it responsible for the accuracy or completeness of it or the future performance of Hepburn Wind.



Background Information

Introduction

This Offer is an opportunity to invest in a co-operatively owned wind farm that is expected to provide attractive financial returns and contribute to Australia's renewable energy target.

Over the past 20 years the body of evidence about climate change and its potential threat to humanity has grown significantly. In the last 10 years governments have embraced this evidence and embarked on the long road to a low emissions future.

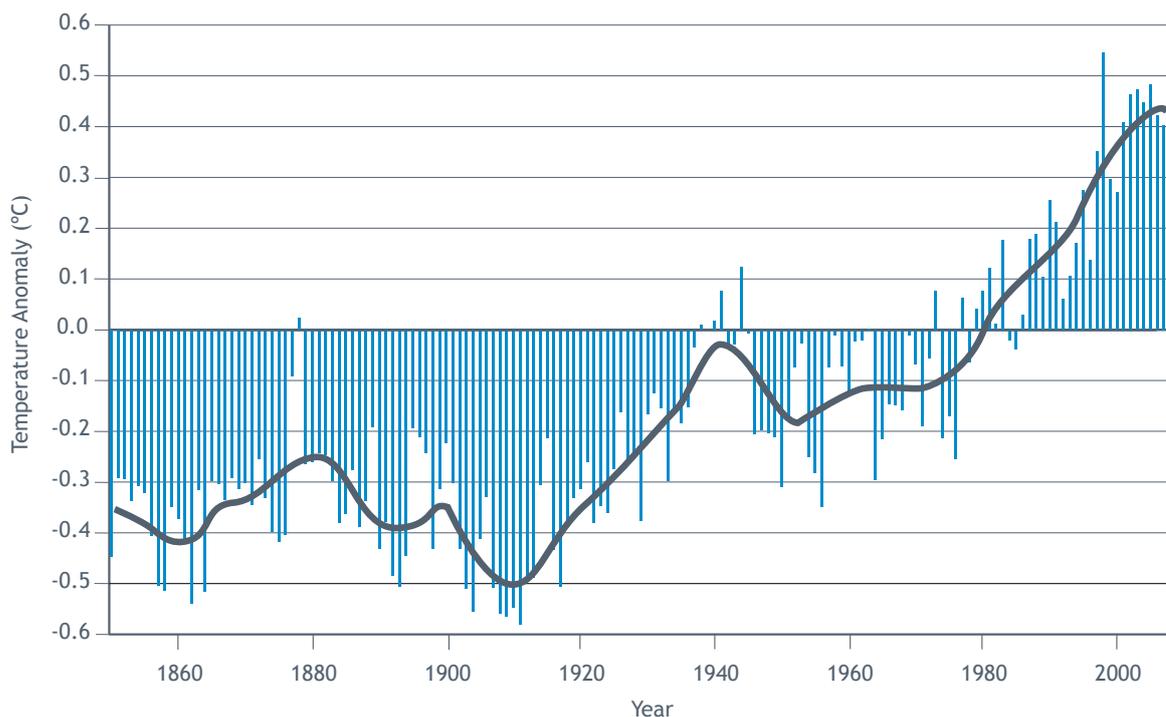
The path to a low emissions future will involve the widespread uptake of renewable energy generation. As a renewable energy co-operative, Hepburn Wind provides an ideal opportunity to take part in the burgeoning Australian wind industry and help Australia reduce its greenhouse emissions.

Climate Change

According to the Bureau of Meteorology, Australia has seen a consistent pattern of warming since 1910.⁴ The Intergovernmental Panel on Climate Change (IPCC) believes that most of this warming is very likely to be the result of anthropogenic (man-made) greenhouse gas emissions.⁵ The IPCC's projected regional impacts for Australia include significant loss of biodiversity, water security problems and reduced agricultural productivity.⁶

Renewable energy generation is generally seen as an effective way to reduce greenhouse gas emissions from stationary energy⁷ and was listed as a key mitigation strategy by the IPCC's *Climate Change 2007: Synthesis Report*. Consequently, many governments worldwide are implementing renewable energy feed-in tariffs to promote the uptake of renewable energy generation, thereby reducing their greenhouse emissions.⁸

Average Global Air Temperature Anomalies 1850-2005



Source: Climatic Research Unit, University East Anglia, www.cru.uea.ac.uk/cru/info/warming, accessed June 2008

- 4 BOM, *Monitoring Australia's Climate Change*
- 5 IPCC, *Climate Change 2007: Summary for Policy Makers*
- 6 *Ibid*
- 7 *Ibid*
- 8 *Ibid*

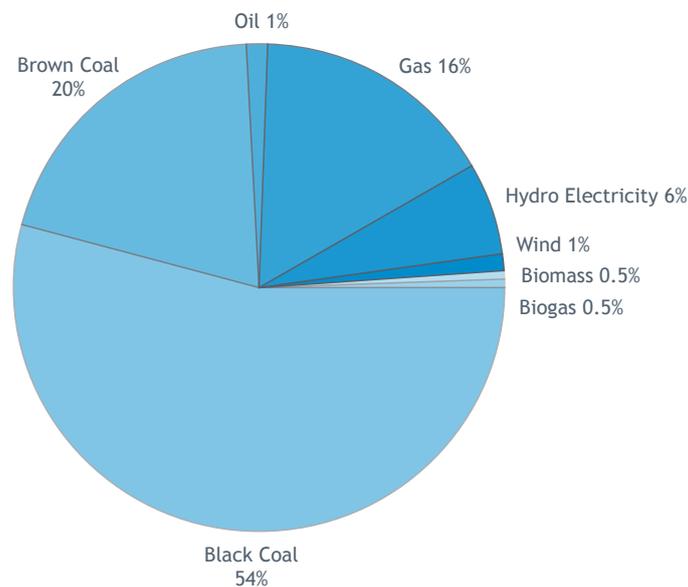
Background Information

Australia's Electricity Industry

Australia's energy needs are set to increase by 50% by 2020, which represents an investment in energy infrastructure of around \$37 billion.⁹ Meeting the increased demand for energy whilst minimising carbon emissions will be a critical challenge for Australia's future, particularly given the position from which Australia is starting.

Up to 70% of Australia's electricity comes from coal power plants. The remainder is sourced from gas, hydroelectricity and diesel.¹⁰ Even though it is experiencing phenomenal growth, Australia's renewable energy industry makes only a small contribution to the electricity market of Australia.

Electricity Generation in Australia



Source: Australian Bureau of Agricultural and Resource Economics (ABARE)
http://abareconomics.com.interactive/energy_dec06/excel/ELEC06_au.xls, accessed Feb 2008

The Wind Industry

After hydroelectricity, wind power is currently the most financially viable renewable energy source. This is why, out of all the renewable energy technologies included in the Mandatory Renewable Energy Target, wind energy experienced the greatest growth. The current viability of wind power is predominantly due to the rapid development of technology that has seen the cost of electricity from wind power drop by 50% over the past 15 to 20 years.¹¹

Wind power has been developed extensively in Europe and is gaining popularity in America, India and China. Some of the biggest users of wind power include Denmark and Germany. Denmark sources almost 20% of its electricity from wind power, and Germany installed over 2,200 MW of wind energy capacity in 2006 alone.¹² The American wind industry also broke records in 2006 with an installation of 2,400 MW of wind power which is more than twice Australia's total current capacity, and it is estimated that a further 3,000 MW was installed in 2007.¹³

⁹ Australian Government, *Securing Australia's Energy Future*

¹⁰ CSIRO, *Inquiry into Global Warming*

¹¹ Business Council for Sustainable Energy

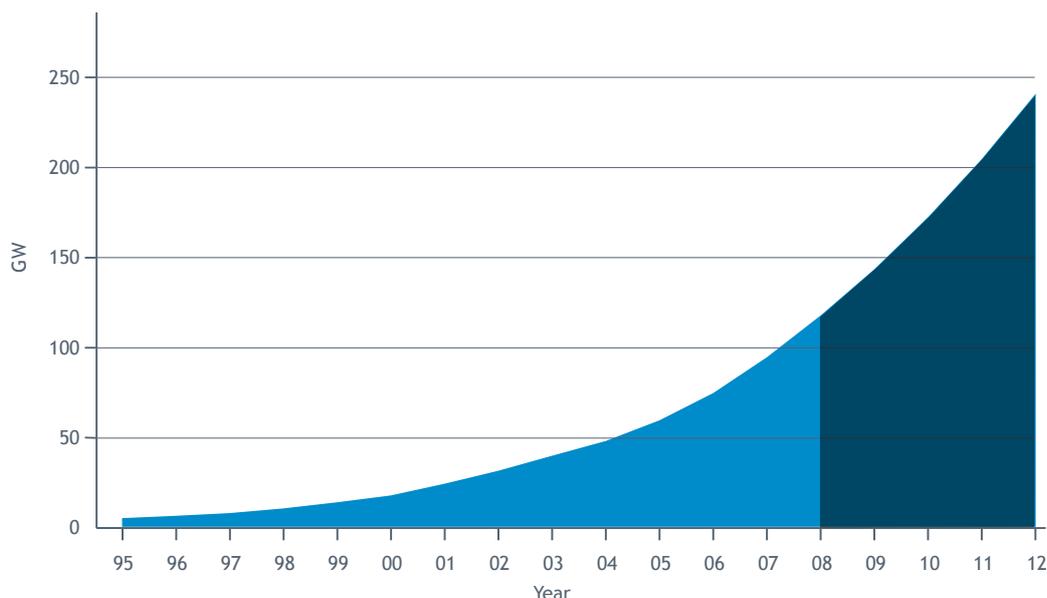
¹² Danish Wind Energy Association; German Wind Energy Association

¹³ American Wind Energy Association

Background Information

Development of wind farms in Victoria has been predominantly restricted to private inland farms. There are currently six wind farms operating in Victoria with a total capacity of 134 MW, which corresponds to around 1% of Victoria's total energy supply.¹⁴ However, in Victoria alone a further 1,178 MW of wind power has been approved for construction and over 1,200 MW is in the planning and investigation stage.¹⁵ These figures represent a minimum expansion of 700% in wind power generation in Victoria.

Global Wind Energy Capacity



Source: Global Wind Energy Council (GWEC), *Global Wind: 2007 Report*
http://www.gwec.net/uploads/media/Global_Wind_2007_Report_final.pdf

Regulatory Support Mechanisms

Regulatory support mechanisms are essential to the widespread uptake of renewable energy production because they facilitate the premium price renewable electricity generators require to compete with the so called 'black electricity' that is produced from fossil fuels.

Mandatory Renewable Energy Target

The *Renewable Energy (Electricity) Act 2000* and the *Renewable Energy (Electricity) (Charge) Act 2000* established the framework for Australia's Mandatory Renewable Energy Target (MRET) of 2% by 2010. The MRET was launched in April 2001 and requires that 2% of every wholesale purchase of electricity is sourced from renewable sources. Electricity retailers failing to purchase their 2% quota face fines for every MWh they fall short.

Because one unit of electricity cannot be distinguished from another, the MRET uses a system of Renewable Energy Certificates (RECs) to represent electricity made from renewable sources. Accredited renewable energy installations built after 1997 receive one REC for every MWh of electricity they produce, which they may sell as an added source of income. Under the MRET, renewable energy installations receive RECs for the first 15 years of their life, after which they are expected to benefit from an emissions trading scheme.

¹⁴ Auswind, *Wind Energy in Australia*

¹⁵ Sustainability Victoria, *Wind Energy: Myths and Facts*

Background Information

Increased MRET

A core commitment of the recently elected Federal Government is the implementation of a higher renewable energy target of 20% by 2020. The Federal Government has announced this goal on a number of occasions, including at the United Nations Framework Convention on Climate Change. It is expected that this target will be met in a similar manner to the MRET and will underpin the future growth of the wind and renewable energy industries in Australia.

Victorian Renewable Energy Target

In January of 2007 the Victorian Government launched the Victorian Renewable Energy Target of 10% by 2016. The Victorian scheme works in a similar way to the Federal scheme but with a higher target. It is envisaged that the VRET, along with the other State based schemes, will be absorbed by the Federal Government's increased MRET when it comes into force, thereby leaving a single renewable energy target for the whole of Australia.

Emissions Reduction Targets

Worldwide, many governments have made striking commitments to reducing their emissions, including the UK's target of 60% by 2050 and California's (the seventh largest emitter in the world) target of 80% by 2050.¹⁶ The European Union has also committed to a 20% reduction by 2020.¹⁷

Australia's Federal Government is currently formulating its emissions reduction and trading regime. It is expected that this process will be based on the findings of the Garnaut Climate Change Review, led by Professor Ross Garnaut. While emissions reduction targets will contribute to the long term development of the renewable energy industry, they may not contribute greatly to the short term uptake of renewable energies. This is because it will be more cost effective to reduce carbon emissions in other areas of the economy, such as energy savings and efficiency measures, before it will be cost effective to invest in renewable energy.

However, within the next 20 years it is expected that emissions reduction targets will contribute significantly to the uptake of renewable energy by placing a carbon cost on electricity, thereby rewarding renewable energy installations for having low carbon emissions.

¹⁶ The State of California, Climate Action Team

¹⁷ European Union, Department of Environment



Background to Hepburn Wind

Background

Hepburn Wind was initiated by the Hepburn Renewable Energy Association (HREA) in conjunction with Future Energy Pty Ltd. In early 2005 the founders of HREA approached Future Energy to express their desire to establish a community owned wind farm that would help meet the electricity needs of the Hepburn Shire. HREA also hoped that the established wind farm would help local residents reduce their impact on the environment.

Since then the project has progressed through the necessary stages of development, from preliminary site analysis through to permit approvals and now fundraising. The project itself is three years old and during this time it has gained considerable support in the Hepburn Shire community. This increasing support has been facilitated by the members of HREA who have conducted ongoing community consultation to ensure that the community is aware of the true benefits of the Wind Park.



Hepburn Shire residents' bus tour to Chalicum Hills wind farm

Hepburn Renewable Energy Association

The primary aim of HREA was to initiate the Wind Park. HREA was incorporated in November 2005, is operated by volunteers and has a membership of over 470. HREA believes that a community owned wind farm is the most environmentally appropriate and economically responsible way of helping meet the energy needs of the Hepburn Shire. HREA has been instrumental in promoting the Wind Park in the Hepburn Shire and since the establishment of Hepburn Wind aims to broaden their focus to other sustainability projects. Whilst Hepburn Wind and HREA may assist each other in the future with the promotion of sustainability issues, there is no legal relationship between the two entities.

Background to Hepburn Wind

Future Energy

Future Energy is a privately owned Australian proprietary limited company established in July 2003. The company's area of expertise centres on the development and establishment of renewable energy projects.

Future Energy has provided funding and co-ordinated the necessary expert assessments and works required to develop the Wind Park project and Hepburn Wind to its current stage. This has included the preparation and co-ordination of preliminary site investigations, detailed site analysis, environmental studies, the planning permit application, financial modelling, establishment of the co-operative and the co-ordination of activities relating to this Offer.

Additionally, Future Energy was responsible for securing the funding agreement with Sustainability Victoria for the Wind Park after extensive efforts dating back to 2004.

Hepburn Wind and Future Energy are party to a Project Transfer Agreement (PTA) and a Project Management Services Agreement (PMSA). The PTA and the PMSA set out the full transfer of the project from Future Energy to Hepburn Wind and formalise the ongoing services that Future Energy is providing to Hepburn Wind. More information on these agreements can be found in the Contracts section.



David Shapero, Director of Future Energy, with Simon Holmes à Court

Planning Permit

The Hepburn Shire Council granted a planning permit for the Wind Park in 2007. The planning permit is for the development of a two turbine wind farm on Leonards Hill. In order to obtain the permit, numerous studies were conducted to attest to the viability of the Leonards Hill site. These included investigations into the local wind resource, any impacts the wind farm will have on flora and fauna, landscape values, cultural heritage sites and many other factors. Below is a list of the most important studies:

- Wind Energy Analysis—Garrad Hassan Pacific Pty Ltd
- Landscape and Visual Assessment—John Cleary Planning
- Sound Assessment—Marshall Day Acoustics Pty Ltd
- Aboriginal and European Heritage—Terraculture Pty Ltd
- Impact on Flora and Fauna—Ballarat University
- Impact on Avifauna and Bats—Ballarat University

Background to Hepburn Wind

Community consultation was another component of the planning permit process. Prior to lodging the application, HREA had conducted extensive community consultation in the areas of Daylesford and Leonards Hill. Consultation took many forms throughout this time, including street and market stalls, community forums, newsletters, wind farm tours, house visits and the HREA website.

In July 2007 the planning permit was upheld by the Victorian Civil and Administrative Tribunal (VCAT).

The Site

After careful consideration and analysis, Leonards Hill was assessed as the most appropriate site for a wind farm in the region. It was identified as an appropriate site for the following key reasons:

- strong and consistent winds
- effective natural screening
- proximity to the electricity grid.

The Leonards Hill site is located approximately 10 kilometres south of Daylesford. The site is a 101 hectare (250 acre) private farm located on the eastern side of the Ballan-Daylesford Road. Leonards Hill forms part of the Great Dividing Range and the site lies within a generally cleared corridor that is bordered on either side by the Wombat State Forest. The land is used for cattle grazing and some potato cropping. These activities will be unaffected by the Wind Park.

One of the key reasons behind the selection of the Leonards Hill site was its minimal impact upon landscape values. A full landscape and visual assessment study assessed the impact that the Wind Park will have on the landscape values of the region. It was found that the Wind Park will have little effect on views and recreation values. It also found that the positioning of the turbines on the south-east side of Leonards Hill has maximised the distance from both residences and roads.

Wind Resource

Leonards Hill is subject to strong and consistent winds. According to Sustainability Victoria's Wind Atlas, Leonards Hill is in the upper end of the Victorian wind regime.

A wind monitoring mast was installed on the Leonards Hill site in August 2006. It is standard practice to measure on-site wind speeds because the results allow for a more certain understanding of the wind resource of a particular site.

After 12 months of data had been collected from the monitoring mast, Garrad Hassan Pacific Pty Ltd, a world leader in wind energy analysis, was engaged to perform an expert wind energy assessment for the site. The Garrad Hassan wind energy analysis confirmed that, with an the average wind speed of 7.7 metres per second (m/s) at a hub height of 69 metres, the Leonards Hill site possesses a valuable Victorian wind energy resource.

Background to Hepburn Wind

Operation of Modern Wind Turbines

Turbine blades work in the same way as aeroplane wings, only they turn instead of lift. As wind turns the blades, a generator produces electricity that can then be fed into the grid like any other electricity.

Wind turbines are classified by their rated output, which means a 2 MW turbine has the capacity to generate up to 2 MW of electrical power. Most wind turbines commence power generation at wind speeds of approximately 3.5 m/s, produce maximum power output at approximately 13 m/s and 'cut out' at wind speeds in excess of 25 m/s.

Wind Turbines

Worldwide demand for wind turbines has never been greater. Having grown at an average of 28% per annum (p.a.) over the last 10 years, the global wind industry is booming despite supply chain constraints.¹⁸ Europe remains the number one source of wind energy technology, however India and China are fast becoming major players in the global wind industry.

The Wind Park will consist of two wind turbines rated at approximately 2 MW each. The height of each wind turbine, to the tip of the blade, will be just below 110 metres. The nacelle, which houses the electrical generator, gearbox and control equipment, will be mounted on a 69 metre tower.

The Board is currently in discussions with turbine manufacturers and expects to finalise the turbine order soon after the expiration of the Offer Period.

Electricity Generation

According to Garrad Hassan, the two turbines will generate approximately 12,200 MWh of clean electricity p.a. This corresponds to slightly less than the annual electricity usage of the homes in Daylesford and Hepburn Springs combined. By producing this energy it is estimated that the Wind Park will save around 12,200 tonnes of carbon dioxide each year, which is the equivalent of taking around 2,800 cars off the road.

The electricity generated by the two wind turbines will be fed directly into the electricity grid through a 22 kV power line that already passes through the site.

¹⁸ Global Wind Energy Council

Business Overview

Proposed Activities

The primary activities of Hepburn Wind include:

- develop, own, operate and manage a wind farm or farms
- generate and supply energy from the wind farm or farms.

Timeframe

The Wind Park will have an expected operating life of 25 years. Over the lifetime of the Wind Park associated equipment will be subject to depreciation. Currently it is understood that at the end of this 25 year period the Wind Park will be decommissioned and Members' original investment returned.

While this is the current understanding of the Board of Directors of Hepburn Wind, at the end of the 25 year period the Board at that time may seek to recommission the Wind Park in consultation with Members and the landowner.

Wind Park Design and Construction

The Board intends to enter into a contract with the selected turbine manufacturer to supply and install the turbines on site. The turbine supplier will work in conjunction with other specialist service suppliers, including civil and electrical engineering contractors, to design and complete the Wind Park according to the required international and Australian standards.

In compliance with Hepburn Wind's local purchasing policy, services and resources will be sourced from within Hepburn Shire wherever practicable.

Grid Connection Agreement

The Wind Park must be connected to the national electricity grid in order to sell the electricity it will produce. Grid connection requires an agreement with the local Network Service Provider (NSP), which is Powercor Australia Pty Ltd in the area of the Wind Park. Hepburn Wind has received confirmation from Powercor Australia of its willingness to connect the Wind Park to the local electrical distribution network.

Electricity Sales

There are two ways to sell electricity in Australia: via the National Electricity Market (NEM) or via a Power Purchase Agreement (PPA). The NEM is the market associated with the electricity grid for the east coast of Australia. The NEM stretches 4,000 kilometres from Port Douglas in Queensland to Port Lincoln in South Australia, which makes it the world's longest interconnected power system. The sale of electricity on the NEM is managed by the National Electricity Market Management Company (NEMMCO), which determines a wholesale price for electricity for every half hour period of the day, otherwise known as a spot price. Spot prices vary greatly throughout the day, being higher in times of peak demand and lower for troughs. Therefore there is volatility and risk associated with the sale of generated electricity via the NEM spot price.

Consequently the electricity generated by the Wind Park will most likely be sold via a Power Purchase Agreement (PPA). A PPA is a fixed term agreement that facilitates the sale of electricity between an energy generator and an energy retailer. PPAs are generally seen as a way of minimising the risks associated with a volatile spot price. Hepburn Wind's preference is to enter into a PPA for an initial period of three to five years. The Board is currently in discussion with energy retailers.

Business Overview

Energy Prices

It is expected that energy prices will continue to rise into the future. The price for black energy (energy derived from fossil fuels) has increased over recent years primarily as a result of drought, increased demand and the slow development of energy infrastructure. The growth in the market share of gas and limitations with importation of electricity from interstate are also contributing factors to the increasing expense of black energy. If this trend continues, the price for black energy is likely to increase significantly over the next 10 to 15 years, thereby increasing the profitability of the Wind Park as it takes advantage of the rising market.

Renewable Energy Certificates

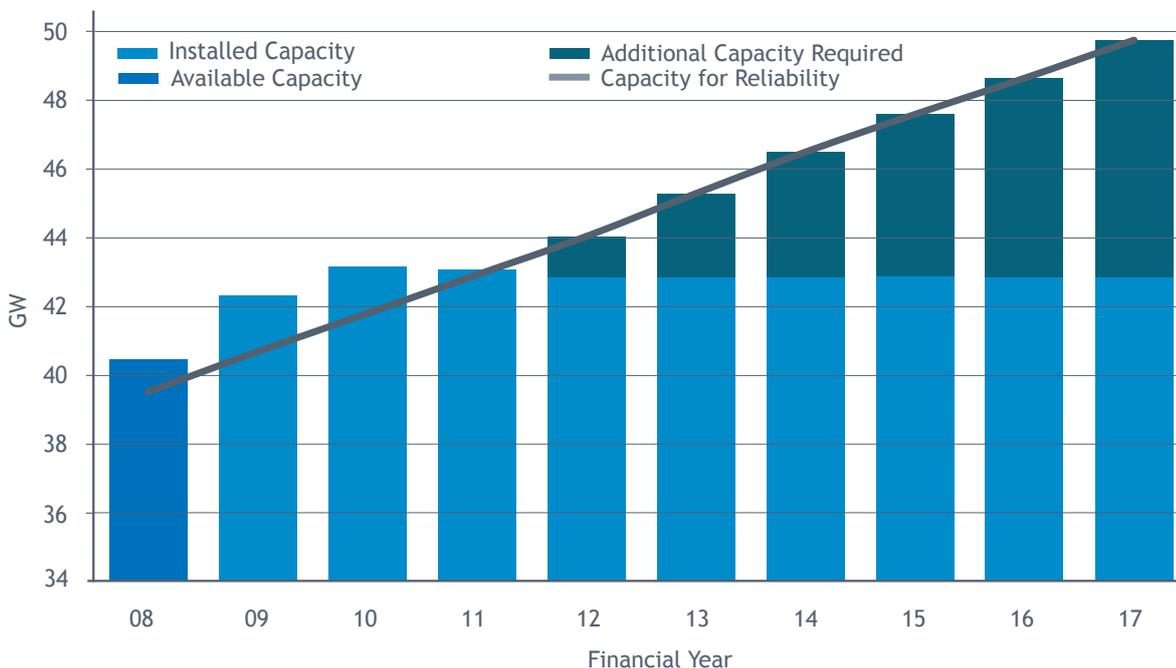
In addition to the electricity produced by the Wind Park, Hepburn Wind will receive Renewable Energy Certificates (RECs) for the renewable energy the Wind Park generates. RECs are used by the MRET and VRET (Victorian Renewable Energy Target) to account for renewable energy because one unit of electricity cannot be distinguished from another.

The market price for RECs has varied since the MRET came into force in 2001. Having started at a price of less than \$40, the price for Renewable Energy Certificates has fluctuated during the scheme's operation, with recent market forward prices for RECs in excess of \$60. With the implementation of the Federal Government's target of 20% renewable energy by 2020, it is expected that the demand for RECs will grow for a number of years. Under both the MRET and the VRET, renewable energy installations such as the Wind Park will receive RECs for the first 15 years of their life, after which point they are expected to continue to benefit from an emissions trading scheme.

Wind Park Management

The Wind Park will not require significant levels of management. Electrical generation will be monitored remotely and scheduled maintenance will be required every three to six months. Wind Park management will also involve the renewal of maintenance and power sales contracts and the detection and resolution of equipment failures. It is likely that Hepburn Wind will enter into a Wind Park management agreement with an appropriate industry specialist.

National Electricity Market: Summer Supply-Demand Outlook



Source: Adapted from National Electricity Market Management Company
www.nemmco.com.au/data/markets_data.htm

Business Overview

Maintenance and Performance

The turbines will carry a manufacturer's warranty and performance guarantee for the first years of their operation. Additionally, Hepburn Wind intends to enter into a long term maintenance agreement with the chosen turbine provider.

While it is expected that both wind turbines will generate electricity for their 25 year life span it is also understood that they may need replacement parts as they age. Due to the reliability of modern wind turbines it is expected that disruption to supply will be minimal, as will the need for replacement of mechanical components. Allowances for disruptions and repairs have been included in all financial projections.

Landholder Agreement

In accordance with the PTA, on achievement of financial close of the project, that is, at the point in time that Hepburn Wind signs a contract for the supply of two turbines, the lease with the landowner of the property on which the Wind Park will be situated or will transfer from Future Energy to Hepburn Wind.

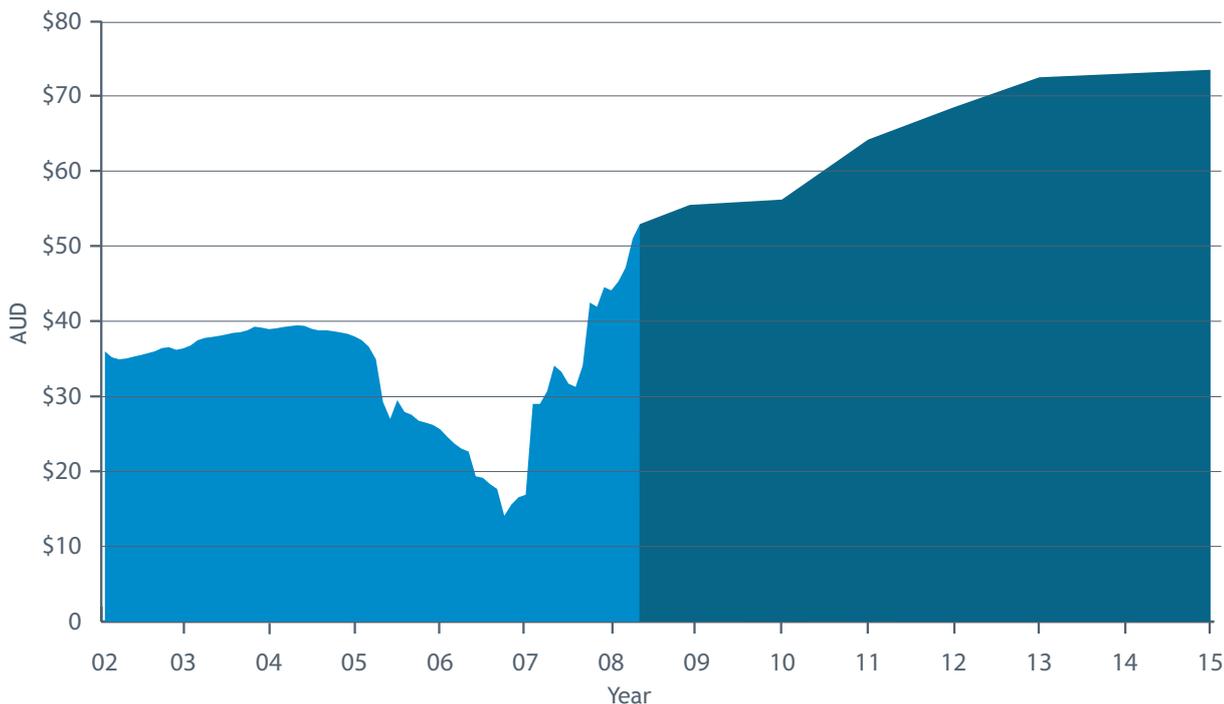
When the Wind Park is operational the landowner will receive an annual fee as part of the Lease Agreement. In return Hepburn Wind will enjoy the right to construct and operate the Wind Park on the Leonards Hill site for up to 25 years.

For further information regarding the PTA refer to the Contracts section.

Community Sustainability Fund

Hepburn Wind will allocate a portion of the Wind Park's profits to the Community Sustainability Fund on an annual basis. These funds will be used for community and energy programs in Leonards Hill and across the Hepburn Shire. Financial forecasts show that the Community Sustainability Fund will receive over \$1,000,000 over the life of the project. This funding has been accounted for in all financial projections.

Renewable Energy Certificate Pricing



Historical prices: Business Council for Sustainable Energy, <http://www.bcse.org.au>
Forward prices: Clean Energy Council, Clean Energy Council Update, Autumn 2008



Financial Information

Wind Park Commencement

The Board of Hepburn Wind anticipates that the Wind Park will be constructed, commissioned and in operation during the 2010 calendar year. The final date for commencement will depend on a variety of factors, the most important of which is the availability and delivery schedule of the selected turbine supplier. The unprecedented demand for wind turbines worldwide may cause delays that are beyond the control of the Board.

Capital Requirements

The costs associated with the establishment of the Wind Park and Hepburn Wind are projected to total \$10.654 million. The Victorian Government is providing \$975,000 to Hepburn Wind via staged payments from its RESF fund. As a result of this funding, the total capital requirements of the Wind Park and Hepburn Wind are \$9.679 million.

Consequently this Offer aims to issue up to 9,679,000 shares at \$1 per share. In the event that less than the maximum is raised, the balance will be sought via the Bank Loan.

The projected capital costs of the Wind Park provided for by the proceeds of this Offer, the outstanding RESF funding, and the Bank Loan if required, have been estimated by the Directors and are set out in the following table.

Description	Provider	Value
Wind Park feasibility, design, environmental assessments and capital raising	Future Energy	\$128,000
Turbine supply, Wind Park design, construction, commissioning and warranties (See Note 2)	Tender process commenced	\$9,339,000
Project management and contract negotiations	Various third party consultants (managed by Future Energy)	\$298,000
Grid connection design and installation	Selected in consultation with NSP	\$210,000
Project development payments on milestone achievements (See Note 3)	Future Energy	\$240,000
Contingencies		\$250,000
Less outstanding RESF funding		\$786,000
Total capital from offer		\$9,679,000

All figures rounded to nearest '000

The Bank Loan

The Board is currently in advanced discussions for the provision of debt funding. The Board intends to limit debt provision to below 50% of the total capital requirements of the project.

Whilst discussions are ongoing at the time of writing this Offer Document, the Directors expect to finalise the Bank Loan during or soon after the expiration of the Offer Period if the Bank Loan is required.

Financial Information

Projected Revenue, Expenses and Profit

The Directors of Hepburn Wind plan to construct and commission the Wind Park during 2010. Therefore energy generation and sales are expected to commence from 1 July 2010.

As a result, anticipated revenues for the 2009 and 2010 financial years are projected to be relatively small, consisting of interest earned on cash on deposit after allowing for initial Wind Park expenses. The Directors of Hepburn Wind have determined it is prudent to retain the small net earnings from these financial years for future earnings distributions and contingencies. The Directors therefore expect to commence profit distributions after 1 July 2010.

The following projections commence from the first year of anticipated energy production and assume production commences on 1 July 2010. Please note these forecasts are also based on an assumption of no debt financing.

Effect of the Bank Loan

Financial forecasts reveal that in the event that Hepburn Wind sources debt funding via the Bank Loan, the average earnings per share will be lower in the early years of the project and higher in the later years of the project, when compared to forecasts based on an assumption of no debt. Financial forecasts also reveal that in the event of debt funding the average earnings per share over the lifetime of the project will be higher than those forecast on an assumption of no debt.

Dividend Policy

The projected earnings per share in the Projected Revenue, Expenses and Profit table are after accounting for all expenses including contributions to the Community Sustainability Fund but are prior to taxation payments.

The Directors anticipate that the majority of earnings will be paid to Members as dividends after making allowance for these payments. Payments to Members from after-tax earnings will carry associated imputed franking credits.

Share Capital

Hepburn Wind was registered in August 2007. At the time of the production of this Offer Document the number of shares on issue is 9,500, all of which belong to Hepburn Wind's Founding Members. The issue price of these shares was also \$1 per share. The table below sets out Hepburn Wind's anticipated share capital position at the successful completion of this Offer.



Share Capital

Founding Members' shares on issue	9,500
Additional issued shares from this Offer	9,679,000
Shares issued to Future Energy pursuant to Project Transfer Agreement	160,000
Total shares on issue following the full subscription of this Offer	9,848,500

Financial Information

Projected Revenue, Expenses and Profit

Year of Wind Park	1	2	3	4	5	Yrs 6-15	Yrs 16-25	All 25 years
Financial year commencing 1 July	2010	2011	2012	2013	2014	2015-24	2025-34	2010-34
Energy Output (MWh) (See Assumption 4)	12.2	12.2	12.2	12.2	12.2	122	122	305
\$'000								
Renewable Energy Sales (See Assumptions 5, 6 and 7)	1,342	1,396	1,452	1,510	1,570	19,603	19,049	45,920
Warranty & Maintenance (See Assumption 8)	128	130	162	163	165	2,591	3,449	6,788
Operating Expenses (including rates insurance, rental & security) (See Assumption 9)	61	62	63	64	65	732	899	1,945
Wind Park Management	40	42	44	45	47	588	571	1,378
Operating Expenses	229	233	268	273	278	3,910	4,919	10,111
Administration & Management	38	39	40	41	42	479	614	1,292
Community Sustainability Fund	30	31	32	32	33	380	487	1,025
Total Administration	68	70	71	73	75	860	1,100	2,317
Trading Profit	1,045	1,093	1,112	1,164	1,218	14,833	13,029	33,492
Interest Received	48	81	113	146	179	3,602	6,240	10,411
Interest Paid	0	0	0	0	0	0	0	0
Depreciation	387	387	387	387	387	3,871	3,871	9,679
Profit before Taxation	706	787	838	923	1,010	14,564	15,398	34,225
Shares on Issue	9,848	9,848	9,848	9,848	9,848	9,848	9,848	9,848
Average Annual Earnings Per Share Gross (cents)	7.2	8.0	8.5	9.4	10.3	14.8	15.6	13.9

Assumptions and Notes

- These projections assume a full subscription of shares totalling 9,679,000. In the event that less than 9,679,000 shares are subscribed for during the Offer Period, debt funding will be required to commence the project. The inclusion of debt funding will result in different levels of earnings per share when compared to the above financial projections. However in the event of debt funding, projected earnings per share will be lower in earlier years of the project, higher in the later years of the project, and higher as an overall average over the entire life of the project.
- It is important to note that the global demand for wind turbines has grown significantly over recent years. This has translated into steadily rising quoted prices for wind turbine supply.
- This amount represents the direct development payment to Future Energy Pty Ltd payable on attaining specific milestones. In addition, Hepburn Wind, taking into account the input and risk undertaken by Future Energy, will issue Future Energy with 160,000 shares in Hepburn Wind. For further information refer to the Contracts section later in this Offer Document.
- The energy yield per annum is based on the expert wind energy assessment performed by industry leader Garrad Hassan. The wind energy assessment is based on empirical data from the wind monitoring mast that was installed on the site in 2006. Following the collection of 12 months of wind data, Garrad Hassan analysed the data and produced an estimate of annual energy yield of significant accuracy. The production estimate report estimated that the average annual electrical production of the Wind Park will be 12,200 MWh. While they are rigorous, these production figures include some estimates and as such there is a risk that they will not be met.
- The projected revenue per MWh of energy production is based on available market knowledge and current legislation. Electrical energy is freely traded and prices for both immediate and forward deliveries change in line with market conditions. In addition, existing and new renewable energy policies at both State and Commonwealth levels are expected to develop and change over coming years. Changes in legislation are likely to affect market demand for renewable energy. The forward projections take into account the production of Renewable Energy Certificates (RECs) for the first 15 years of the project according to existing legislation. In addition, the financial projections assume that following the expiration of the first 15 years of the project the Wind Park will be able to avail itself of the carbon emissions credits it produces under the Federal Government's planned emissions trading scheme. The projections are based on a total revenue of \$110 per

Financial Information

MWh in the first year of operation. This includes both energy sales and RECs. The projections are also based on an anticipated future price for carbon emissions credits from 2026, being the sixteenth year of the project, of \$40 per MWh.

6. It is likely energy prices will continue to rise. The projections assume an average annual increase in energy prices of 4% p.a. The projections have applied the same indexation factor of 4% to the price of carbon emissions credits from the sixteenth year of the project.
7. With the implementation of the recently elected Federal Government's commitment to an increased renewable energy target, demand for Renewable Energy Certificates is expected to remain high. The projections assume the price obtained for RECs will increase by 4% p.a. over the eligible period of 15 years.
8. Allowance has been made for operations and maintenance charges. These charges are based on pricing from turbine manufacturers for full service maintenance and performance guarantees. This pricing includes increases over the course of the Wind Park's life.
9. It is assumed that annual costs will increase in line with inflation which has been forecast at an average of 2.5% p.a. over the life of the project.

Any projections and forecasts contained in this Offer Document represent best estimates only and involve significant elements of subjective judgment and analysis which may or may not be accurate. No representation or warranty is given by Hepburn Wind or its Directors as to the achievement or reasonableness of any plans, future projections, management targets, prospects or returns, and nothing in this Offer Document is or should be relied upon as a promise or representation as to the future. Further information of this nature is contained in the Notice section of this Offer Document.

Historical Information

Set out in the table below is a summary of Hepburn Wind's audited income statement for the 2007-2008 financial year up to 15 June 2008.

Income Statement

Income		\$
Grant Income		50,000
Donations Received		100
Total Income		50,100
Expenses		
Office		81
Other		146
Travel		506
Insurance		3,362
Legal		8,964
Meeting		165
Membership		50
PR & Street Stalls		971
Total expenses		14,245
Profit (Loss)		35,855

Set out in the table below is a summary of Hepburn Wind's audited balance sheet as at 15 June 2008.

Balance Sheet

Assets		\$
Cash and Bank Accounts		
Bank		49,195
Total Cash and Bank Accounts		49,195
Total Assets		49,195
Liabilities		
Other Liabilities		
GST Payable		3,839
Income tax liability		10,757
Total Other Liabilities		14,596
Total Liabilities		14,596
Net Assets		34,599
Equity		
Issued Shares		9,500
Retained Earnings (after income tax)		25,099
Total Equity and Retained Earnings		34,599

Notes to the Financial Statements

Note 1: Statement of Accounting Policies

This financial report is a special purpose financial report prepared in order to satisfy the reporting requirements of the Hepburn Community Wind Park Co-operative Limited and the Victorian *Co-operatives Act 1996*. The Directors have determined that the co-operative is not a reporting entity.

This financial report has been prepared in accordance with the requirements of the Victorian *Co-operatives Act 1996* and the following Australian Accounting Standards:

- AASB 112: Income Taxes
- AASB 1031: Materiality
- AASB 110: Events Occurring After Reporting Date

No other applicable Accounting Standards, Australian Accounting Interpretations or other authoritative pronouncements of the Australian Accounting Standards have been applied.

This financial report has been prepared on an accrual basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following material accounting policies, which are consistent with the previous periods unless otherwise stated, have been adopted in the preparation of this financial report.

a. Fixed Assets

The depreciable amount of all fixed assets is depreciated over the useful lives of the assets to the co-operative from the time the asset is held ready for use.

b. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial period.

Note 2: Taxation

The co-operative is subject to income tax. Provision has been made for tax as at 15 June 2008, however the Directors expect to receive an invoice for approximately \$40,000 from Future Energy Pty Ltd representing part of the first stage of its project establishment fee. This will eliminate any income tax liability as at 30 June 2008.

Statement by Directors

The Directors have determined that the Hepburn Community Wind Park Co-operative Limited is not a reporting entity.

The Directors have determined that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the Directors:

- This financial report presents fairly the financial position of the Hepburn Community Wind Park Co-operative Limited as at 15 June 2008 and its performance for the period ended on that date.
- At the date of this statement, there are reasonable grounds to believe that the Hepburn Community Wind Park Co-operative Limited will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Directors.

Graeme B Wallis

Accounting, Taxation & Business Services

A.B.N. 73 406 402 786

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The Directors
Hepburn Community Wind Park Co-operative Limited
P O Box 225
Daylesford Vic 3460

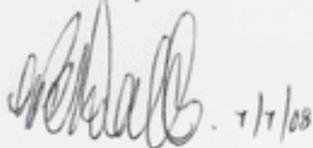
Dear Directors

I have reviewed the Financial Forecast, (specifically the statement covering revenue, expenditure and profit) and am of the opinion that the detail contained therein and the estimated profit calculated accordingly are fair and reasonable.

My opinion is based upon a review of the underlying assumptions as detailed in notes 1 to 9 of the Financial Forecast document.

Whilst all care has been given in the reviews of the statements and assumptions contained therein, no representation or warranty is given to the Hepburn Community Wind Park Co-operative Limited, its Directors, its Members, or, any other person or corporation, as to the achievement or reasonableness of any plans, future projections, prospects or expected financial returns.

Yours Faithfully

Handwritten signature of Graeme B Wallis in blue ink, with the date 7/7/08 written to the right of the signature.

Graeme B Wallis.

Graeme B Wallis

Accounting, Taxation & Business Services

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF HEPBURN COMMUNITY WIND PARK CO-OPERATIVE LIMITED

Report on the Financial Report:

I have audited the accompanying financial report, being a special purpose financial report of the Hepburn Community Wind Park Co-operative Ltd, which comprises the balance sheet, income statement, a summary of significant accounting policies, other explanatory notes and the statement by Directors of the Co-operative.

Co-operative's Responsibility for the Financial Report:

The Directors of the Co-operative are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies used and described in Note 1 to the financial statements which form part of the financial report are consistent with the financial reporting requirements of the Victorian Co-operatives Act 1996 and are appropriate to meet the needs of the members. The Directors responsibilities also include establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting estimates that are reasonable in the circumstances for maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Auditor's Responsibility:

My responsibility is to express an opinion on the financial report based on my audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the

Graeme B Wallis

Accounting, Taxation & Business Services

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reasonableness of accounting estimates made by the Committee, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for inclusion in the Hepburn Community Wind Park Co-operative Limited offer document. I disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the Members or for any purpose other than that for which it was prepared.

I believe that the audit evidence I obtained is sufficient and appropriate to provide the basis for my opinion.

Independence:

In conducting my audit, I followed applicable independence requirements of Australian Professional ethical pronouncements.

Qualification:

My audit in relation to revenue was limited to the amounts recorded in the Co-operatives books of account.

Qualified Auditor's Opinion:

In my opinion, subject to the effects of such adjustment, if any, as might have been determined to be necessary had the limitations discussed in the qualification paragraph not existed, the financial report of the Hepburn Community Wind Park Co-operative Limited presents fairly, in all material respects the financial position of the Hepburn Community Wind Park Co-operative Limited as at 15th June 2008 and of its financial performance for the period then ended in accordance with the accounting policies described in Note 1 to the financial statements.



Graeme B Wallis.

Dated this 7th day of July, 2008.

Organisational Structure and Management

The Hepburn Community Wind Park Co-operative Ltd

Hepburn Wind was established for the purpose of organising and administering the Wind Park. Hepburn Wind was initiated by the Hepburn Renewable Energy Association Inc. in conjunction with Future Energy Pty Ltd.

Hepburn Wind is a registered trading co-operative under the Victorian *Co-operatives Act 1996*.

Hepburn Wind was incorporated on 28 August 2007.

Business Structure

The Wind Park will be owned by Hepburn Wind via a Special Purpose Vehicle (SPV). The SPV will be a private company called the Leonards Hill Community Wind Park Pty Ltd, which will be 100% owned by Hepburn Wind. In accordance with the Victorian *Co-operatives Act 1996*, Hepburn Wind will be controlled by its elected Board of Directors, who will resolve all matters relating to the management of the co-operative.

The Directors will be elected by shareholders at Annual General Meetings.

Voting Rights

In accordance with the Rules of Hepburn Wind each shareholder will receive one vote regardless of the number of shares held.

Remuneration Statement

The Board of Directors will not be paid remuneration. Whilst serving on the Board each Director will be entitled to claim reimbursement for expenses of up to \$500 p.a.

Except for the reimbursement of expenses there are no other benefits for the Directors.

The Board of Directors

Simon Holmes à Court

AB (Cog Sci/Comp Sci Hons), GDAppFin (FINSIA)

Chairman



Simon Holmes à Court has a strong connection to the Daylesford-Hepburn region and a longstanding interest in renewable energy. He understands that environmentally sustainable

technologies also need to be financially sustainable. Simon headed a project researching alternate energy solutions for remote cattle stations in the Northern Territory, and his farm, located between Daylesford and Leonards Hill, is powered by a solar-hybrid system. Simon spent several years in the USA, studying Cognitive and Computer Science at Dartmouth College, and then working in Silicon Valley. For the past five years he has played a leading role in the success of a Melbourne based company, Observant Pty Ltd, which designs and manufactures farm automation systems. Simon is a director of Heytesbury Pty Ltd, one of Australia's largest private companies, and has undertaken directors' training at the Australian Institute of Company Directors, as well as postgraduate finance and investment training.

Jacobus (Koos) B. Hulst

BEng (Mech), MEng (Proc)

Deputy Chairman



Koos has a Bachelors degree in mechanical engineering and a Masters degree in process engineering from Delft University in the Netherlands. Koos is also a graduate of the Permaculture Design Course conducted by

the Permaculture Institute at Melbourne University in September 2005. Throughout his engineering career, Koos has worked for both large and small engineering firms in the Netherlands and the Philippines, designing and constructing biological treatment facilities for industrial wastewater, and he currently works in Australia as an environmental engineer. Koos believes in the need for sustainable development into the future, and sees the Wind Park as an ideal solution for the future of the region's energy supply. As such Koos is contributing his extensive engineering and project management experience to help ensure the success of the project.

Organisational Structure and Management

Mim Dineen, B.App.Sc (O.T).

Secretary



Mim is an Occupational Therapist, with experience in the health and aged care industry. A resident within the Hepburn Shire, Mim is passionate about communities taking responsibility for their needs and providing good examples to government and other communities. Mim has been involved in numerous community programs in the Hepburn region. She has been both Secretary and Treasurer of the Glenlyon Music Festival (Glenfest) and a member and convener of several professional working parties and committees. Mim was also a member of the Co-operative Steering Committee that established the Rules and drafted the initial Disclosure Statement for Hepburn Wind.

Phillip James Hanson, FCPA GAICD

Treasurer



Phil served on the Committee of the Hepburn Renewable Energy Association between 2005 and 2007. He has been active in community organisations for most of his professional career and is particularly passionate about environmental sustainability. As a Director and senior financial manager he has been responsible for the financial management and welfare of organisations ranging in size from \$8 million to \$150 million in turnover. Phil qualified as a CPA in 1984, an FCPA in 2004 and graduated from the Australian Institute of Company Directors in 2005.

Per Bernard

Director



Per was President of the Hepburn Renewable Energy Association Inc. between 2005 and 2007, and is currently the Vice President. He owns and operates Unicorn House, a high profile sustainable architectural and building firm in Daylesford. Per was raised in Denmark and has extensive knowledge of the wind industry. He has championed the community wind park concept since its inception and has been instrumental in garnering local support.

David Wait

Director



David is an IT manager with over 20 years experience in the area of IT infrastructure. For the past five years he has specialised in managing data centre electrical and mechanical systems and he currently leads an IT sustainability team. David's other expertise includes providing advice on the IT requirements for major construction projects, including a 5 Star Green Star office building and a world class data centre, and being a leader of carbon neutral strategy within his profession.

Brett Dutton, BEng

Director



Brett Dutton owns a small property near Glenlyon and has a longstanding interest in renewable energy. After spending 20 years in the Royal Australian Navy, Brett opted to use his management and engineering skills in the renewable energy sector. He has had several roles with renewable energy companies and for the past five years has been a project manager for several major wind farm projects. He has managed the installation of 150 MW of wind generation and is currently managing the 58 MW Clements Gap wind farm in South Australia for Pacific Hydro.

Scott Kinnear, B.Ag.Sci.

Director



Scott was Vice President of the Hepburn Renewable Energy Association Inc. between 2005 and 2007. Scott and his family have lived near Daylesford since 2001 on an organic farm and he owns and operates the Organic Wholefoods retail stores in Melbourne. Scott has a long involvement in community organisations as the former Chair of the Centre for Education and Research in Environmental Strategies (CERES), former and founding Chair of the Organic Federation of Australia (OFA), current Board Member of Biological Farmers of Australia (BFA) and current Chair of GeneEthics Network. Scott is passionately committed to community ownership and the taking of responsibility for the renewable generation of our energy needs.

Contracts

The successful completion of the Wind Park will require a number of contractual agreements with third parties. The following is a summary of Hepburn Wind's main material and outstanding agreements.

Material Contracts

Renewable Energy Support Fund

The funding agreement with Sustainability Victoria was secured for the Wind Park by Future Energy after extensive efforts over a number of years dating back to 2004. This agreement between Sustainability Victoria, Future Energy Pty Ltd and Hepburn Wind provides for payments to be made from the Renewable Energy Support Fund over three stages of the project's development and construction:

- Stage 1: Project planning and development—\$69,000
- Stage 2: Co-operative formation and capital raising—\$120,000
- Stage 3: Project construction—\$786,000.

The agreement stipulates that the payments for Stages 1 and 2 are to be paid directly to Future Energy Pty Ltd on the achievement of milestones to offset a portion of the costs incurred by Future Energy over those stages. The Stage 3 payment will be paid directly to Hepburn Wind on the condition that agreed project milestones are delivered.

Note: The funding agreement described above should not be construed as the provision of an endorsement of the technical or financial performance of Hepburn Wind or the Wind Park from the Victorian Government or Sustainability Victoria. Neither the Victorian Government nor Sustainability Victoria guarantees the financial or technical performance of Hepburn Wind or the Wind Park. The funding agreement allows Sustainability Victoria to withhold funds if project milestones are not satisfactorily achieved.

Project Transfer Agreement

A project transfer agreement (PTA) is in place between Hepburn Wind and Future Energy that stipulates the nature of the relationship that exists between Hepburn Wind and Future Energy.

The PTA outlines the transfer of project assets from Future Energy to Hepburn Wind at the financial close of the project, which is the point in time that Hepburn Wind signs a contract for the supply of two turbines for the project. The PTA also sets out the payment to be made to Future Energy in instalments based on the achievement of agreed milestones. The selection of milestones and timing of these payments have been structured with the intention of ensuring the financial risk for the project's establishment remains with Future Energy for as long as is practicable given acceptable commercial constraints.

These payments include project establishment and development fees. The project establishment fee comprises a total of \$127,717 payable over two milestones. The project development fee is payable over four milestones up to the construction and final commissioning of the Wind Park and comprises a total of \$240,000 and 160,000 shares. The project establishment and development fees represent consideration for the transfer of the project assets, taking into account the resources and financial funding that Future Energy has committed and the risk that Future Energy has undertaken for Hepburn Wind throughout the life of the project.

Project Management Services Agreement

Under the PMSA Future Energy will provide project management services under the direction of the Board until the successful commissioning of the project. This role will primarily involve the co-ordination of third party specialist consultants in line with an approved budget, the costs of which Future Energy will pass through to Hepburn Wind. Under the PMSA, Future Energy will receive payments for its time involved to co-ordinate the required services at a nominal rate.

Contracts

Contracts to be Entered

Bank Loan

The Board is currently in advanced discussions for the provision of debt funding for the project. The Board intends to limit debt to less than 50% of the total projected cost of the project.

Discussions are at an advanced stage at the time of writing of this Offer Document and the Board expects to finalise the Bank Loan during or soon after the expiration of the Offer Period if it is required.

Connection Agreement

Grid connection requires an agreement with the local Network Service Provider (NSP), which is Powercor Australia Pty Ltd. Hepburn Wind has received confirmation from Powercor Australia of its willingness to connect the Wind Park to the local electrical distribution network, and will finalise the formal connection agreement with Powercor Australia prior to the design phase of the project.

Turbine Order

The Board is currently in advanced discussions with leading turbine manufacturers and expects to finalise the most favourable turbine supply and erection contract during or soon after the expiration of the Offer Period.

Energy Sales

Hepburn Wind intends to enter into a PPA for an initial period of three to five years. Hepburn Wind is currently in discussions with energy retailers.

Wind Park Management

Hepburn Wind intends to enter into a Wind Park management agreement with an appropriate industry specialist, however the Board reserves the right to manage the Wind Park in-house.

Maintenance

The turbines will carry a manufacturer's warranty and performance guarantee for the first years of their operation. Additionally, Hepburn Wind intends to enter into a long term maintenance agreement with the chosen turbine provider.



Risks

There is risk involved in any commercial activity. As such, prospective shareholders should seek reliable advice before making a financial commitment to Hepburn Wind. The risks outlined below are not all inclusive of the risks associated with the establishment of the Wind Park and in future these or unforeseen risks may affect the profitability of Hepburn Wind and hence the value and returns per share.

General

- Whilst the Board will exhaust all efforts to raise the total capital requirements for the successful completion of the project via subscriptions and debt finance, there is a risk that this will not be achieved. In the event that the Board is unable to secure all its capital requirements, the Board will consult with Members and recommend that the co-operative be wound up, and that all remaining assets be sold and all remaining capital be returned to Members. In this event Members may not receive a full return of capital. Neither Hepburn Wind nor its Directors or advisers will be responsible for any loss of Members' money as a result of these costs.
- In the event that the Board successfully raises the required capital through subscriptions and the Bank Loan, the Board may not be able to secure all the required contracts for the project to succeed. In this event the Board will consult with Members and recommend that the co-operative be wound up and that all remaining assets be sold and all remaining capital be returned to Members. In this event Members may not receive a full return of capital. Neither Hepburn Wind nor its Directors or advisers will be responsible for any loss of Members' money as a result of these costs.
- Shares can fluctuate in value according to the success of the business.
- Shares in Hepburn Wind will not be tradable on a registered stock exchange. Trade in the shares of Hepburn Wind will only be possible through Hepburn Wind in such a way that sellers are put into contact with buyers, or by making application to Hepburn Wind for the repurchase of shares with such application being determined at the discretion of the Board.
- The resale price per share in Hepburn Wind may not reflect the initial purchase price.
- All financial projections included in this Offer Document have been prepared with due regard to expert opinion, current and future market conditions, and long term patterns in the energy industry. However it is inevitable that they include assumptions, and as such there is a risk that the actual profits of Hepburn Wind will differ from the financial projections.
- Operational costs may rise faster than anticipated over the life of the project.



Risks

- The return of initial investment at the end of the project is dependent on sufficient income being generated to allocate the projected annual contributions from profits into the Depreciation Fund.
- Under the Renewable Energy Support Fund agreement, Sustainability Victoria has the right to withhold payments to Hepburn Wind if project milestones are not achieved.
- The cost of decommissioning the Wind Park may not be entirely recovered by the resale price of the wind farm materials (e.g. steel, copper etc.). This has the potential to have an effect on the final amount of Members' capital returned.

Wind Energy

- The success or failure of any renewable energy installation relies in great part upon government legislation and regulation. Although Victorian Government policy relating to renewable energy may change, Victoria's current commitment to the VRET is long term and unlikely to change. Additionally, the recently elected Federal Government has committed to large long term renewable energy targets.
- Due to the rapid rate of technological advancement in the field of renewable energy production it is a risk that new technology may supersede that of the Wind Park.
- Because electricity production is dependent on prevailing wind conditions, long term changes to weather patterns may affect the profitability of Hepburn Wind by reducing the amount of electricity the Wind Park produces.
- Short term electricity production may be affected by transient weather conditions.
- All financial projections have been prepared using monitored data and an expert wind energy assessment performed by Garrad Hassan Pacific Pty Ltd. While they are rigorous, these production figures include some estimations, and as such there is a risk that they will not be met.

Equipment

- Mechanical or electrical failure may affect the amount of electricity the Wind Park produces or is able to sell to the grid.
- The cost of maintenance may increase faster than anticipated over the life of the project.
- Any of the equipment may be damaged by third parties or natural disasters such as fire, flood etc.

Contracts

- The price negotiated for the purchase of the two turbines and construction of the Wind Park may increase in the time that elapses between the release of this Offer Document and the finalisation of the turbine and construction contract.
- The delivery of turbines may be delayed due to prevailing market conditions.
- The agreed sale price of electricity generated by the Wind Park may not be as high as expected due to changes in legislation and market conditions.
- The Board of Hepburn Wind may choose to enter into a PPA or sell the generated electricity on the NEM depending on what they see as the most beneficial arrangement. As a result the price obtained for energy may fluctuate.
- The price obtained for RECs may be lower than expected.

Management

- Hepburn Wind is a new venture and does not have any experience administering wind energy installations or energy co-operatives.
- Hepburn Wind has engaged Future Energy to co-ordinate the project through to completion. Whilst Future Energy will co-ordinate the services of expert consultants in their respective fields, Future Energy does not have prior experience in wind farm construction.
- Hepburn Wind does not currently have any reliable revenues or assets.
- The success of Hepburn Wind will depend largely on the competence of the Board. It should be noted that every effort has been made to arrange a broadly experienced Board of Directors.
- Board membership will change over time.

**RULES OF HEPBURN COMMUNITY WIND PARK
CO-OPERATIVE LIMITED
A TRADING CO-OPERATIVE INCORPORATED UNDER THE
CO-OPERATIVES ACT 1996 (VICT.)**

1. Definitions

In these rules:

- “Act” means the Co-operatives Act 1996 (Vict.);
“Appendix” means Appendix to these rules;
“board” means the board of the co-operative;
“general meeting” means any annual or special general meeting;
“member” means a member of the co-operative;
“month” means calendar month;
“Registrar” means the person for the time being holding the office of Registrar of Co-operatives under the Act;
“regulations” means the Co-operatives Regulations 1997.

2. Members to abide by co-operative principles

The co-operative and its members must comply with the co-operative principles to the extent that they apply to them.

3. Alteration of the rules

- (1) These rules may be altered by a special resolution in accordance with section 113 of the Act or by a resolution of the board in accordance with section 114 of the Act.
- (2) A proposed alteration of these rules must be approved by the Registrar under section 112 of the Act before the resolution altering the rules is passed.
- (3) An alteration of these rules does not take effect unless and until it is registered by the Registrar under section 115 of the Act.
- (4) Any member is entitled to obtain from the co-operative a copy of these rules on payment of the amount set out in Appendix 1.

4. Name

- (1) The name of the co-operative is the name specified in Part 1 of Appendix 2.
- (2) The co-operative may change its name in accordance with section 255 of the Act.
- (3) The co-operative may abbreviate its name in accordance with section 253 of the Act.

5. Active membership provisions

- (1) The primary activity of the co-operative is the activity set out in Part 2 of Appendix 2.
- (2) In order to establish active membership of the co-operative a member must comply with the requirements set out in Part 3 of Appendix 2.
- (3) All members must be active members of the co-operative.
- (4) If a member fails or ceases to be an active member, the board must in accordance with Division 4 of Part 6 of the Act:
 - (a) declare the membership of the member cancelled; and
 - (b) declare the shares of the member forfeit.

6. Qualifications and shareholding required for membership

- (1) A person is not qualified to be admitted to membership unless there are reasonable grounds for believing that the person will be an active member of the co-operative.
- (2) Every member must hold a share in accordance with Appendix 3.

7. Membership and shares

- (1) An application for membership or shares in the co-operative must:
 - (a) be in a form approved by the board; and
 - (b) be lodged at the registered office of the co-operative; and
 - (c) be accompanied by the relevant fee or amount set out in Part 1 of Appendix 3.
- (2) An application for membership must include an application for a share in the co-operative.
- (3) The board must consider each application.
- (4) The board at its sole discretion may accept or reject an application for membership or shares and need not give any reason for its decision.
- (5) If the board approves an application for membership or shares:
 - (a) the relevant shares must be allotted to the applicant; and
 - (b) the board must ensure that the name of the person and the number of shares allotted is entered in the register of members, directors and shares in accordance with sections 75 and 244 of the Act; and
 - (c) the board must notify the applicant in writing of allotment of the shares and of the entry in the register; and
 - (d) the applicant for membership becomes entitled to exercise the rights of membership when:
 - (i) the member's name appears in the register of members; and
 - (ii) the member has paid to the co-operative the relevant fees and amounts set out in Part 3 of Appendix 3.
- (6) If the board rejects an application, the whole of the money lodged in respect of the application must be refunded to the applicant without interest.

8. Ceasing membership

A person ceases to be a member in each of the following circumstances:

- (a) if the member's membership is cancelled under Part 6 of the Act;
- (b) if the member is expelled in accordance with these rules;
- (c) if the member becomes bankrupt and the trustee of the member's estate disclaims any debt, contract, duty or liability of the member with the co-operative;
- (d) on the death of the member;
- (e) if the contract of membership is rescinded on the ground of misrepresentation or mistake;
- (f) if the member's share is transferred to another person and the transferee is registered as the holder of the share;
- (g) if the member's share is forfeited in accordance with the provisions of the Act or the provisions of these rules;
- (h) if the member's share is purchased by the co-operative in accordance with the provisions of these rules;
- (i) if a member's share is sold by the co-operative pursuant to any power in these rules and the purchaser is registered as holder in the member's place;
- (j) if the amount paid up on the member's share is repaid to the member in accordance with the provisions of these rules;
- (k) on notice in writing, given by the member to the Secretary, of the member's resignation from membership; or
- (l) in the case of a member that is a body corporate, if the body is dissolved.

9. Expulsion of members

- (1) A member may be expelled from the co-operative if the co-operative by special resolution determines that the member should be expelled on the ground that:
 - (a) the member has failed to discharge the member's obligations to the co-operative under the Act or these rules;
 - (b) the member has acted in a manner that has:
 - (i) prevented or hindered the co-operative in carrying out any of its primary activities; or
 - (ii) brought the co-operative into disrepute; or
 - (c) the member has acted in a manner contrary to any of the co-operative principles and in so acting caused the co-operative harm.
- (2) The member must be given at least 28 days written notice of the proposed resolution and of the date, time and place of the meeting at which the resolution will be moved.
- (3) The procedure at the general meeting to consider the proposed resolution is as follows:
 - (a) the member must be given a reasonable opportunity to be heard at the meeting;
 - (b) the member is entitled to call witnesses and to cross examine witnesses called against the member;
 - (c) if the member fails, without reasonable excuse, to attend at the time and place of which notice has been given, the co-operative may consider the matter in the absence of the member;
 - (d) after considering the matter, the co-operative may by special resolution determine to expel the member.
- (4) The expulsion of the member does not take effect until the special resolution is registered with the Registrar.
- (5) When a member is expelled, the co-operative must, in accordance with section 82 of the Act, repay to the member an amount determined in accordance with that section in respect of the member's shares and cancel the member's shares.

10. Suspension of members

- (1) A member may be suspended from membership of the co-operative for a period not exceeding one year if the co-operative by special resolution determines that the member should be so suspended on the ground that:
 - (a) the member has contravened these rules; or
 - (b) the member has failed to discharge the member's obligations to the co-operative under these rules; or
 - (c) the member has acted in a manner detrimental to the co-operative.
- (2) The member must be given at least 28 days written notice of the proposed resolution and of the date, time and place of the meeting at which the resolution will be moved.
- (3) The procedure at the general meeting to consider the proposed resolution is as follows:
 - (a) the member must be given a reasonable opportunity to be heard at the meeting;
 - (b) the member is entitled to call witnesses and to cross examine witnesses called against the member;
 - (c) if the member fails, without reasonable cause, to attend at the time and place of which notice has been given, the co-operative may consider the matter in the absence of the member;
 - (d) after considering the matter, the co-operative may by special resolution determine to suspend the member.
- (4) A member who is suspended ceases during the suspension to have the rights of a member except as otherwise provided in the Act or these rules.

11. Disputes

- (1) The grievance procedure set out in this rule applies to disputes under these rules between:
 - (a) a member and another member; or
 - (b) a member and the co-operative.
- (2) The parties to the dispute must meet and discuss the matter in dispute, and, if possible, resolve the dispute within 14 days after the dispute comes to the attention of all of the parties.
- (3) If the parties are unable to resolve the dispute at the meeting under sub-rule (2) or if a party fails to attend that meeting, then the parties must, within 10 days, hold a meeting in the presence of a referee.
- (4) The mediator must be:
 - (a) a person chosen by agreement between the parties; or
 - (b) in the absence of agreement:
 - (i) in the case of a dispute between a member and another member, by the board of the co-operative; or
 - (ii) in the case of a dispute between a member and the co-operative, a person who is a member of the Dispute Settlement Centre of Victoria (Department of Justice).
- (5) A member of the co-operative can be a mediator.
- (6) The mediator cannot be a member who is a party to the dispute.

This Rule provides for the mediation of a dispute. Note that section 89 of the Act provides another procedure whereby application may be made to the Supreme Court for an order declaring and enforcing rights or obligations of members between themselves, or of the co-operative and a member between themselves. The Court may refuse to make an order, or may make an order for costs, if the Court is of the opinion that the application is unreasonable or the issue trivial.

12. Fines

The co-operative does not impose fines on a member for any infringement of these rules.

13. Capital and shares

The capital of the co-operative is to be raised by the issue of shares which are to have a nominal value as described in Part 3 of Appendix 3.

14. Liability of members

- (1) A member is not, as a member, under any personal liability to the co-operative except for the amount, if any, unpaid on the shares held by the member together with any charges payable by the member to the co-operative as required by these rules.
- (2) On the death of a member, the member's estate remains liable as the member until the member's personal representative or some other person is registered in the member's place.

15. Calls on shares

- (1) The board may make calls on the members in respect of any money unpaid on their shares.
- (2) Sub-rule (1) does not apply if the terms of issue of the shares provide for the money unpaid on the shares to be paid at fixed times.
- (3) A call must not:
 - (a) exceed one-quarter of the sum of the nominal value of the shares; or
 - (b) be payable earlier than one month after the day fixed for the payment of the last preceding call.

- (4) A member must be given at least 14 days notice specifying the time or times and place of payment of the call.
- (5) A member who receives notice of a call must pay the amount of the call on the member's shares to the co-operative at the time or times and at the place specified in the notice.
- (6) The board may revoke or postpone a call.
- (7) A sum that becomes payable on a share under the terms of issue of the share is deemed for the purposes of these rules to be an amount payable on a call notified under this rule as if the time and place for payment specified in the terms of issue were the time and place for payment of the call.
- (8) The board may accept from a member the whole or a part of the amount unpaid on a share although no part of that amount has been called up.

16. Forfeiture of shares

- (1) If a member fails to pay a call on any day appointed for the payment of the call, the board may serve a notice on the member requiring payment of so much of the call as is unpaid.
- (2) The notice must:
 - (a) specify a day (being not less than 28 days after the date of service of the notice) on or before which the payment required by the notice is to be paid; and
 - (b) state that if the payment is not so paid, the shares in respect of which the call was made are liable to be forfeited.
- (3) If the payment is not made in accordance with the notice, the board may, by resolution, declare that the shares are forfeited.
- (4) The board's declaration has the effect of forfeiting the shares concerned.

17. Share certificates

- (1) The board, on the application of a person holding shares in the co-operative, must issue to that person, without payment, a certificate under the seal of the co-operative specifying the shares held by that person and the amount paid up on those shares.
- (2) However, if shares are held jointly:
 - (a) the board is not required to issue more than one share certificate in respect of those shares: and
 - (b) the delivery of the share certificate to one joint shareholder is sufficient delivery to all.
- (3) If the board is satisfied that a share certificate issued by the co-operative is defaced, lost or destroyed, the board may issue a duplicate certificate on payment of a fee determined by the board as set out in Appendix 1.

18. Sale of member's shares

Subject to section 172 of the Act, the co-operative may sell a member's shares at the request of the member.

19. Transfer and transmission of shares

- (1) The instrument of transfer of any share shall be executed by or on behalf of the transferor (the giver) and the transferee (the receiver of the share).
- (2) The transferor remains the holder of the share until the name of the transferee is entered in the register of members in respect of the share.
- (3) A transfer of shares is to be in the form of Appendix 4 or in a form approved by the board.
- (4) A share cannot be sold or transferred except:
 - (a) with the consent of the board, to any person who is qualified to be admitted to membership of the co-operative under rules 5 and 6; or
 - (b) as otherwise provided by the Act or these rules.

- (5) The board may refuse to register a transfer of shares:
 - (a) to a person who is not eligible to be a member; or
 - (b) to a person whom the board does not approve; or
 - (c) if the co-operative has a lien or charge over the shares.
- (6) If the board refuses to register a transfer of shares, it must send written notice of its decision to the proposed transferee within 14 days after making that decision.
- (7) The board may decline to recognise any instrument of transfer unless:
 - (a) a fee in accordance with Appendix 1 is paid by the member to the co-operative for the transfer; and
 - (b) the instrument of transfer is accompanied by the certificate (if any) of the shares to which it relates, and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer.
- (8) The board may suspend the registration of transfers during the 14 days immediately preceding the annual general meeting in each year.

20. Forfeitures and cancellations - Inactive members

- (1) In accordance with section 131 of the Act, the board, after giving any notice required under section 136 of the Act, must declare the membership of a member cancelled if:
 - (a) the whereabouts of the member are not presently known to the co-operative and have not been known to the co-operative for a period of at least 3 years before that time; or
 - (b) the member is not presently an active member of the co-operative and has not been an active member of the co-operative at any time during the period of 3 years immediately before that time.
- (2) Sub-rule (1) applies to a member only if he or she was a member of the co-operative throughout the period referred to in paragraph (a) or (b), as the case requires.
- (3) In accordance with section 132 of the Act, the board must declare the shares of a member to be forfeited at the same time as the member's membership is cancelled under section 131 of the Act.
- (4) The board's declaration has the effect of forfeiting the shares concerned.
- (5) If the membership of a member is cancelled any amount due to the member in respect of the cancellation must be dealt with in accordance with section 138 of the Act.

21. Forfeited shares

A person whose shares have been forfeited under the Act or these rules remains liable to the co-operative for any amount still unpaid at the date of forfeiture in respect of those shares.

22. Death of a member

- (1) Subject to sections 84, 173 and 174 of the Act, on the death of the member, the board must transfer the deceased member's share or interest in the co-operative to:
 - (a) the executor or administrator of the deceased member; or
 - (b) with the consent of the board, to a person:
 - (i) who is specified by the personal representative of the deceased member in an application under section 84 of the Act; and
 - (ii) who is qualified to be a member in accordance with the Act and these rules.
- (2) The board may transfer the shares or interest of a deceased member to a person entitled in accordance with section 85 of the Act if:

- (a) the total value of the shares or interest is less than \$10,000 (or such other amount as may be prescribed by the regulations); and
- (b) there has not been a grant of administration of the estate, or probate of the will of the deceased member.

23. Registration as trustee, executor or administrator

- (1) In accordance with sections 166 to 168 of the Act, the following persons may be registered as the holder of a share in the co-operative:
 - (a) the trustee, executor or administrator of the estate of a dead person, if the dead person was the holder of that share or was entitled in equity to that share;
 - (b) the administrator of the estate of an incapable person, if the incapable person was the holder of that share or was entitled in equity to that share;
 - (c) the Official Trustee in Bankruptcy, if a bankrupt was the holder of that share or was entitled in equity to that share.
- (2) If a person is entitled in equity to a share in the co-operative, the consent of the co-operative and the holder of the share must be obtained before a person can be registered in respect of that share pursuant to sub-rule (1).

24. Entitlements and liabilities of person registered as trustee, administrator etc.

Subject to the Act, a person registered pursuant to section 166, 167 or 168 of the Act and rule 23 is, while so registered:

- (a) entitled to the same dividends and other benefits; and
- (b) in accordance with section 169 of the Act, subject to the same liabilities and only those liabilities:

in respect of the share as those to which the person would have been subject if the share had remained, or had been, registered in the name of the dead person, the incapable person or the bankrupt.

25. Transfer and transmission of debentures

- (1) The instrument of transfer of a debenture must be executed by the transferor (the giver) and the transferee (the receiver).
- (2) The transferor remains the holder of the debenture until the board consents to the transfer and the name of the transferee is entered in the registers of debentures in respect of the debenture.
- (3) A transfer of debentures must be in the form of Appendix 4 or in a form approved by the board.
- (4) The board may decline to recognise any instrument of transfer of a debenture and may decline to register the transfer unless:
 - (a) a fee in accordance with Appendix 1 is paid to the co-operative for the transfer; and
 - (b) the instrument of transfer is accompanied by the debenture and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer; and
 - (c) any stamp duty payable in respect of the instrument of transfer has been paid.
- (5) If the board refuses to register a transfer of debenture, it must send written notice of its decision to the proposed transferee within 28 days after making that decision.

26. Annual general meetings

- (1) In accordance with section 204 of the Act, the first annual general meeting of the co-operative must be held at any time within 19 months after the incorporation of the co-operative.

- (2) The second or any subsequent annual general meeting of the co-operative must be held within:
 - (a) 5 months after the close of the financial year of the co-operative; or
 - (b) any further time that may be allowed by the Registrar or is prescribed.
- (3) The board may determine the date, time and place of the annual general meeting.
- (4) All general meetings of the co-operative other than the annual general meeting shall be special general meetings.
- (5) If the board does not hold an annual general meeting within the required time, the members may requisition the meeting in accordance with section 209 of the Act.

27. Special general meetings

- (1) A special general meeting of the co-operative may be convened at any time by the board of directors.
- (2) In accordance with section 209 of the Act, the board must convene a general meeting of the co-operative on the written requisition of the number of active members of the co-operative who together are able to cast at least 20% of the total number of votes able to be cast at a meeting of the co-operative.

28. Notice of general meetings

- (1) The board must give each member at least 14 days notice of each general meeting.
- (2) The notice may be given in accordance with section 460 of the Act.
- (3) The notice must specify the place, the day and the time of the meeting and, if special business is to be transacted, set out generally the nature of the special business.
- (4) If a special resolution is to be proposed at the meeting at least 21 days notice of that special resolution must be given to the members of the co-operative in accordance with section 192 of the Act.
- (5) A member of the co-operative who wishes to propose a resolution at a general meeting must give the co-operative written notice of the resolution.
- (6) If notice of an ordinary resolution is given under sub-rule (5) at least 14 days before the board gives notice of the meeting, the board must include details of that resolution in the notice of the meeting.

29. Business at general meetings

- (1) The ordinary business of the annual general meeting shall be:
 - (a) to confirm minutes of the last preceding general meeting (whether annual or special);
 - (b) to receive from the board, auditors, or any officers of the co-operative reports upon the transactions of the co-operative during the financial year, including balance sheet, trading account, profit and loss account, statement of cash flows, and the state of affairs at the end of that year;
 - (c) to elect and determine the remuneration (if any) of directors;
 - (d) to determine the rates of dividend, bonus shares and rebate.
- (2) The annual general meeting may also transact special business of which notice has been given to members in accordance with these rules.
- (3) All business of a general meeting, other than ordinary business, is special business.

30. Quorum at general meetings

- (1) An item of business must not be transacted at a meeting of a co-operative unless a quorum of members entitled to vote is present during the transaction of that item.
- (2) Subject to sub-rule (3) the quorum of the co-operative is 5 members entitled to vote at a meeting of the co-operative plus:
 - (a) if the active membership of the co-operative exceeds 50 but does not exceed 200, 1 additional member for each 10 members after the first 50 active members; and
 - (b) if the active membership of the co-operative exceeds 200, the additional members referred to in paragraph (a) and 1 additional member for each 50 active members after the first 200 members.
- (3) If within half an hour after the appointed time for the meeting a quorum is not present, the meeting:
 - (a) if convened upon the requisition of members, is abandoned; and
 - (b) in any other case is to be adjourned to the same day and time in the next week at the same place; or
 - (c) the chairperson announces that written notice will be given as to an alternative day, time or place and the meeting is then adjourned.
- (4) If at an adjourned meeting, under sub-rule (3)(b) or (c), a quorum is not present within half an hour after the time appointed for the meeting the meeting must be abandoned.

31. Presiding at general meetings

- (1) Subject to this rule, the chairperson of the board presides at every general meeting of the co-operative.
- (2) If the chairperson of the board is unable or unwilling to preside or is not present within 15 minutes after the time appointed for the meeting, the members present must select one of their number to preside.
- (3) The person selected under sub-rule (2) presides at that meeting until the time that the chairperson attends and is willing to act.

32. Adjournment of meetings

- (1) The person presiding may, with the consent of a majority of members present at the meeting, adjourn the meeting from time to time and from place to place.
- (2) The person presiding must, if directed by a majority of members present at the meeting, adjourn the meeting to a date and time agreed.
- (3) No business may be transacted at an adjourned meeting other than business unfinished at the meeting which was adjourned.
- (4) This rule only applies if there is a quorum at the meeting to be adjourned.

33. Standing orders at meetings

- (1) Subject to sub-rule (3), the following standing orders must be observed at general meetings of the co-operative:
 - (a) The mover of a proposition must not speak for more than 10 minutes. Subsequent speakers are allowed 5 minutes, and the mover of the proposition 5 minutes to reply. The meeting may however by simple majority extend in a particular instance the time permitted by this rule.
 - (b) If an amendment to an original proposition is proposed, no second amendment may be considered until the first amendment is disposed of.
 - (c) If an amendment is carried, the proposition as so

amended displaces the original proposition and may itself be amended.

- (d) If an amendment is defeated, then a further amendment may be moved to the original proposition. However only one amendment may be submitted to the meeting for discussion at one time.
 - (e) The mover of every original proposition, but not of an amendment, has the right to reply. Immediately after this the question must be put from the chair. No other member may speak more than once on the same question, unless permission is given for an explanation, or the attention of the chairperson is called to a point of order.
 - (f) Propositions and amendments must be submitted in writing if requested by the chairperson.
 - (g) Any discussion may be closed by a resolution “that the question be now put” being moved, seconded and carried. That resolution must be put to the meeting without debate.
- (2) Any member, or visitor invited to attend the meeting by the board, may speak on any issue at a meeting with the permission of the chairperson subject to any conditions imposed by the chairperson.
 - (3) The standing orders may be suspended for any period by ordinary resolution.

34. Attendance and voting at general meetings

- (1) The right to vote attaches to membership and not shareholding.
- (2) A member of the co-operative is not entitled to vote at a meeting of the co-operative unless that person is an active member of the co-operative.
- (3) Subject to the Act and this rule, every member of the co-operative has only one vote at a meeting of the co-operative.
- (4) A member of a co-operative who is under 18 years of age is not entitled to vote.
- (5) In the case of joint membership:
 - (a) the joint members have only one vote between them; and
 - (b) that vote may be exercised by the member whose name appears first in the register of members unless the other joint members otherwise direct.
- (6) Subject to the Act and these rules, a question for decision at a general meeting, other than a special resolution, must be determined by a majority of members present at the meeting and voting.
- (7) In accordance with section 208(2) of the Act, unless a poll is demanded by at least 5 members, a question for decision at a general meeting must be determined by a show of hands.
- (8) In the case of an equality of votes at a meeting of the co-operative, whether on a show of hands or on a poll, the chairperson of the meeting at which the show of hands takes place or at which the poll is demanded may exercise a second or casting vote.

35. Postal ballot

- (1) The manner of voting shall be in accordance with the regulations.
- (2) A special postal ballot or a postal ballot must be held:
 - (a) when required by the Act; or
 - (b) in accordance with section 202 of the Act, on the written requisition of the number of active members of the co-operative who together are able to cast at least 20% of the total number of votes able to be cast at a meeting of the co-operative; or
 - (c) if approved by the members by ordinary resolution.

36. Poll at general meetings

- (1) If a poll (or ballot) is demanded by at least 5 members, it must be conducted in a manner specified by the person presiding and the result of the poll is the resolution of the meeting on that question.
- (2) A poll demanded for the election of a person presiding or on a question of adjournment must be taken immediately, but any other poll may be conducted at any time before the close of the meeting.

37. Special and ordinary resolutions

- (1) A special resolution is a resolution which is passed in accordance with sections 192 and 193 of the Act:
 - (a) by a two-thirds majority at a general meeting of members; or
 - (b) by a two-thirds majority in a postal ballot (other than a special postal ballot) of members; or
 - (c) by a three-quarters majority in a special postal ballot of members.
- (2) An ordinary resolution is a resolution passed by a simple majority at a general meeting or in a postal ballot by members.
- (3) A special resolution has effect from the date that it is passed unless it is required to be registered under section 196(2) of the Act.

38. Board of directors

- (1) There shall be a board of no less than five directors and no more than nine directors.
- (2) A director must be:
 - (a) a natural person; and
 - (b) not less than 18 years of age.

39. Qualifications of directors

- (1) A person is not qualified to be a director unless he or she is:
 - (a) a member of the co-operative or a representative of a body corporate which is a member of the co-operative (member director); or
 - (b) an employee of the co-operative or a person qualified as set out in Appendix 5 (independent director).
- (2) In accordance with section 213 of the Act, a person may only be elected or appointed as an independent director if there are at least 3 member directors appointed for each independent director.
- (3) A person must not act as a director if the person is disqualified under section 214 of the Act.
- (4) The first directors shall be elected at the meeting for the formation of the co-operative.

40. Retirement of directors

- (1) At the first annual general meeting of the co-operative 3 of the directors must retire and at the next annual general meeting 2 of the directors must retire and this pattern of rotation is to continue in ensuing years.
- (2) A retiring director retains office until the close of the meeting at which his or her successor is elected.
- (3) The directors to retire in any one year are, subject to the provisions as to the filling of casual vacancies, those that have been longest in office since their last election and if there are 2 or more directors who became directors on the same day, those who retire must be determined by lot unless they otherwise agree among themselves.
- (4) A retiring director is eligible for re-election.

41. Election of directors

- (1) At least 6 weeks before an annual general meeting, the board must:
 - (a) notify all members of the number of directors retiring at the annual general meeting; and
 - (b) advise the members of:
 - (i) their eligibility to nominate as a director; and
 - (ii) the duties and responsibilities of a director; and
 - (iii) the anticipated remuneration (if any); and
 - (iv) the nomination and election procedures.
- (2) Not less than 6 weeks before the annual general meeting, a notice must be displayed at the registered office of the co-operative inviting nominations of candidates for election as directors.
- (3) A nomination must:
 - (a) be signed by 2 or more members; and
 - (b) provide details of the qualifications and experience of the person nominated; and
 - (c) be accompanied by a notice in writing signed by the candidate agreeing to his or her nomination.
- (4) The nomination and the notice referred to in sub-rule (3) must be lodged at the registered office of the co-operative at least 21 days before the annual general meeting.
- (5) Details of each person who has been nominated must be given to members with the notice of the annual general meeting by the secretary or an officer nominated by the board.
- (6) Details to be provided to members must include the candidates:
 - (a) name; and
 - (b) age; and
 - (c) qualifications and experience; and
 - (d) length of any previous service as a director of the co-operative or with any other co-operative.

42. Manner of election

- (1) The ballot for the election of directors must be conducted at the annual general meeting in the manner that the board directs.
- (2) If, at the annual general meeting at which an election of directors ought to take place, the place of any retiring directors is not filled, the meeting stands adjourned until the same day and time in the next week and at the same place unless another place is specified by a director or officer of the co-operative:
 - (a) at the time of the adjournment; or
 - (b) by written notice to members given before the day to which the meeting is adjourned.
- (3) At the resumption of the adjourned meeting nominations for any unfilled positions of director may be received and an election may be held.

43. Casual vacancy

If there is a casual vacancy in the office of director under section 219 of the Act, the board may appoint a person to fill that vacancy but the person appointed must retire at the next annual general meeting.

44. Removal from the office of director

The co-operative may by special resolution remove any director from office before the end of the director's period of office.

45. Remuneration

In accordance with section 229 of the Act a director of a co-operative must not be paid any remuneration for services as a director other than fees, concessions and other benefits that are approved at a general meeting of the co-operative.

46. Deputy directors

- (1) In the absence of a director from a meeting of the board, the board may appoint a person to act as a deputy for that director.
- (2) A person appointed under sub-rule (1) must:
 - (i) be a member, if the absent director is a member;
 - (ii) be a representative of a body corporate, if the absent director is a representative of that body corporate;
 - (iii) be an employee or a person qualified as set out in Appendix 5, if the absent director is an employee or a person qualified as set out in Appendix 5.
- (3) A person appointed as deputy may act in the place of the director for whom he or she is deputy.
- (4) The other members of the board may by majority vote remove a deputy director from office.
- (5) A deputy director vacates office:
 - (a) if the deputy director is removed from office under this rule; or
 - (b) if the director for whom he or she is deputy ceases to hold office; or
 - (c) if the deputy director dies; or
 - (d) if the deputy director resigns.
- (6) A deputy director while acting as a director is entitled to the same remuneration as that to which the director for whom he or she is deputy would have been entitled.

47. Proceedings of the board

- (1) Meetings of the board are to be held as often as may be necessary for properly conducting the business of the co-operative and must in any case be held at least every three months.
- (2) Questions arising at any meeting shall be decided by a majority of votes.
- (3) In the case of an equality of votes, the chairperson has a second or casting vote.
- (4) A director may call a meeting of the board of directors by giving notice individually to every other director.
- (5) Except in special circumstances determined by the chairperson, at least 48 hours notice shall be given to the directors of all meetings of the board.

48. Quorum for board meetings

The quorum for a meeting of the board is 3.

49. Chairperson of board

- (1) The chairperson of the board shall be elected by the board.
- (2) If the chairperson of the board is unable or unwilling to preside or is not present within 15 minutes after the time appointed for meetings of the board, the members present must select one of their number to preside.
- (3) The person selected under sub-rule (2) presides at the board meeting until the time that the chairperson attends and is willing to act.
- (4) The board may by ordinary resolution remove the chairperson from office.
- (5) A chairperson shall be elected in the last month of each financial year.

50. Financial year

The financial year of the co-operative ends on the 30 June.

51. Seal

- (1) In accordance with section 254 of the Act, the co-operative must ensure that the name of the co-operative appears in legible characters on its common seal and official seals.
- (2) The common seal must be kept at the registered office of the co-operative in such custody as the board directs.
- (3) The co-operative must have, for use in place of its common seal outside the State where its common seal is kept, one or more official seals, each of which must be a facsimile of the common seal of the co-operative with the addition on its face of the name of every place where it is to be used.
- (4) The seal of the co-operative must not be affixed to any instrument except in accordance with a resolution of the board.
- (5) Two directors must be present when the common or official seal is affixed to an instrument by another person and must sign the instrument so sealed.
- (6) In accordance with section 49(2) of the Act, the persons affixing the official seal must certify in writing on the instrument to which it is affixed, the date and place at which it is affixed.

52. Custody and inspection of records

A person is entitled to make a copy of entries in a register specified in section 246(1) of the Act:

- (a) if the copy is a photocopy or electronic copy, on payment of a fee of \$1 per page to a maximum of \$20; and
- (b) in any other case, free of charge.

53. Banking

- (1) The board must ensure that:
 - (a) a banking account or accounts are kept in the name of the co-operative; and
 - (b) all money received by the co-operative is paid into that account or those accounts as soon as possible after it is received.
- (2) All cheques drawn on such accounts and all drafts, bills of exchange, promissory notes, and other negotiable instruments for and on behalf of the co-operative, must be signed by any 2 or more directors.

54. Safekeeping of securities

The co-operative must keep the securities of the co-operative safely in the manner and with the provision for their safety that the board directs.

55. Audit

- (1) The accounts of the co-operative must be audited in accordance with section 238 of the Act and the regulations made under that section.
- (2) Auditors must be appointed in accordance with the regulations under section 238 of the Act to audit the accounts of the co-operative.
- (3) Audits must be carried out annually.

56. Co-operative funds

- (1) The board may resolve to retain all or any part of the surplus arising in any year from the business of the co-operative to be applied for the benefit of the co-operative.
- (2) Any part of the surplus arising in any year from the business of the co-operative or any part of the reserves may:
 - (a) be paid to a member by way of rebate based on the business done by the member with the co-operative; or

- (b) be applied by the issue of bonus shares to a member; or
 - (c) be paid to a member by way of limited dividend (as defined in section 273(3) of the Act) on shares held.
- (3) The rebate, bonus shares or limited dividend:
- (a) must be declared at the annual general meeting of the co-operative; and
 - (b) must not exceed the amount recommended by the board; and
 - (c) in the case of dividend must not exceed the amount permitted by the Act and regulations.
- (4) The amount of any rebate or dividend payable to a member under subrule (2) may, with the consent of the member, be applied:
- (a) in payment for the issue to the member of bonus shares; or
 - (b) as a loan to the co-operative.
- (5) Any part of the surplus arising in any year from the business of the co-operative may be credited to any person who is not a member, but is qualified to be a member, by way of rebate in proportion to the business done by him or her with the co-operative, if:
- (a) the person was a member at the time the business was done and the membership has lapsed; or
 - (b) the person has applied for membership after the business was done.
- (6) Nothing in sub-rule (5) precludes the payment of a bonus to an employee in accordance with the terms of his or her employment.
- (7) A part of the surplus, not exceeding 5% arising in any year from the business of the co-operative, may be applied for one or both of the following:
- (a) charitable purposes; or
 - (b) supporting any activity approved by the co-operative.
- (8) The board must give notice of any dividend, rebate or bonus share that has been declared by displaying it at the registered office of the co-operative and in any other manner the board determines.
- (9) Except where the Act or these rules specify otherwise, interest does not accrue to a member on any dividend rebate or bonus share held by the co-operative for a member.

57. Provision for loss

Subject to section 271 of the Act, the board may resolve to retain part of the surplus arising from the business of the co-operative in any year to be applied to meet any loss on the transactions of the co-operative.

58. Winding up

The winding up of the co-operative must be in accordance with Part 12 of the Act.

APPENDIX 1

Schedule of charges:

Copies of entry in register: refer to rule 52

Duplicate share certificate: \$10 (maximum)

Transfer of shares: \$10

Transfer of charge (inclusive of transfer of debenture): \$10

Copy of rules: \$5 plus \$1 for each page after the first page to a maximum of \$10.

APPENDIX 2

Part 1

Name of co-operative:

HEPBURN COMMUNITY WIND PARK CO-OPERATIVE LIMITED

Part 2

Primary activity:

The primary activities of the Hepburn Community Wind Park Co-operative Limited are to:

- (a) develop, own, operate and manage a wind farm or farms;
- (b) generate and supply energy from the co-operative wind farm or farms;
- (c) provide advice and assistance to its members to reduce energy usage and increase members' energy efficiency;
- (d) raise community awareness of the benefits of sustainable and renewable energy.

Part 3

To remain an active member of Hepburn Community Wind Park Co-operative Limited a member:

- (a) must purchase or consume energy generated directly or indirectly by the co-operative; or
- (b) subscribe to the co-operative's information advisory service relating to energy usage and efficiency; or
- (c) subscribe to the co-operative's newsletter.

APPENDIX 3

Part 1

- (1) The minimum shareholding is 1000 \$1 shares.
- (2) Any person applying for membership that is not a formation member must apply and pay for the minimum number of shares as set out in the membership application form as approved by the board from time to time, and where provided by that form, agree to in the future subscribe and pay for a maximum number of additional shares specified in the application form.

Part 2

Fines: The co-operative does not impose fines.

Part 3

The nominal value of a share and amount payable per share is \$1.

Fees: Nil

Charges: Nil

Subscriptions: There will be no subscription fee for the newsletter.

APPENDIX 4

Form for Transfer of Shares: Not included here.

APPENDIX 5

Qualifications of an independent director:

An independent director may be nominated by the board on the basis of their qualifications, skills, experience or knowledge in the engineering, industrial, legal, commercial or financial sectors.

Glossary

applicant	An applicant for shares in Hepburn Wind
application form	The form at the end of this Offer Document that must be filled out in order to purchase shares in Hepburn Wind
Bank Loan	A loan to contribute to total costs of the project
Board	The Board of Directors of Hepburn Wind that is elected at Annual General Meetings and is responsible for the management of Hepburn Wind
black energy	Electricity produced from fossil fuels
carbon dioxide	A natural greenhouse gas that is released as a result of burning fossil fuels
CO ₂	Carbon dioxide
Depreciation Fund	The fund established for the return of initial investment at the conclusion of the life of the project
development costs	The expenses incurred by or on behalf of Hepburn Wind during the development of the project and Hepburn Wind
Directors	The members of the Board of Directors who manage Hepburn Wind
electricity grid	The electrical distribution network of the east coast of Australia
EPC	Engineering, Procurement and Construction
Future Energy	Future Energy Pty Ltd
Garrad Hassan	Garrad Hassan Pacific Pty Ltd
grid connection	The process of connecting the Wind Park to the electricity grid
greenhouse gas	A gas that has a natural propensity to absorb heat in the atmosphere such as carbon dioxide
green energy	Electricity produced from renewable sources
GW	Gigawatt. A unit used to measure power that is the equivalent of 1,000 MW
GWh	Gigawatt hour. A gigawatt hour corresponds to 1,000 MWh
Hepburn Shire	The local government shire of Hepburn
Hepburn Shire Council	The Council of the Hepburn Shire
Hepburn Wind	The Hepburn Community Wind Park Co-operative Ltd
HREA	Hepburn Renewable Energy Association Inc.
kW	Kilowatt. A unit that measures power and is equal to 1,000 watts
kWh	Kilowatt hour. A unit of energy produced or consumed at a rate of 1 kW over a one hour period
Leonards Hill	The site for the Hepburn Community Wind Park, located approximately 10 kilometres south of Daylesford
m/s	Metres per second. A standard measurement of speed
Members	Shareholders in Hepburn Wind

Glossary

MRET	The Australian Federal Government's Mandatory Renewable Energy Target of 2% by 2010
MW	Megawatt. One megawatt corresponds to 1,000 kW
MWh	Megawatt hour. One megawatt hour corresponds to 1,000 kWh
nacelle	Part of a wind turbine. The compartment that sits on top of the tower and houses the generator, gearbox and other equipment
NEM	The National Electricity Market
NEMMCO	The National Electricity Market Management Company
NSP	Network Service Provider
Offer	The offer of shares in Hepburn Wind as detailed in this Offer Document
Offer Document	This document detailing the offer of 9,679,000 shares in Hepburn Wind
Offer Period	The period of time over which shares in Hepburn Wind will be available for purchase
p.a.	per annum
PMSA	The Project Management Services Agreement in place between Hepburn Wind and Future Energy. For further information regarding the PMSA refer to the Contracts section
PPA	Power Purchase Agreement for the sale of electricity
project	The Wind Park
projections	The detailed financial projections set out for the project
PTA	The Project Transfer Agreement in place between Hepburn Wind and Future Energy. For further information regarding the PTA refer to the Contracts section
REC	Renewable Energy Certificate
RESF	The Victorian Government's Renewable Energy Support Fund which is administered by Sustainability Victoria
Rules	The Rules of Hepburn Wind
site	The site for the Wind Park, Leonards Hill
SPV	Special Purpose Vehicle
Sustainability Victoria	A statutory authority of the Victorian Government established to promote and facilitate environmental sustainability
turbine	A wind powered electrical generator
VRET	The Victorian Government's Renewable Energy Target of 10% by 2016
Wind Park	The Hepburn Community Wind Park
wind resource	The available wind energy of a given area

How to Apply

Typical Members

Applicants may include individuals, companies, co-operatives, trusts and superannuation funds.

Requirements for Membership

The Board of Hepburn Wind must approve all membership applications according to the Rules of Hepburn Wind.

A member must:

- hold the minimum number of shares
- agree to be bound by the Rules.

How to Apply

To apply for shares, the applicant must:

- complete the application form according to the instructions set out below
- include payment according to the instructions set out below
- mail the application form to:

Hepburn Wind Share Offer
P.O. Box 225
Daylesford Victoria 3460

Completing the Application Form

Applications from Individuals

Check the appropriate box and fill in full name under Applicant 1. Leave Applicant 2 and Designated Account blank. The remainder of the application form should be completed in full.

Joint Applications from Individuals

Joint applications from two individuals will be accepted. If making a joint application as two individuals check the appropriate box and ensure you provide both individuals' full names under Applicant 1 and Applicant 2. Leave Designated Account blank. The remainder of the application form should be completed in full.

Applications for Minors

Applications will be accepted from the trustees of minors. If making an application as a trustee of a minor, check the appropriate box and fill in the trustee's name under Applicant 1 and the minor's name under Designated Account. Leave Applicant 2 blank. The remainder of the application form should be completed in full.

Applications from Superannuation Funds

Check the appropriate box and fill in the full name of the trustee under Applicant 1 (and Applicant 2 in the case of joint trustees), and fill in the name of the superannuation fund under Designated Account. The remainder of the application form should be completed in full.

Trustees of superannuation funds should consult expert advice to determine whether this investment is an appropriate and/or allowable investment under relevant governing rules.

Applications from Companies and Co-operatives

Check the appropriate box and fill in the full name of the company under Applicant 1. Leave Applicant 2 and Designated Account blank. The remainder of the application form should be completed in full.

All organisations should consult expert advice to determine whether this investment is an appropriate and/or allowable investment under their individual organisation's governing rules.

Applications from Trusts

Check the appropriate box and fill in the full name of the trustee under Applicant 1 (and Applicant 2 in the case of joint trustees), and fill in the name of the trust under Designated Account. The remainder of the application form should be completed in full.

How to Apply

Payment by Cheque

Include a cheque with your completed application made payable to Hepburn Wind Share Offer for the exact amount of shares you wish to purchase. Please attach cheque/s to the application form.

Payment by Electronic Funds Transfer

Electronic Funds Transfers should be made to the following account accompanied by a personalised input code.

Hepburn Wind Account Details

Account Name: Hepburn Wind Share Offer Trust Account
Bank: Bendigo Bank
BSB: 633000
Account Number: 13387 3232

Personalised Input Code

Your personalised input code should be listed in the appropriate field in the 'For payment by EFT' section of the application form.

For applications in which Applicant 1 is an individual this input code should consist of the first four letters of the family name of Applicant 1, followed by the first letter of the given name of Applicant 1.
(See examples overleaf.)

For applications in which Applicant 1 is not an individual, such as an application from a company, or a corporate trustee of a superannuation fund or trust, the input code should consist of the first five letters of the name of Applicant 1.

Example Applicants

Type of Application	Applicant 1	Applicant 2	Designated Account
Individual	Amy Campbell	Blank	Blank
Two individuals jointly	Keith Mills	Nancy Mills	Blank
Trustee of a minor	John Irving	Blank	Johnny Irving Jnr
Superannuation fund with joint trustees	Peter Nathan	Mary Nathan	Nathan Family Superannuation Fund
Superannuation fund with a corporate trustee	Massing Pty Ltd	Blank	Massing Superannuation Fund
Company	Nelson Pty Ltd	Blank	Blank
Trust	Manser Pty Ltd	Blank	Manser Family Trust

Example Personalised Input Codes

Application Type	Name of Applicant 1	Code
Individual	Amy Campbell	campa
Two individuals jointly	Keith Mills	millk
Trustee of a minor	John Irving	irvij
Superannuation fund with joint trustees	Peter Nathan	nathp
Superannuation fund with a corporate trustee	Massing Pty Ltd	massi
Company	Nelson Pty Ltd	nelso
Trust	Manser Pty Ltd	manse



Application Form

Hepburn Wind Share Offer
P.O. Box 225, Daylesford VIC 3460

Website: www.hepburnwind.com.au
Email: info@hepburnwind.com.au

Hepburn Community Wind Park Co-operative Ltd

NOTE: Prior to applying for membership of Hepburn Wind, applicants should read the accompanying Offer Document and Rules and consider whether they need to seek independent financial advice or other advice in relation to the Terms and Conditions contained within these documents.

I/We apply for shares in Hepburn Wind at \$1 per share (*minimum of 1,000 shares*)

I/We lodge full application money AUD \$

This is an application from: An individual Two individuals jointly The trustee of a minor
 A company A superannuation fund A trust Other

Applicant 1

Family name of individual, or company/organisation name:

Given names of individual:

Tax File Number (TFN):

Applicant 2

Family name of individual:

Given names of individual:

Tax File Number (TFN):

Designated Account: (See table *Example Applicants*)

Contact Details

Name:

Address: Postcode:

Phone: Mobile: Email:

(All correspondence will be sent by email where possible.)

Payment Details

For payment by cheque: *Make cheques payable to Hepburn Wind Share Offer and attach cheques to this application form.*

Drawer: Cheque Number: BSB: Amount: \$

Drawer: Cheque Number: BSB: Amount: \$

For payment by EFT: *Transfer should be made to the following account:*

Bendigo Bank Hepburn Wind Share Offer Trust Account BSB: 633-000 Account Number: 13387 3232

Personalised Input Code: (See table *Example Personalised Input Codes*)

Your Details for Dividends Payments

Account Name: BSB:

Institution: Account Number:

Priority Applications

Are you or your company/trust/organisation: A resident (permanent or part time) of the Hepburn Shire A member of HREA
 A resident of a property within 30 kilometres of Leonards Hill None of the above

Declaration and Statements

By lodging this application form:

I/We declare that all details and statements made by me/us are complete and accurate.

I/We declare that I/we have read and accept the terms contained in this Offer Document including the Rules of Hepburn Wind.

I/We authorise Hepburn Wind to complete and execute any documentation necessary to effect the issue of shares to me/us.

I/We acknowledge that returning the application form with the application monies will constitute my/our offer to subscribe for shares in Hepburn Wind and that no notice of acceptance of the application will be provided.

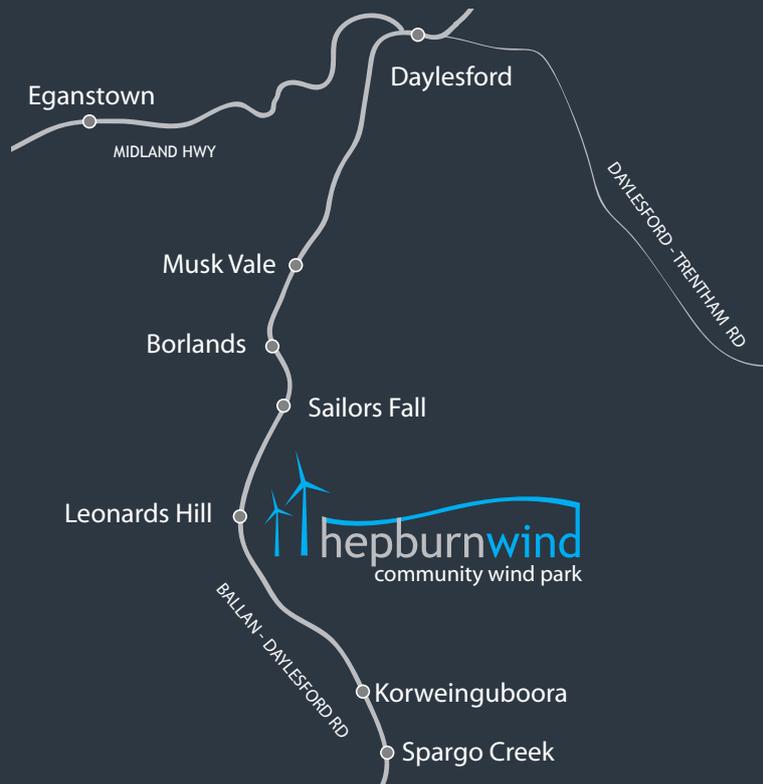
Signature:

Applicant 1

Applicant 2

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hepburnwind



www.hepburnwind.com.au

Hepburn Wind Share Offer
PO Box 225 Daylesford Vic 3460