



Buy Shares in Exeter Street Community Hall Limited

Exeter Street Community Hall Limited is registered as a Community Benefit Society with the Financial Conduct Authority (FCA), reg. no. 8161. It is recognised as charitable by Her Majesty's Revenue and Customs (HMRC), ref. no. ZD03543.

AN OPEN SHARE OFFER

We are offering you the opportunity to buy shares in **Exeter Street Community Hall Limited**, the Community Benefit Society that runs Exeter Street Hall in the Prestonville area of Brighton. A Community Benefit Society is a non-profit enterprise run for the benefit of the wider community as well as for the benefit of its members.

This is an open offer, i.e. it is not time-limited.

HOW IT ALL STARTED

The Hall Get Involved campaign (THGI) in 2011 was inspired by a once-in-a-lifetime opportunity: St. Luke's church hall had been put up for sale and we wanted the Prestonville community to buy it as an asset for all of us – and future generations – to enjoy. To do this we set up what was at that time called an Industrial and Provident Society: The Hall Get Involved Limited. After 18 months of campaigning and fundraising we raised over £180,000, partly through donations but mostly by selling 'community shares' in the Society. In 2013 our community became the proud owners of Exeter Street Hall. After new legislation came into force in 2014 we became a charitable Community Benefit Society and in 2019, following the need for a rule change and the establishment of the Hall as a going concern, THGI became Exeter Street Community Hall Limited (ESCH). We now have over 900 overwhelmingly local shareholders.

WHAT WE HAVE DONE SINCE 2013?

We have turned the Hall into a thriving community centre, used by a wide variety of groups and classes and hosting popular events that range from quizzes to opera, theatre to street parties, comedy to environmental awareness. We have installed a new roof and electrics, improved the heating system, ventilation, insulation and lighting, made the entrance and a new toilet accessible for all, created a new meeting room and refitted the kitchen to commercial standard. Of course, there's still more to do: we're always keen to expand the range of activities in the Hall, and we're planning to rebuild the main toilet block and install a new heating system when finances allow.

WHO RUNS THE SOCIETY?

The Society is managed by an unpaid Board of Directors – elected by the shareholders – who together with some co-opted members form the Management Committee. The list of current Management Committee members can be found at <https://exeterstreethall.org/management-committee>. The Directors have to comply with a set of governing Rules agreed by the shareholders and approved by the Financial Conduct Authority. We employ just one part-time staff member: our Hall Manager. Importantly, we have a large group of volunteers who facilitate activities and events and help to maintain and improve our Victorian building.

OUR FINANCIAL SITUATION

We receive income from hiring out the Hall, from our fundraising events and activities, from regular and one-off donations and – in some years – from grants to help us renovate the building or, notably during the Covid pandemic, to support our business. Our main outgoings include our Hall Manager’s salary, insurance, energy costs, business rates, licences, supplies and the costs of maintaining the building. The cost of building works varies greatly from year to year, depending on which projects we want to carry out and what we can afford.

ESCH Summary Financial Information (to 31 March each year)			
	2021/22	2022/23	2023/24
Income	41263	46345	55954
of which:			
Hire income	24056	27070	32590
Fundraising/donations/bar receipts & misc.	6127	14275	22284
Grants	11080	5000	1080
Outgoings	27831	52225	53515
of which:			
Staff costs	12676	13811	16856
Running costs & misc.	14702	19070	28711
Restoration & maintenance	4533	19344	7948
Surplus/(deficit)	13432	(5880)	2439
Fixed assets	180121	177956	179947
Share capital	168650	168600	168500
No. of shareholders	938	933	931

The figures from 2021-24 show the emergence of the Hall from Covid lockdowns to more normal (and currently very busy) times. This is reflected in both increased income and increased running costs. We keep £10,000 in reserve for emergencies and aim to have at least another £10,000 available to use as matching funds for grant proposals. Apart from the reserve we aim to put any

surpluses generated from our activities back into the Hall in order to improve the building and the facilities we offer to hirers and users.

WHY ARE WE STILL SELLING SHARES?

The original share offer in 2012 aimed to raise money to buy the Hall and begin urgently-needed renovations. Now that these have been done and the Hall is a thriving enterprise the main reasons for the ongoing open share offer are to:

- 1) Renew and increase our membership of the Society. This will make it possible for people who have recently moved into the area and other interested people to become members and play a full part in our Society and the Hall.
- 2) Replenish shares that are from time to time withdrawn by people who move away or need to sell back their shares for other reasons.
- 3) Raise funds to help us apply for building grants that often require us to put in about 30% of the total cost of the work to be done.

WHAT ARE COMMUNITY SHARES?

The shares we are offering are 'community shares'. These shares provide an opportunity for local people, organisations and businesses to buy into community enterprises. The payback is not financial but social. These shares do not pay any dividend. Buyers should be clear they cannot make a personal cash profit. The point of buying our shares is to gain membership of the Society and to support the community effort to maintain and improve the Hall.

Community Shares have a special legal status. Unlike shares bought in commercial companies, community shares cannot be traded or (except after death) transferred. However, while not tradable, community shares may be sold back to the Society for the same amount as they were bought for in accordance with our Rules and with the agreement of the Board of Directors.

In the early period, while the Hall was getting established, shares were not allowed to be sold back. But after ESCH was created it was decided that the Hall was financially stable and successful enough to allow withdrawals, so at the start of 2021 we published our shares withdrawal policy. Full details of this can be found on our website (*web address given below*). The aim of the policy is to ensure that the Society remains financially secure whilst allowing a limited number of shareholders to sell shares back to the Society each year in as fair a way as possible. We are grateful that up to now very few shareholders have applied to withdraw their shares.

WHAT DOES MEMBERSHIP OF ESCH MEAN FOR ME?

All adult shareholders become members of Exeter Street Community Hall Limited. This entitles you to come to our general meetings, discuss the progress of the Hall and its policies, vote on whether to approve the accounts and the Directors' report, and vote for the Directors. Every shareholder has one vote for each motion or election, regardless of how many shares they hold – this is another difference between community shares and tradable company shares, where the rule is one vote per share held and a small number of big institutional investors can outvote individual shareholders. In addition, our shareholders receive a shareholder certificate and regular (but not too frequent)

shareholder newsletters. We would of course, be delighted if, in addition to being a shareholder, you also wanted to join our group of volunteers and support the Hall in whichever way you feel you could help (e.g. helping to organise and publicise events and activities, updating our website and social media, working with our building team on maintenance and renovations, joining our management committee) but there is no obligation to do this.

ESCH complies with all legal requirements concerning our membership and, to this end, maintains a Register of Shareholders. The register is kept in a way that meets the requirements of the Data Protection Act(s) in force at the time. ESCH will never sell shareholders' personal data to any other organisation or pass on such data to any other organisation unless this is a legal obligation.

IS MY SHARE INVESTMENT SAFE? WHAT IS THE RISK?

There is a risk, though we believe it to be a very small one. As with all companies and societies, there is a possibility that the organisation will have to be wound up at some point in the future. We are clear that we don't want this to happen! Our aim is to provide a community hub for future generations as well as our own, and this is one reason why we are always keen to renew our membership.

If we ever do have to wind up the Society it is very likely that the Hall would be sold or passed on to another community-minded organisation. We have a legal 'asset lock' that imposes restrictions on who is allowed to take over the Hall, and for what purposes. It is designed to keep the Hall available as a resource for the community.

If the Hall were to be sold, then the money raised would be returned to ESCH shareholders. It is highly unlikely that the Hall would be sold for less than the value of the total ESCH shareholding (currently just under £170,000) but if it were, and if the remaining assets of the Society were insufficient to make up the difference after creditors had been paid, then shareholders would have to bear a loss proportionate to the shortfall, e.g. if the Hall were sold for £150,000 shareholders might get back around 90p for every pound invested. The precise details of how this would be managed are set out in the Society's Rules (*web address given below*) which are based on the model rule set for charitable community benefit societies provided by Co-operatives UK.

If the whole business of the Society that runs the Hall were to be transferred to another organisation, with the Hall property also transferred without being sold, then all shareholdings would simply be passed from our Society to the receiving organisation. This 'transfer of engagements' is technically what happened when THGI became ESCH in 2019. Shareholders would have to vote (twice!) to approve such a transfer before this could happen and there are absolutely no plans to do this again.

If the Society is ever wound up, your financial liability would be limited to the value of the shares you have bought. In the absolute worst case scenario (where the Hall is not sold but given to another organisation that does not want to take over the business) you could lose all the value of your shares. One of the duties of the Board of Directors, which we take very seriously, is to do our best to ensure that this never happens and that shareholder investments are protected.

Two things we need to add:

- 1) The government's Financial Services Compensation Scheme, which protects money in bank and building society accounts up to a certain level, does not apply to community shares. Also, purchasers of community shares do not have the right to use the services of the Financial Ombudsman to resolve disputes. (So far we have not had any disputes that have needed to be resolved.)
- 2) According to the terms of our 2013 purchase contract, the Diocese of Chichester (on behalf of St. Luke's Church) has 'first refusal' to buy back the Hall if it were to be sold within 50 years of 2013, at the price that would be accepted from another purchaser. The intention behind this clause was – as with our asset lock – to keep the building as a community asset. It is highly unlikely that the church would ever want to buy back the Hall.

HOW CAN I BUY SHARES?

We are offering shares in multiples of £50, with a minimum investment of £50 and a (very theoretical) statutory maximum of £20,000. The minimum amount, which is the same as for the original share offer in 2012, has been set low enough to be affordable by most people but high enough to be a meaningful purchase that signifies a real involvement with the Society. Shares can be bought by people aged 16 or over and also by local businesses that want to support the Hall. Adults can buy shares on behalf of children, though such children are not full members and cannot vote until they reach the age of 16.

Although community shares are formally exempt from money laundering regulations we follow the Co-operatives UK Code of Best Practice and will ask for proof of identity and residence for large (£500+) investments.

NEXT STEPS

Make sure you have read and understood everything, including the financial risks of becoming a shareholder. If you wish to go ahead and buy shares simply go to the 'Buy Shares' page on the ESCH website (*web address given below*), choose your payment method, fill in the online form (or downloaded paper form) and send it to us. We'll register your purchase, send you confirmation and your share certificate, add you to our shareholders mailing list (for AGM and other important communications) and tell you how you can get further involved with the Hall if you want to.

'Buy Shares' web page: https://exeterstreethall.org/buy-a-share/
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FURTHER INFORMATION

Our Rules, including our charitable objectives: <https://exeterstreethall.org/our-rules/>

Our Shares Withdrawal Policy: <https://exeterstreethall.org/share-buyback-scheme/>

Our Accounts: <https://exeterstreethall.org/agm-2024/> (for earlier accounts see 'About us.. AGMs.. Previous AGMs' in the menu list)

Registered office address:

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Web: <https://exeterstreethall.org>