



EAST MARSH COMMUNITY LIMITED

Community Share Offer



**Community
Shares**

STANDARD

Key info

This share offer is for the purchase, refurbishment and ethical letting of affordable community owned housing in the East Marsh, Grimsby.

Opening date: 9 March 2022

Closing date: 31 May 2022

Target raise: £500,000

Ethex: ethex.org.uk/invest/East-Marsh-Community

EMC: eastmarshunited.org/invest

www.eastmarshunited.org [Facebook](#) [Twitter](#)

Supported by



Capital-at-risk

By purchasing community shares issued by EMC you may lose some or all of the money you invest. Investors are not protected by the Financial Services Compensation Scheme (as you would be with a savings account), and do not have recourse to the Financial Ombudsman Service

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Letter from the Directors of East Marsh Community Limited

East Marsh Community Limited currently own three houses and our tenants all appreciate the love and care they get from us. This is a great start which has allowed us to change the lives of three families and prove the idea works. But what we really want to do is to buy 100 houses, which will change many more lives and meaningfully improve the East Marsh area of Grimsby. So, this community share offer for £500,000 will get us another ten houses as a start towards our goal of 100 local homes and we want to grow this as quickly as possible.

This would have three main outcomes:

1. 100 families on the East Marsh would have a loving and caring ethical community landlord, valued for their humanity rather than their rent money.
2. We begin to change the street architecture and resident engagement one house at a time.
3. Our community group will have the kind of independence that properly allows us to focus on the important and substantial projects here in the real world. Although we would still be able to access public funding pots, we wouldn't be in permanent danger of falling over – this level of reliable income would pay for our core staff, project developers and community organisers. That would guarantee that we can continue to cultivate and care for our vision of an East Marsh Village, to grow business and enterprise in our dynamic local economy and to foster agency and dignity for our proud East Marshians to take control of their own lives for generations to come.

We can only grow if you or your organisation allow us to put your money to work for the most vulnerable and to benefit the community at large. Please join us by becoming a member today by registering with Ethex.

Thank you.

East Marsh Community Directors

Share offer summary

At a glance

Minimum target to be raised	£250,000
Target to be raised	£500,000
Offer period	9 March to 31 May 2022
Minimum investment	£250
Maximum investment (individual)	10% of final share capital issued under this offer
Maximum investment (organisation)	£100,000
Target interest rate paid annually	4.00% from 1 November 2023



East Marsh Community Limited

East Marsh Community Limited ("EMC" or the "Society") a Community Benefit Society with charitable rules which was registered on 4 February 2020 in accordance with the Co-operative and Community Benefit Societies Act 2014, with registered number RS008310 (Mutuals Register – FCA), and charity number ZD15248 (HMRC), and registered office at The Courtyard, Freeman Market, Freeman Street, North East Lincolnshire, DN32 7DS.

Offer for subscription

An offer of up to 500,000 Community Shares in the Society each with a nominal value of £1. Offer period from 9 March to 31 May 2022. The accrual date is 1 November 2023. There is a minimum non-withdrawal period of 24 months (from the date shares are issued), and the share withdrawal notice period is 3 months.

Documents

The Rules of EMC, EMC's Investment Plan, and latest financial statements are available on the EMC website (eastmarshunited.org/invest).

Applications can be made by going to ethex.org.uk/invest/East-Marsh-Community.

Alternatively, if you prefer to print and submit a paper form, this can be downloaded at eastmarshunited.org/uploads/EMC-shareholder_application_form.pdf.

Standard Mark



The Community Shares Standard Mark is awarded by the Community Shares Unit to offers that meet national standards of good practice. These standards ensure that:

- The offer document and application form are easy to understand
- You are provided with all the facts you need to make an informed decision
- The facts are supported by the annual accounts and/or business plan for the society
- Nothing in the documents is purposefully incorrect, confusing, or misleading

For more information about community shares, the Community Shares Standard Mark and the Community Shares Unit go to: communityshares.org.uk

Important information

East Marsh Community ("EMC" or the "Society") accepts responsibility for the information contained in this document. To the best of the knowledge of the directors of EMC, the information contained in this document is in accordance with the facts and contains no omission likely to affect its substance. Prospective investors should read the whole text of this document and are advised to read with particular care the sections of this document headed:

'Important information' (pages 50 – 55) and 'Key risks' (pages 60 – 63).

This invitation to subscribe for community shares in EMC is not regulated by the Financial Services and Markets Act 2000 or subsidiary regulations. Therefore, the money you pay for your shares is not safeguarded by any deposit or protection scheme or dispute resolution scheme.

Our shares are not "controlled investments" for the purposes of the Financial Services and Markets Act 2000. You do not therefore have the level of protection that you might otherwise be offered by the Act. In particular, this document does not need approval (and has not been approved) by an "approved person" under the Financial Services and Markets Act 2000.

This document is not regulated by the Prospectus Rules. Those do not apply because there is a specific exemption for Community Benefit Societies issuing withdrawable shares.

You should buy shares only with money you can afford to have tied up, without interest, and without capital appreciation, for several years or longer and with money that you are prepared to lose.

Should EMC get into financial difficulty:

- We may have to suspend your rights to withdraw your shares
- We may have to write down the value of your shares
- You may lose all the money you pay for your shares

Key offer terms

Share Offer approved by Board of East Marsh Community Limited on	9 November 2021, with final share offer (including Standard Mark accreditation) approved by Board on 8 March 2022
Offer opened	9 March 2022
Offer closes	31 May 2022 The Offer closes on 31 May 2022 or whenever £500,000 is subscribed, whichever is sooner. The Board reserves the right to extend the Closing Date
Minimum raise	£250,000
Target raise	£500,000
Investment type	Withdrawable community shares
Minimum investment	£250
Maximum investment for individuals	10% of final share capital issued (i.e., maximum of £50k individual investment if £500,000 target raise achieved)
Maximum investment for organisations	£100,000
Target interest rate	4.00% per annum, accrues from 1 November 2023
Interest payment date	Paid annually within 90 days of the end of each financial year, subject to available funds

Payment of share interest	<p>EMC's current policy is to re-invest all share interest as a new share issue for all members that have less than the maximum of £100,000 of share capital. Each year investors will receive an additional share certificate to the value of the re-invested amount, and they will earn share interest on those new shares in subsequent years.</p> <p>Where the value of the re-invested amount is less than £1 (i.e., a fraction of a share) members can opt for this to (1) be treated as a donation to the Society, or (2) be aggregated and allocated as new shares once the total accrued amount is in excess of £1.</p> <p>Members have the option to opt out of this every year so they can receive cash return.</p>
Date interest accrued on subscribed shares	First year's interest will be paid pro rata as it accrues from 1 November 2023
Interest calculation	Interest is calculated on a daily basis and payable on interest accrued through the relevant financial year (the first financial year being 1 November 2023 to 31 October 2024)
Voting	Membership of the Society is afforded to holders of community shares. EMC operates on a one member, one vote principle regardless of the size or value of the member's shareholding
Shareholders	The offer is open to individuals over the age of 18, trust funds and corporate entities, groups, and associations.

Withdrawal of shares

EMC's policy is that all shares are locked in for a minimum of 24 months. The withdrawal of funds is then subject to 3 months' notice, subject to the Society having a cumulative surplus greater than the amount withdrawn (or a combined running surplus and new capital introduced greater than the amount withdrawn).

Total withdrawals will be capped at 5% of the outstanding and issued share capital in any financial year. The Directors reserve the right to suspend withdrawals, should there be insufficient funds to make repayments

Tax advice

You should seek advice from a financial adviser or accountant on tax matters, as appropriate. Under current legislation interest on community shares is paid at a gross rate

Nomination

In the event of the death of a shareholder, the repaid value of the shares will normally be added to the estate for probate purposes. For investments up to £5,000 you may elect to nominate a recipient for the value of the shares and thus (under current legislation) remove the value of the shares (up to £5,000) from your estate for probate (but not tax) purposes

Advisors & contacts



Financial adviser: Resonance Impact Investment Limited*

The Great Barn, 5 Scarne Court, Hurdon Road, Launceston, PL15 9LR

Resonance is a social impact investment company working with social enterprises and charities to help them raise capital from like-minded investors. We also create and manage award winning impact investment funds, which deliver a financial return and a targeted social impact.

***Resonance Impact Investment Limited ("RIIL")** is a wholly owned subsidiary of Resonance Limited ("**Resonance**")



Investment platform: Ethex

The Old Music Hall, 106-108 Cowley Road, Oxford, OX4 1JE

Ethex helps everyday people make ethical investments that fund extraordinary organisations. Make your money a powerful tool for change and get a fair return.



Bankers: Co-operative Bank

P.O. Box 101, 1 Balloon Street, Manchester M60 4EP



Solicitors: Wilkin & Chapman Solicitors

Cartergate House, 26 Chantry Lane, Grimsby, DN31 2LJ



Accountants: Weaver Wroot

28 Dudley Street, Grimsby,
NE Lincolnshire, DN31 2AB

Enquiries

Ethex

Tel: 01865 403304

Email: help@ethex.org.uk

East Marsh Community Limited

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Email: billy@eastmarshunited.org

Resonance Limited

Ben Wrigley

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Email: ben.wrigley@Resonance.ltd.uk

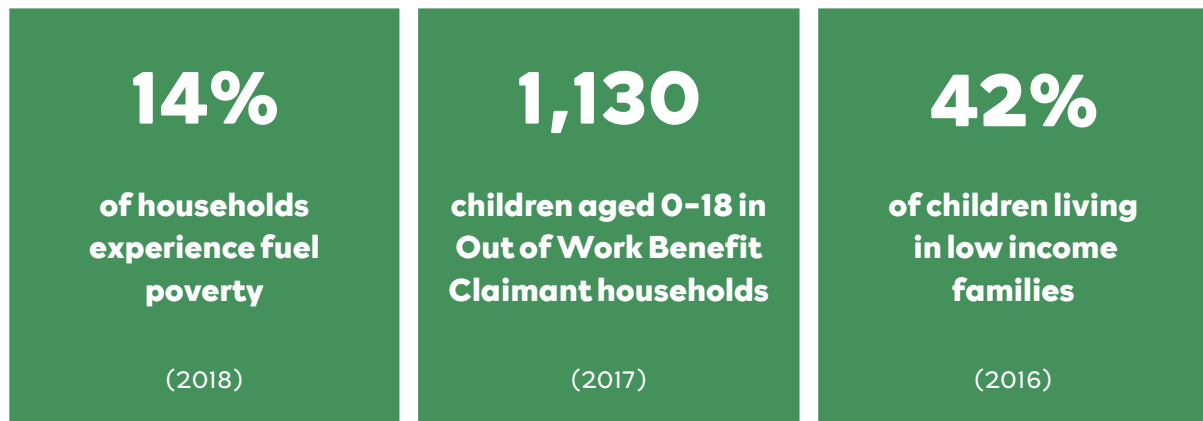
East Marsh Community at a glance & key facts

Background

East Marsh Community Led Homes is an independent partnership project; set up by East Marsh United (EMU) and North East Lincolnshire Council (NELC) to purchase, refurbish and let ethical community owned housing in the East Marsh area of Grimsby. A Community Benefit Society, East Marsh Community Limited (EMC) was incorporated in February 2020 to build a community of members to democratically own and manage housing stock for the benefit of the East Marsh in perpetuity.

Why is the East Marsh so important?

Grimsby's East Marsh is one of the most deprived wards in England with significant poverty indicators and problems of low educational attainment, low employment, high numbers of lone parents, and high "in-work" and pensioner poverty. The East Marsh is ranked at 25 out of 32,844 in the Index of Multiple Deprivation, where one is the most deprived. Life expectancy on the East Marsh is ten years less than that in neighbouring wards. The headline deprivation figures for the East Marsh are as follows:



The summer of 2017 saw the area spiralling out of control: "Rutland Street families 'scared to leave their homes' because of drug dealing and anti-social behaviour" and "Grimsby man refuses to stop speaking out after his Rutland Street home is attacked by vandals" were just two of many newspaper headlines from one East Marsh Street. Residents felt frightened and helpless. The East Marsh residents decided to act and adopted the 'broken window' theory to think it through. Signs of disorder – broken windows, boarded-up houses, litter, and graffiti – induce more disorder and crime, imply no care for the area and invite chaos, which was what happened. We met to identify how we might mend the 'broken windows' and 'East Marsh United' was born.

"Rutland Street families 'scared to leave their homes' because of drug dealing and anti-social behaviour" – Grimsby Telegraph, 29th Jun 2017.

grimsbytelegraph.co.uk/news/grimsby-news/rutland-street-families-scared-leave-146778

A neglected property highlighted in this local media report was one of the first purchased by EMC; with refurbishment works complete the tenant moved into the property in October 2020.

Whilst the area suffers from multiple deprivation, there is a real willingness and passion from the community, to see their area improve. EMU has several initiatives that support the community; improving public spaces, alley clearance, community arts and crafts that engage both children and adults. New initiatives are in development including a time banking initiative to enable volunteering and help the community help themselves, and the

"Friends of Grant Thorold Park" initiative – drawing on everyone's strengths to make a stronger community.

Empty Homes project

East Marsh United (EMU) is a community group from the East Marsh of Grimsby, dedicated to transforming the area where they live. The directors at EMU realised they needed to take a hands-on approach to tackling the empty homes problem. EMC was therefore founded in 2020 (by EMU and its partner NELC) as an organisation dedicated to owning housing stock; converting empty homes into decent, affordable homes for people to live in. EMU remains a key partner of EMC and supports its activities, but with the formation of EMC will focus on its broader role as a community group transforming the area through multiple initiatives.



The homes and housing project is growing – EMC has three houses in Rutland Street (with these initial properties, and refurbishment costs, donated/granted by NELC) which are all now welcoming homes for East Marsh families at affordable rates. The homes have been refurbished to the highest standards (making sure to respect their unique history and preserve original features) by our friends at East Marsh Construction CIC, a local social enterprise and community business which recruits and trains local people. Community-led homes enable us to solve our own housing challenges. We believe everyone deserves a comfortable, affordable home, secure in the knowledge they have a landlord they know and trust. We strive to be the best community landlords we can, delivering a caring and attentive service for our tenants, standing by their side to make them feel at home.

Following up our commitment that everyone deserves to feel safe and secure in their own home, we collect information on house ownership and work closely with landlords to improve practices, raising standards right across the East Marsh. As we grow our housing stock, we'll keep providing the best example of how things can be done.

The future

Our aim is ambitious: 100 houses for 100 years. The entry of these properties onto Grimsby's market would raise housing standards right across the town. Not only would they provide high-quality homes for their tenants, they would also challenge other landlords to do better. As we continue to grow our housing stock, we'll keep providing the best example of how things can be done and take the first steps towards a community housing revolution!



Social impact

Vision

EMC's vision is to build a community of people that work together to create a safe environment. We want to be an ethical landlord. We want to bring empty homes back into use and meet the demand for quality community-owned housing in the East Marsh ward. Our mission is 'For the Community, by the Community'.

As a Community Benefit Society, we're now the proud owners of three houses on the East Marsh. Community-led homes are a great way for us to come together and solve our own housing challenges. We believe everyone deserves a comfortable, affordable home with a landlord they know and trust.



This gives EMC an ideal opportunity to step up and provide additional property and affordable accommodation for local people. EMC is backed by ordinary people prepared to pool their resources so that we can protect our communities, achieving together more than we could on our own.

Creating accommodation for local people to flourish in the East Marsh, Grimsby

Investment into EMC will have a lasting impact, providing both a home and base for local people in Grimsby. The properties purchased by EMC provide a stable home for as long as needed, creating both a more inclusive society and a strong, diverse, and resilient community for us all.

Benefits from your investment

Your investment allows you to become part of a greater movement that put the less fortunate first. Investors are presented with the opportunity to become directors. Investors are the first to receive updates within the organisation through the formats of; regular newsletters, podcasts, and annual general meetings (to which all investors are invited).

For the community	For individuals	For organisations
More accommodation and opportunities for local people	Become part of a movement for a better, more inclusive society.	Become part of a movement for a better, more inclusive society
Participation & grass roots democracy	Opportunity to put yourself forward to become a director	Demonstrate to your employees and customers a real commitment to their community
A more inclusive society is good for all of us	Opportunity to network with like- minded individuals	Ability to nominate your staff for local volunteering opportunities
Strong, diverse, and resilient community	Regular newsletters, annual review, and social impact report	Regular newsletters, annual review, and social impact report

Impact – now and in the future

- Three properties under management: Since 2020, working with our partners and the support of North East Lincolnshire Council, EMC has purchased and refurbished three properties in Rutland Street providing a home for three local families previously unable to find appropriate, high standard and affordable accommodation.
- Next properties: Using proceeds from this community share raise, EMC will seek to acquire and refurbish two to three properties each year, providing more accommodation for local people to flourish and thrive in.

As such, from 2022 EMC expects to be able to house, approximately 10-15 more people each year – and this is just the start. With your investment, and support, EMC has exciting ambitions to build on its successful model. Once we have 13 properties operational and fully let by 2025/26 – the firm ambition is to scale up substantially adding 5-10 new properties each year (through a prudent blend of community shares and senior debt); significantly increasing the impact generated and positive change across Grimsby.

What do other people say?

The residents' view

"Nice to know we have people who care never had it before it's really does mean a lot to us"

East Marsh Community tenant

"It means a lot to us to have a nice house we can now call a home and not just a shell and means a lot to have such wonderful people involved and landlords who care"

East Marsh Community tenant

"It's great for the kids, we have more room and I feel really looked after and I've never had that before - I love it!"

East Marsh Community tenant

The partners' view

"Our share offer for a target £500,000 will give us as a community group the impetus to purchase 10 more homes on the East Marsh. The aim along with our other projects is to revitalise our area and bring back the community spirit of yesteryear.

We may not bring back the heady days when we had the greatest fishing fleet in Europe, or when Freeman Street was a thriving bustling street of shops, pubs and a big market, but we have an ambitious vision of revitalised homes and safer greener streets for our children and future generations. Sign up and have a say in the future of the East Marsh that belongs to us all."

**Cyril Smith,
Founder member and Director of East Marsh United**

"The Council welcome and support East Marsh United in establishing their Community Housing Programme. Initiatives like this, where empty homes are brought back into use, providing quality housing for local people can bring real change to communities."

**Mark Nearney,
Assistant Director for Housing, Highways, Transportation & Planning,
North East Lincolnshire Council**

"Imagine being too scared to tell your landlord in case they evict you, about the mould that keeps coming through the walls of your children's bedrooms, making them miss school due to chest infections. Imagine feeling helpless that you can't make it better and there's no alternative accommodation options. That's what we hear from families regularly and why we need caring, ethical landlords, who want to do the right thing for their community and invest in making life better. EMC's ambition of 100 homes for 100 years will put residents at the heart of their plans, making East Marsh a place where people want to live and raise their children, so they are safe and thrive."

**Lisa Smith (NSPCC)
Together for Childhood Grimsby**

"East Marsh United is rebuilding its area, brick by brick, street by street. It's the only way. Abandoned homes, slum landlords, county line gangs, East Marsh United takes them on with the renewal of the inheritance of houses. It's the most important starting point for community renewal."

**Lord Glasman,
Director of the Common Good Foundation**

"Homes are the beating heart of a community. Help us turn houses into homes."

Canon Reverend John Ellis from the Shalom Youth Project on the East Marsh

"I am supporting the Community Share Offer because it's so obvious that we all need a place to call home and a community to feel part of. These are the foundations that allow us to go from surviving to thriving and give people the chance to reach their full potential."

Jason Stockwood
Football chairman and joint majority shareholder of Grimsby Town,
and Vice-Chairman of insurance brokers Simply Business

"I would like to offer my full support for this share offer. What this can mean to the area and its people is the opportunity to take back some control over our lives and the way we live. Having a supportive and ethical community landlord will ensure that residents of the East Marsh can live with dignity and start to flourish. Our work in supporting families to deal with crisis and individuals into work often revolves around basic issues which are holding them back. In many cases these are due to remote private landlords. Having ownership within the community of the area in which people live will help engender a local pride. We at CatZero have committed to offering support to any family who take up these quality homes. This is the start of the East Marsh Village."

Sean Cahill
Programme Manager, CatZero Limited

"Research shows consistently that beautiful, popular and green places with decent homes boost our health and help us lighten our tread upon the planet. Community-led development is one of the very best ways to create better places. East Marsh United are a great organisation doing great work to that end. All power to your elbow."

Nicholas Boys Smith
Director, Create Streets

"100 houses for 100 years have the potential to radically transform the East Marsh from the ground up. Led by local people, this initiative would see a hundred families get the opportunity for stability and comfort, and the opportunity to be part of a thriving community that can transform this place for the next generation."

Grace Bremner
Creative Civic Change lead, Local Trust

"Let's all get behind the East Marsh Community Share Offer. Our communities need quality homes from which they can start to imagine their dreams becoming a reality. Everyone should have a decent home from which they can flourish and achieve their aspirations. Having an ethical landlord is essential. Let's support our East March community to make this happen."

Debbie Cook
Chief Executive, Grimsby Town Football Club

Social Impact: 130 Rutland Street

Front of property – before and after



Inside of property – before and after



Our community

Membership and plans for Community Share raise

The table below shows the share capital raised from, and withdrawn by, members in the first period of operation (4 February 2020 to 31 October 2020), last financial year (to 31 October 2021) and current financial year (to 31 October 2022).

Member share capital

Year ending 31 October	2020 (A)	2021 (A)	2022 (E)
Opening balance of member share capital	£0	£0	£53
New share capital invested during year	£0	£53	£500,000
Share capital withdrawn during year	£0	£0	£0
Closing balance of member share capital	£0	£53	£500,053

Source: EMC accounts for period to 31 October 2020, draft accounts to 31 October 2021 & EMC financial forecasts

Notes

- 53 members have invested £1 each so far for membership in the Society.
 - EMC is targeting an initial raise of £500k in this current financial year through the Ethex platform (targeting a national audience).

Membership

The table below shows how EMC has grown its membership and investor base in the first period of operation (4 February 2020 to 31 October 2020), last financial year (to 31 October 2021) and current financial year (to 31 October 2022).

Membership levels

Year ending 31 October	2020 (A)	2021 (A)	2022 (E)
No. members at year start	0	0	53
No. members joining (year to date)	0	53	0
No. members leaving	0	0	0
No. members at year end	0	53	53

Source: EMC

Notes

- EMC incorporated in February 2020, where EMU (the founder and housing project partner) has been operating since 2017.
- Membership drive launched officially from November 2021 with 53 members joining last year.
- The Society wants to continue to grow its membership and investor base locally to ensure the continued democratic engagement and participation of local people as the Society's membership expands. This will be achieved through the continued work of EMU and an ongoing campaign to encourage local membership and shareholdings (with the opportunity of smaller investments through a hyper-local offer at minimum of £10).
- New members will be encouraged to participate in informal activities (e.g., neighbourhood improvements and community building with EMU) and formal activities (AGMs, Board participation with EMC).

Investor engagement and campaign

Ethex platform

EMC are using Ethex as their platform for raising investment and administering community share purchases.

Fundraising campaign

EMC's fundraising strategy involves:

- Staging a public share offer launch, using the Ethex platform, with a marketing campaign with assistance from the Ethex team and Resonance's Communications team;
- Contacting existing members and local and national investors (mix of relationships with EMU, Resonance and Ethex);
- Seeking match and booster funding from Ethex and Coops UK;
- EMC's Directors contacting their private and corporate networks, using the mailing list, and reaching out to local councillors, business leaders, people of influence and activists to help promote the share offer;
- EMC's directors contacting Grimsby and North-East based community organisations to facilitate cooperation (now and in the future) and to increase awareness of the EMC business model and share offer;
- Resonance contacting potentially larger investors including Trusts & Foundations, and socially minded private investors (through their wealth managers and IFAs);
- Reaching out to the wider CLT network <https://www.communitylandtrusts.org.uk>
- Podcasts, radio interviews and running a social media campaign on Twitter, Facebook, and LinkedIn;
- Distributing flyers and putting up posters in the local area;
- Distributing press releases to the local digital and printed press; and
- Other initiatives may include: a launch event and attendance at fairs, festivals, and other community events (if possible, in context of Covid-19) throughout the fundraising period.

Board & management

East Marsh Community Board of Directors



Cyril Smith – Secretary (shared role)

Cyril was born in Louth, Lincolnshire and educated at High Holm Secondary Modern School. He worked in the Corrugated Cardboard Industry for 45 years with Lin-Pac Containers which was then taken over by D. S. Smith, before retiring in 2012 and moving to Grimsby.

Cyril went to a community meeting in 2017 and engaged with EMU from its start where he remains a committed volunteer. In his spare time, he enjoys fishing and Clay Pigeon Shooting, as well as researching Family History.



Davina (Dee) Symonds – Secretary (shared role)

Dee is a single mum of a 13-year-old and a resident of Rutland Street (where EMC's three initial properties are located). She volunteers at a local food bank and joined East Marsh United to help improve the area where she lives, starting by clearing alleys and street cleaning.

"I love being a director and now I'm secretary and want to encourage others to join in and make East Marsh somewhere to be proud to live."



Emma Mendham – Secretary (shared role)

Emma is a volunteer at the local food bank – We are ONE Foundation – and is also an event first aider. She's lived in the East Marsh for just over 2 years now and wants to see a meaningful change in the area and people's lives.



Stuart Jones

Stuart worked in industry for 42 years until he retired early in 2018. His wife is Priest in charge at St John and St Stephens church in the East Marsh of Grimsby; it was a natural progression for him to join the EMU team to work in the area where he spends a lot of time on a voluntary basis. John also volunteers at The We Are ONE Foundation food bank where he is the first line of contact.

"I am very passionate about my involvement and hopefully I can bring about positive change to the quality of lives to the families of the East Marsh and irradiate food poverty."



Reverend Canon John Ellis

John was born in Dublin on the Emerald Isle and became a Reverend in the Church of Ireland. He ended up in the East Marsh in 1972 and has been working there ever since at The Community of St John, St Stephen & Shalom.

"It's really great to have some fellow conspirators on board now through EMU."



Alan Burley

Alan was born, educated, and brought up in the East Marsh and sees his role with East Marsh United as giving something back to the community that gave him such a great grounding in life. Alan continues to work for and support several local charities and is genuinely excited by his new challenge as part of EMC and EMU.

"I have been inspired by the work of Billy and the team and want to offer my experience of over 40 years of community-based work helping them reach the ambitious goals they have for the community of the East Marsh".



Lee Coulbeck

Lee was born in Cleethorpes and has lived on the East Marsh for 11 years (since 2010), where he's been a member of East Marsh United from its inception and stood as an independent candidate for East Marsh in the 2021 North East Lincolnshire local elections.

Lee works for a local damp proofing company and is currently studying for a part time BA Open University degree in Politics, Philosophy and Economics.



Josie Moon

Josie Moon is a writer, community arts development worker and activist based on the East Marsh of Grimsby. Josie works with EMU delivering arts programmes and supporting the development of EMU's social change practice.

Josie taught for twenty-four years before pivoting to a freelance career in the arts sector. Since 2012 she has supported and delivered a range of projects in Grimsby and Cleethorpes as diverse as jazz festivals, children's theatre projects, poetry and writing programmes, and most recently the Creative Civic Change funded Sun and Moon Festival; a grassroots programme of art, music, theatre, film, and media. Josie is a performer, poet and publisher in her own right and has toured extensively with jazz composer and arranger Alan Barnes, performing two original jazz and poetry compositions, *Fish Tales*, 2016-17 and *A Requiem*, 2019.

Co-opted Directors



Dr. Billy Dasein – Chair of East Marsh Community Limited (Co-opted as member); Chair of East Marsh United; Operational Project Coordinator

Billy has worked in education for much of his adult life, as a lecturer, educational technologist and teacher of English in Oman and Poland. He's passionately interested in what makes for a good life, how we organise ourselves so that we humans can flourish and live the best lives we can. His doctoral thesis 'Freedom to learn for the 21st century (education as if people mattered)', says just about everything about his being-in-the-world: <https://etheses.bham.ac.uk/id/eprint/8553>



Pete Dalton

Peter has been self-employed since he was 17 and is now a director of several companies. Pete was brought up in the West Marsh in Grimsby and remembers the community spirit there; he has in turn been very inspired by the East Marsh United team and their passion for the community:

"What Billy and his team are trying to do on the East Marsh is fantastic. Anything I can do, I'm more than happy to help".



Mark Hodson

Mark was born on the East Marsh, raised on the Nunsthorpe, and was the beneficiary of a fabulous education and upbringing. He got lucky and found his passion, went to university, learned some stuff, came back home, and started to try and make a difference.

"Why is the East Marsh important to me? It's where I'm from, it's uplifting and heart-breaking in equal measure. When punk, politics and passion come together, great things can happen."

Advisers & Management support

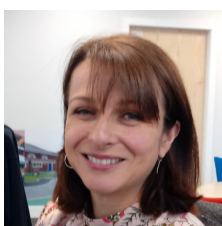


Marilyn Owens

Marilyn worked for Christian Salvesen Food Services Ltd for 25 years, where she was Financial Controller and PA to the Vice Chairman.

Marilyn's financial duties were managing and reporting for all the accounts to the Main Board Finance Director for 16 Cold Stores and 6 Transport Depots as well as the Management of all of the Office Managers at each location and the staff in the Regional Head Office.

When Marilyn left, she opened a Computer Centre supplying and delivering computers to the local College, local businesses, and home users.



Jacqui Wells – Housing Programme Manager, NELC

Jacqui has 30 years' experience within various roles within the housing market. Her role with East Marsh United has been to advise and facilitate communication between NELC and the Community Housing Organisation. This means Jacqui will continue to support the organisation in identifying properties that are empty and/or causing a nuisance to the neighbourhood, which would benefit some targeted investment.



Frankie Hodson – Project Developer (Outreach)

Frankie grew up in Grimsby and later left to study Fine Art and Arts and Cultural Management in Sheffield. She moved back to Grimsby in 2018 to progress her career in the arts at a local grassroots level. After stumbling across East Marsh United and the work they had done she decided to change course and develop her passion for people and place. Frankie is the Community Project Developer for East Marsh United focussing on engagement and relationship building within the ward using arts and creativity as a talking point.

"Safe homes build safe communities."

Governance & operational structure

Governance Overview

East Marsh Community Limited is registered as a charitable Community Benefit Society meaning the surplus generated is re-invested directly into the enterprise, to help transform the communities we operate in and make more property available to people across Grimsby. Our Board of Directors is made up of local residents with a passion for helping the less fortunate in society; our social mission is defined in our governing documents. We recruit our Board from our membership and partners, and everyone is invited to attend and participate in our Annual General Meeting (AGM) where all new director appointments must be proposed and seconded by existing members. We also hold events, regularly send out email newsletters, conduct an annual survey, and use social media to keep everyone informed and respond in a timely fashion to any enquiries we receive. And finally, we foster a culture whereby our members and investors are encouraged to get in touch with us at any time to discuss any thoughts, ideas or concerns they may have.

Board of Directors

The Board of Directors of EMC is composed of Non-Executive Directors and meets monthly to review key risks to the business and to make strategic decisions. The Chair is responsible for the execution of the strategy for the company, working with the other directors and partners who take particular responsibility for different aspects of the business; sourcing property, development, and refurbishment, negotiating arrangements with contractors and partners, etc., to implement and deliver on all operational and strategic goals. The Board aims to ensure that decisions taken are realistic and practical, while also harnessing the expertise of a diverse range of people with very different skillsets and expertise.

Conflicts of interest

Pete Rowley (Director of East Marsh Construction CIC) has recently stepped down as a director of EMC so will have no director voting rights in the future.

Billy Dasein is currently Chair of EMC as a co-opted member of the Society. Given his primary role as Chair of EMU, he is planning to step down as a director of EMC to facilitate good governance and ensure a proper separation of responsibilities. EMC will seek a successor to Billy Dasein in this current financial year (as Billy is expected to step down at the next AGM).

EMC will conduct regular reviews of conflicts to ensure directors involved in running EMC don't have conflicting interests with EMU or any other partner organisations.

Management

Property management services are provided by Doorstep (see below) on the basis of an arms-length contract at 13% of rental income.

During the Council's support to establish the Community Housing Organisation, guidance and support was provided to put in procedures including housing specification and standards, compiling a schedule of works to refurbish and procure works to evidence value for money. In addition, the organisation was educated and trained during the course of a refurbishment scheme and how a refurbishment project should be managed with regard to Health and Safety during the construction phase.

EMC uses local suppliers where needed for all professional services – solicitors, architects, Quantity Surveyors, builders, etc.

Financial management

Marilyn Owens, a highly experienced financial manager, provides all internal accounting and financial management services for EMC. Regular reviews of EMC's financials are

completed by Marilyn with the production of monthly management accounts and annual financial statements, as well as financial budgets and forecasts. This helps ensure that EMC's board can closely monitor cash flow and funding available and ensure that it is sufficient to match the project costs and Society obligations.

Future plans

Whilst the Board has been able to successfully manage the operations of EMC with three properties, the ambition is to now increase the scale and impact achieved substantially over the next two to five years. As such, once the Society has 13 properties successfully let to local residents, and is consistently generating a healthy net surplus, with plans to grow to 100 properties – it is likely they will hire a first full-time member of staff responsible for managing existing properties and identifying and managing the purchase and development of new properties, reporting closely to the Board.

Operational partners



East Marsh United

We're a community group from the East Marsh of Grimsby, dedicated to transforming where we live for the better. This is our neighbourhood – we're deciding how it develops and grows. We're seeking out practical solutions to the problems we face, doing everything we can to keep our residents happy, our houses safe and our streets clean.

EMU Projects

We run a variety of local projects. These range from community education to revitalising our streets, championing local democracy, and supporting our artists and performers.

One of our main projects (through the EMC Community Benefit Society) is **making homes work for our community** with Community-led affordable housing a great way to come together and solve our housing challenges. EMC proudly owns three houses on the East Marsh where we've set the standard as excellent landlords offering caring, attentive service for our tenants. We believe everyone deserves a comfortable, affordable home with a landlord they trust.



North East Lincolnshire Council

North East Lincolnshire Council (**NELC**) was awarded funding by the Ministry of Housing, Communities and Local Government through the Community Housing Fund round one, to deliver a Community-Led Housing project in the East Marsh ward of the borough, with the aim of tackling empty properties and to create quality community-led housing. Leading on the project, the Council supported East Marsh United (**EMU**) on a journey, putting in place governance and training for board members, and putting in place the correct legal structure to become a Community Benefit Society, known as "East Marsh Community Limited" (**EMC**), with the aims and objectives to improve the quality of housing in the East Marsh by providing ethical management practices.

EMC has taken ownership of three properties, which had previously been long term empty. Working with the Council's Empty Property Officer, the group have ambitious plans to purchase and refurbish more empty properties in the long term to create a wide pool of community owned housing in the East Marsh providing quality housing at affordable rents, to the residents of the East Marsh.



Doorstep

Doorstep are a Grimsby based social enterprise with extensive experience in lettings and affordable housing. Doorstep have been appointed as the housing management organisation to manage the tenanted properties on behalf of East Marsh Community Limited.



Locality

Locality was appointed in 2018 to provide practical support and connections to wider community led activity.



East Marsh Construction CIC

Local social enterprise that we have appointed to deliver the second phase of refurbishment works, employing and retraining unemployed residents of the East Marsh area.



Create Streets Foundation

The Place Champions programme aims to support and empower community groups in poorer neighbourhoods, to influence positively their local area.

Property acquisition strategy & operations

Location and need

Investing and refurbishing housing and keeping it in long term community ownership is a natural place to start. It will also provide a physical sign of our broader ambitions. Current housing issues on the East Marsh include:

- A large number of vacant properties in the East Marsh;
- Absentee landlords and poor landlord tenant management;
- Problems with the physical built environment;
- Quality of housing;
- Affordability of housing;
- Low housing demand; and
- High levels of deprivation.

East Marsh lies in central Grimsby, North East Lincolnshire. It is close to the popular shopping amenities of Freshney Place and Freeman Street with its wide variety of retail outlets and bustling market. With a strong sense of community, the area is close to Grimsby's famous docks and the nearby Fishing Heritage Centre provides an insight into Grimsby's maritime history.

EMC business model

EMC buys and refurbishes properties so that local people can live in affordable housing and flourish across the East Marsh. EMC focuses on purchasing and refurbishing two-bedroom and three-bedroom terraced houses (initially on Rutland Street), purchasing long term

empties, and bringing them back into sustainable use, providing affordable quality housing for local residents. The more the organisation own, the more pressure will be placed on other landlords to improve the quality of their stock.

EMC's Acquisition Strategy is to acquire properties which are then refurbished to a pre-agreed specification and to lease them on to local people.

Currently EMC owns three properties:

1. Property number one – Pre 1919 solid brick 2-bedroom terrace home with tiled roof.
2. Property number two – Pre 1919 solid brick 2-bedroom terrace home with tiled roof.
3. Property number three – Pre 1919 solid brick 3-bedroom terrace home with tiled roof.

Each property is appraised by the EMC Board against both social impact and commercial criteria and independently valued ahead of purchase. Refurbishment is carried out to a high standard with particular thought to achieving both low maintenance and running costs where possible.

Renovation and project management

NE Lincolnshire Council undertook a tender exercise in line with Council Procurement Rules for the initial three properties. EMC are adopting similar procurement processes, to ensure they protect investors and charitable funding. In line with the focus on local and ethical property development, refurbishment works were procured and awarded to a local contractor. Full renovations, decorating, garden landscaping, fly tipping clearance and project management was delivered by East Marsh Construction CIC. East Marsh Construction CIC is a local social enterprise that we have appointed to deliver the second phase of refurbishment works, employing and retraining unemployed residents of the East Marsh area.

Ownership and allocations

As part of the funded project, the Council supported EMC and managed the formal purchase process with the legal owners of the properties. The council will remain a supportive partner over the next few years of our development to help us grow our asset base.

EMC is committed to providing good quality accommodation and ensuring our homes are effectively managed. We will let our homes in a fair, transparent, and efficient way, considering our desire to have good tenants who become good neighbours. We have developed an allocations policy. There are three key criteria used (applied by Doorstep – see below – and checked by EMC) for determining the eligibility of applicants:

1. **Affordability & Suitability** – are you currently unable to afford to rent a suitable home in the East Marsh open market, and able to afford to rent one of our homes? The tenant's income is checked, where they are automatically eligible if they receive Housing Benefit. Often their previous home is not suitable accommodation due to poor living conditions.
2. **Local Connection** – do you already live, work, or have family and friends in the East Marsh? Local connection can be evidenced by their previous address (cross-referenced to details of family and friends in local area).
3. **Community Commitment** – have you demonstrated your support/involvement to help make the East Marsh a great place to live? Tenants sign up to supporting EMU / EMC.

Affordable rents

Rent is modelled using the local housing allowance, to ensure that properties are based on a rental level which local residents can afford. EMU are not under any current statutory duties or external requirements to set rents at a specified level.

Property management

Doorstep will carry out the property management and repairs function for EMC, for an agreed rate of 13% per property. We will draw on their existing expertise and processes in this area, rather than carry out this function ourselves. The Doorstep Property Management Service provides:

- Inspection of property and appraisal of rental value;
- Tenant finding services including obtaining references;
- Full written inventory before tenant moves in;

- Tenancy deposit service and rent collection;
- Periodic property inspections: move in inspection, 6-monthly inspection and moving out inspection; and
- Arranging and overseeing repairs.

Property returns

Our target Gross Initial Yield on all properties is in excess of 10.0% with a target Net Initial Yield of greater than 6.0% in order to provide a comfortable margin for operational costs, investor withdrawals and financial returns to shareholders and lenders alike.

EMC intends to acquire a diversified property portfolio with different types of property, leased to a variety of different local people.

The future

Our ambition (with 13 properties fully refurbished and let by 2026 using only share offer proceeds) is to acquire circa 5–10 houses in Grimsby each year for the foreseeable future. EMC will use a prudent and appropriate blend of community shares (future share raises) and senior debt to acquire property and build a stable balance sheet that prioritises and represents the diverse local population. The end goal is 100 houses for 100 years.

Finance & investment summaries

This section sets out a summary of EMC's track record of historic and current year expected financial performance, as well as the Society's investment plans. The comprehensive operating and investment plans (including detailed financial forecasts and commentary) are set out in a separate document: EMC's 'Investment Plan' (its Business Plan) which is available on the EMC website at eastmarshunited.org/invest.

Track record: community shareholders

The table below shows how much member share capital EMC manages, where it has been too early to return any interest or capital to shareholders.

EMC: Use of society funds

Year end 31 October	2020 (A)	2021 (A)	2022 (E)
Member share capital at year end	£0	£53	£500,053
Interest rate on (eligible) share capital	N/A	N/A	0%
Interest paid on share capital	£0	£0	£0
Community benefit spend (community benefit societies only)	£0	£0	£0
Net profit (loss)	£590	£4,169	(£24,579)
Addition (reduction) to Society Reserves	£590	£4,169	(£24,579)

Source: EMC accounts for period 31 October 2020, draft accounts to 31 October 2021 & EMC financial forecasts

Notes

- Whilst an investment in East Marsh Community should not primarily be seen as a finance first investment, the Board are committed to paying a reasonable financial return to investors when prudent to do so with a first target for payment in the financial year ending 31 October 2024.
- The target interest rate is expected to be set at 4.00% for the forecast financial year (starting 1 November 2023).
- EMC generated a small surplus of c. £600 in the initial period from 4 February 2020 to 31 October 2020, a surplus of c. £4k in the first full financial year to 31 October 2021, and expects to generate a loss of c. £25k in this current financial year (to 31 October 2022). Operations will then ramp up significantly as property is purchased and funds are spent.
- The Board are committed to paying a return to community shareholders from FYE 2024 from operating profits – see 'Investment Plan' – with a small net loss expected in FYE 2024 as interest is initially paid.
- Healthy net profits are expected to be generated from FYE2026 with c. 13 properties fully let.

Historic financial performance

The table below shows EMC's financial performance; for the first period of operation (4 February 2020 to 31 October 2020), the last financial year (to 31 October 2021) and current financial year (to 31 October 2022).

EMC Financial summary (2020-22)

Year end 31 October	2020 (A)	2021 (A)	2022 (E)
Revenue/total income (including revenue grants)	£2,974	£19,923	£16,124
Operating profit (loss) before interest on capital and tax (EBIT)	£590	£4,169	£1,151
Net profit (loss) after depreciation, interest on capital and tax	£590	£4,169	(£24,579)
Fixed assets	£106,942	£185,783	£275,661
Member share capital	£0	£53	£500,053
Accumulated reserves (or losses)	£590	£4,759	(£19,821)
Long term liabilities (loans)	£0	£0	£0
Net assets	£106,760	£189,782	£665,203

Source: EMC accounts for period to 31 October 2020, draft accounts to 31 October 2021 & EMC Financial Forecasts

Notes

- Three properties owned outright with no outstanding liabilities or borrowings.
- Steady growth in revenue expected as new properties refurbished and let. Revenues shown include revenue grants raised by the Society to support the costs of property fees and its first community share offer.
- Net loss of c. £25k expected in FYE22 due to the costs of raising finance (community share raise) as well as legal and professional fees.
- Fixed assets (of c. £186k on 31 October 2021) equate to the refurbished values the first three properties donated/granted by NELC.
- Members' capital expected to increase from £53 (currently) to over £500,000 in the next financial year with planned share raise.
- No short-term or long-term liabilities, with sufficient cash holdings to meet ongoing expenditure and commitments.

Investment

The table below shows the capital EMC expects to raise and deploy based on the minimum and optimal target community share capital raises.

EMC: Sources & uses of funds

Property	Min raise	Optimum raise
Sources of funds		
Community shares	£250,000	£500,000
Capital grants		
Senior debt: mortgage		
Total capital	£250,000	£500,000
Surplus cash (cumulative)	£7,500	£22,500
Number of new properties	5	10
Uses of funds		
Property purchase	£125,000	£250,000
Refurbishment costs	£100,000	£200,000
Fees	£17,500	£35,000
Total capital expenditure	£242,500	£485,000

Source: EMC acquisition strategy and financial forecasts

Commentary

- Target share capital raise of £500,000 in community shares.
- Should EMC only raise £250k in the planned community share raise it will just acquire and refurbish five properties instead of 10 properties and seek to raise more capital once that is achieved.
- However, £500k is considered the optimal raise to expand and build a reasonable and significant property portfolio, expanding from three to 13 properties – and is also sensible in terms of the returns EMC seeks to make to community shareholders.

- The preferred strategy of the directors is to raise 100% of the capital required for purchasing properties as equity. Senior debt / lending is not included in the financial forecasts/projections and is not deemed necessary to achieve the initial objectives (13 houses).
- However, in the future EMC may seek to refinance with a mortgage (or senior debt facility) to allow further expansion (blending such debt with further community share capital).

Forecast financial performance

The financial forecasts below are predicated on a £500,000 community share raise in FYE 2022 with the subsequent purchase, refurbishment and ethical letting of a further 10 houses. As such (and with three houses already owned) the forecasts assume there will be 13 houses fully let by FYE 2026.

(A= Actual, E = Expected, F = Forecast)

EMC profit and loss summary (2020-28)

Financial year ending 31 October	2020	2021	2022	2023	2024	2025	2026	2027	2028
	(A)	(A)	(E)	(F)	(F)	(F)	(F)	(F)	(F)
Revenue [£]	0	10,515	14,332	30,787	45,983	63,126	72,132	73,575	75,046
Revenue growth [%]	-	-	36.3	114.8	49.4	37.3	14.3	2.0	2.0
EBITDA [£]	(2,357)	(5,079)	(519)	6,252	15,028	28,626	40,631	41,239	41,847
EBITDA margin [%]	-	(48)	(4)	20	33	45	56	56	56
Financial expenses [£]	0	0	(25,730)	0	(20,002)	(20,002)	(20,002)	(19,602)	(19,210)
Depreciation [£]	(27)	(160)	(122)	(98)	(78)	(63)	(50)	(40)	(32)
Taxation [£]	0	0	0	0	0	0	0	0	0
Revenue grants [£]	2,974	9,408	1,792	0	0	0	0	0	0
Net surplus (deficit) [£]	590	4,169	(24,579)	6,154	(5,053)	8,561	20,579	21,597	22,604
Net margin [%]		40	nm	20	nm	14	29	29	30

Source: EMC accounts for period to 31 October 2020, draft accounts for FYE 31 October 2021 and EMC Financial forecasts

Notes

- Revenue (excluding revenue grants) expected to increase by c. 36% in the current financial year with full year contribution from initial three properties and double in the next financial year as five properties are fully tenanted.
- Revenue expected to continue to increase substantially as EMC grows from five properties in FYE 2022 to 13 properties by FYE 2025.

- Costs of sales mainly comprise Property Management charges and are fixed at 13% of rents. This fee level may be reduced in future years as more properties are managed, but it has been held at 13% in the forecasts to be prudent.
- Operational costs include Property Repairs & Renewals (10% of rents) and Voids & Bad Debts (combined 7.5% of rents), insurance, statutory obligations, and the fees and expenses for acquiring properties (zero from FYE 2026).
- Financial expenses in short-term from costs of raising capital, and c. £20k p.a. from FYE 2024 as the Society expects to begin paying an interest return to shareholders.
- Depreciation is provided for at a 20% annual rate on non-fixed assets (e.g. computer equipment) in order to write off each asset over its estimated useful life.
- Revenue grants of c. £9k in FYE 2021 from NELC to cover fees and some costs of raising capital.
- Net deficit of c. £25k forecast for current financial year (due to costs of share offer), with a further small loss predicted in FYE 2024 (c. £5k) as the Society expects to start paying interest to shareholders.
- Healthy net surpluses of over £20k each year are expected to be generated from the financial year ending 31 October 2026 with 13 properties fully let.

Important information

Share type

These are 'withdrawable' shares that cannot be sold, traded, or transferred, unlike the 'transferable' shares typical of a limited company, and only East Marsh Community Limited can repay them at the same value at which they were invested.

Who can invest?

Individuals over the age of 18, charities and other organisations may invest in this offer.

How much can I invest?

We are offering £1 shares with a minimum investment of £250 and maximum investment of 10% of the final issued share capital under this share offer (i.e., £50,000 if the target raise of £500k is achieved). Organisations can invest up to £100,000. The maximum investment includes any existing investment you may hold in East Marsh Community Limited.

How do I invest as an individual?

Ethex is managing the share administration of this share offer. It is a not-for-profit investment platform, based in Oxford, which makes positive investing easy to understand and easy to do. You can either:

Invest online at ethex.org.uk/invest/East-Marsh-Community. This will take you through to the Ethex website where our share offer is listed. This paperless process is our preferred mechanism and is the most efficient method for investing. If you have any problems, or need help, then please call 01865 403304 or email help@ethex.org.uk.

All monies invested will be held by Ethex's platform provider, ShareIn, in a separate account. As such, investors are not exposed to any liabilities of the Society until such time as the offer is deemed a success; when the investors are allocated their shares and the monies are transferred to the Society.

All monies invested will be held by Ethex's platform provider, ShareIn, in a separate account. As such, investors are not exposed to any liabilities of the Society until such time as the offer is deemed a success; when the investors are allocated their shares and the monies are transferred to the Society.

How do I invest as an organisation?

When an order is placed through the Ethex website you will be asked if you are placing the order as an individual or as the representative of an organisation.

What are the benefits?

The biggest benefit you receive as an Investor Member is the knowledge that your funds are being used to provide affordable good quality homes in which local people can flourish. Through that, you are also making a tangible difference to the future of the community – with all the benefits flowing from quality homes occupied by local families, rather than lying dilapidated and empty. In addition, we offer:

- A stake in a social enterprise with three houses already owned and let to local people, proving this concept works. Please note that past performance is neither a guarantee nor a reliable indicator of future results.
- Democratic voting rights, with one member, one vote, at our AGM. So even if you invest the minimum amount, you have the same voting influence as those who have invested the maximum.
- The opportunity to put yourself forward to become a director and elect the Board who govern East Marsh Community Limited.
- Interest accrued from 1 November 2023.
- The right to apply to withdraw your capital after 24 months of investment; subject to the Society having a cumulative surplus greater than the amount withdrawn (or a combined running surplus and new capital introduced greater than the amount withdrawn).

Is my investment safe?

You can be sure that your funds will make a positive difference to local communities but there is no guarantee of receiving a financial return on your investment. Investors may receive back less than their original investment and may not get it back at all. Please do not invest funds that you cannot afford to lose. You can read more about the risks of investing in the 'Key risks' section (p. 60-63).

Will the value of my shares ever increase?

No, unlike company shares co-operative and community benefit society shares cannot go up in value, but they can go down meaning that you could lose some or all of the money you invest.

Why do I get an interest payment, not a dividend?

Due to our structure as a Community Benefit Society our shareholders can receive interest payments on their investment (rather than dividends) and these are limited under legislation to what is necessary to attract and retain the investment. Please also see 'Share Interest re-investment' below.

What is a 'target' interest rate?

We set a target interest rate for investment held in the Society; this is the rate we will strive to deliver, based on the anticipated performance of our business. The Society has set a target interest rate of 4.00% per annum and aims to pay this starting in the financial year ending 31 October 2024 but this remains a target not a guarantee. The interest rate is paid yearly at the discretion of the Board dependent on the financial performance of the business.

Share withdrawals

Whilst individual requests to withdraw will be at the discretion of the Board, EMC intends to honour share capital withdrawal requests where it can, subject to the initial minimum 24 month lock-in period and a cap on total withdrawals of 5% of the outstanding and issued share capital in any financial year.

The scope for being able to withdraw shares in the future will be dependent upon the Society continuing to operate a successful business and hence generate cash flows to pay out share withdrawals, or contingent on the Society raising additional capital for the purpose of paying out share withdrawals. Please note that in this context also past performance is neither a guarantee nor a reliable indicator of future results.

Shares will be repaid at the original price (subject to comments hereafter). The Directors of the Society have the right to change the withdrawal facility, or to suspend withdrawals. Similarly, the Directors have the right to write down the value of shares if the liabilities of the Society (and its share capital) should exceed the value of its assets. Members who then withdraw their shares will only receive the written down value of their shares.

Please refer to the detailed Financial Forecasts in EMC's 'Investment Plan' which is available on the EMC website at eastmarshunited.org/invest.

The value of your shares may fall, and their value will not exceed the original value of £1.00 per share. Although shares are withdrawable, you may not be able to withdraw the full price you pay for them if EMC does not have funds available at the time you want to withdraw your shares.

Share Interest re-investment

It is EMC's current policy to re-invest all share interest as a new share issue for all members that have less than the maximum of £100,000 of share capital. This is a small but valuable source of capital expansion for EMC, but it is also a way for investors to experience the benefit of compound returns. Each year investors will receive an additional share certificate to the value of the re-invested amount, and they will earn share interest on those new shares in subsequent years.

Where the value of the re-invested amount is less than £1 (i.e., a fraction of a share) members can opt for this to:

- (1) be treated as an ongoing donation to the Society, or
- (2) be aggregated and allocated as new shares once the total accrued amount is in excess of £1.

We will give members the option to opt out of this every year so they can receive cash returns if that is preferable.

How do I apply to withdraw capital?

EMC's policy is that all shares are locked in for a minimum of 24 months. There will be an annual process by which investors can apply to withdraw some or all of their equity in any one year. We will confirm if your application has been successful, with applicants having their capital returned within 3 months of notification of their success. Total withdrawals will be capped at 5% of the outstanding and issued share capital in any financial year.

Because EMC has a policy to hold approximately 5% of share value in cash, requests to withdraw capital will be met where possible. However, ultimately any withdrawal remains at the discretion of the Directors who have an obligation to put the overall financial wellbeing of East Marsh Community Limited first.

Can I hold shares on behalf of children?

For the purposes of this share offer, members must be at least 18 years of age.

Can we hold shares in joint names?

We have decided to not offer this option at this stage.

What happens to my shares if I die?

If a member dies, the repaid value of the shares will normally be added to the estate for probate purposes. Any investment over £5,000 may only be transferred according to the wishes communicated by the executors of the member's estate.

Investments of less than £5,000 may be transferred without reference to the investor's will if the member has also made a nomination to the Society as to whom they wish their shares to be transferred to upon their death. The simplest way to ensure your shares (if under £5,000) will be transferred in line with your wishes is to complete and return a Nomination of shares on death form to East Marsh Community Limited. This will be sent out with share certificates and can also be downloaded from East Marsh Community's website at eastmarshunited.org/uploads/EMC-nomination_form.pdf.

Voting

Each member has one vote regardless of the size and value of their shareholding. Members will be kept informed of developments through the East Marsh Community website, by e-mails where the member so wishes, newsletters, surveys, annual reports, and Annual General Meetings.

What happens if the share offer is undersubscribed?

If we fail to meet our minimum target of £250,000 we will not process applications and any monies received will be returned.

What happens if the share offer is oversubscribed?

Should the offer be oversubscribed, we will accept additional investment up to a maximum total share raise of £1 million. We have sufficient existing demand from potential tenants, and empty houses that may be purchased, to make use of the additional capital. Any additional share capital raised will be treated on the same terms and accrue interest from 1 November 2023.

Dissolution

In the event of the society being dissolved, after paying creditors any remaining surplus would then go to paying back initial investments on a pro rata basis, plus any interest due. Should there be any surplus after this point, it will be distributed to other organisations in Grimsby with similar objectives, as chosen by the members.

Frequently asked questions

What are community shares?

There is no legal definition of community shares. The term is used to refer to a unique form of share capital called 'withdrawable shares' which can only be issued by co-operatives or community benefit societies registered with the Financial Conduct Authority (FCA). Co-operative societies are for the mutual benefit of their members, whereas community benefit societies are for the broader benefit of the whole community. A withdrawable share can be withdrawn from investment, subject to the terms and conditions of the society. This provides a straightforward way of getting your money back when you want to cash-in your shares although please note that it is not a guarantee that you will get your money back. Withdrawable shares are very different from 'transferable shares', which are the type of shares normally issued by companies. To cash-in transferable shares you must first find a buyer to whom you can 'transfer' (i.e., sell) your shares, at an agreed price. 'Transferable shares' in larger companies are bought and sold through stock markets, but these markets do not cater for smaller companies where there are very few buyers or sellers. Finding someone willing to buy 'transferable shares' in a small venture can be very difficult.

What are the benefits of community shares for enterprises?

Community shares can potentially offer a number of benefits to community enterprises seeking to raise finance:

- **Capital:** Community shares can provide patient and flexible long-term risk capital linked to the performance of the society
- **Leverage:** Community shares can help secure further funding based on the 'first move' of the community

- Governance: Community shares can give members meaningful involvement in the running of the society
- Operation: Community shares can promote member involvement in the operation of the enterprise

What are the risks of community shares?

The sale of community shares is not regulated by the Financial Conduct Authority, because investors are deemed to be investing for social returns, not financial gain. This is good news for community ventures, which would otherwise face prohibitively expensive regulations when marketing community shares. But it comes at a cost to community investors, who have no right of complaint to the Financial Ombudsman Service and cannot apply to the Financial Services Compensation Scheme.

Community shares are much riskier than keeping your money in a savings account with a bank or building society, where currently the first £85,000 is usually fully protected. You can lose everything you invest in a community shares offer. This is why it is important to look carefully at a community share offer, paying particular attention to the 'Key Risks' section, before deciding to invest.

What return can I expect from my community shares?

East Marsh Community currently offers a target financial return of 4.00% per annum on your investment from 1 November 2023, together with the scope to cash-in (withdraw) your shares after the qualifying period. The interest rate is paid yearly at the discretion of the Board dependent on the financial performance of the business.

However, you should be aware that, unlike companies, there are legal limits to financial returns / interest payments on shares in co-operative and community benefit societies, based on the principle that interest should be no more than is sufficient to attract and retain

the investment. Also, unlike company shares, community shares cannot go up in value, but they can go down, meaning that you could lose some or all of the money you invest.

What is a community benefit society?

A community benefit society is run primarily for the benefit of the community at large, rather than just for members of the society. This means that it must have an overarching community purpose that reaches beyond its membership. An applicant enterprise must also have a special reason for being a community benefit society rather than a company, such as wanting to have democratic decision-making built into its structure. Although a community benefit society has the power to pay interest on members' share capital, it cannot distribute surpluses to members in the form of dividends.

Asset lock

As a charitable community benefit society, EMC has a charity asset lock. As a charity, all assets must be utilised to achieve charitable purposes. The purpose of the asset lock is therefore to ensure that the public benefit or community benefit of any retained surplus or residual value cannot be appropriated for the private benefit of members.

On the winding up, or dissolution (see above), of the Society any of its assets that remain after its liabilities are satisfied would be distributed to other charitable organisations sharing the same objects (and not distributed among the members).

Voting and maximum shareholdings

Shareholders have only one vote, regardless of the size of their shareholding, so the society is democratic. There is a regulatory limit on personal shareholdings, currently up to £100,000.

Why should I buy community shares?

The main reason for buying community shares is to support the social aims of the venture concerned. Unlike shares in private companies, where personal financial gain is the main motive, community shares are subject to laws that limit financial gain and emphasise social benefit. The following are all possible reasons for purchasing community shares:

- You want to do something good for the community in which you live or work
- You want to be part of a democratic organisation
- You want to have more control over where your money goes and how it is used to benefit society
- You are looking for alternative options for how you use your money

Key risks

The list of Key Risks below is not necessarily comprehensive, and you should consider other risks that may impact the value of your investment.

For investors

Risks

The money you pay for shares is not safeguarded by any depositor protection scheme such as the Financial Services Compensation Scheme (FSCS).

Comments

- This Share Offer is exempt from regulations under the Financial Services and Markets Act 2000 and Financial Services and Markets Act 2000 (Prospectus) Regulations 2019 and therefore you do not have the protection provided by these acts. This means that there is no right to complain to an Ombudsman; and this share offer has not needed to be approved by an approved person under the Act.
- The shares are not tradable, and the full value may not be returned if certain risks described below are realised. You may lose part, or all, of your investment.
- The shares are an illiquid financial instrument which means you may not be able to get your capital back immediately or when needed.
- EMC provides for withdrawal of share capital after a certain point – see 'Important Information' section of this document.

Impact of Covid 19, financial crises, inflation etc. on property prices & incomes; potentially require EMC to write-down the value of the share capital.

- EMC does not expect there will be any reduction in income in terms of accommodation meaning that property prices should be supported by the fundamentals of the business.
- EMC will only seek a sensible amount of leverage in terms of mortgage finance from social banks, alongside a sensible blend of equity (community shares) and lending from other socially minded investors in the future.

The shares are illiquid, and the Board of Directors may not consider they are in a position to allow withdrawal if and when required, so you may not be able to have your money back when you request it.

- Please note that past performance is neither a guarantee nor a reliable indicator of future results.
- The Financial model provides for 2.0% of total share capital (at previous year end) being withdrawn each year from FYE 2025.

The value of the shares may be written down so you may not receive all, or any, of your money back.

- EMC will invest the share proceeds into real assets i.e., empty properties, which should protect shareholder value (although the price of properties on the open market may go down as well as up).

Operational risks

Risks

That we are undertaking a significant increase in the scale at which we operate.

Impact of Covid 19 on business model (additional cost and reduced income)

Voids caused by residents either moving out or being slow to take up anticipated occupancy; some properties may be left vacant for a time, putting pressure on revenue generation.

Property development; buying and refurbishing property carries both cost and time overrun risk. Both affect the ability to deliver expected financial yields.

Comments

- EMC has a track record of refurbishing and letting three properties to date, with a prudent aim to add c. 2-3 properties each year.
- Strong evidence has been used to underpin the assumptions, in our business plan and forecast financial model, around the new properties – including capital costs and rental incomes – and the revenue growth that will drive.
- EMC does not expect there will be any additional costs or reduction in income in terms of accommodation provided.
- Rents are set to allow for some level of voids and bad debts (combined 7.5% of rental income) as well as maintenance and management costs (property repairs & renewals at 10% of rental income).
- Sensible and prudent timescales in place for housing programme.
- Valuations and appropriate surveys by qualified personnel, including detailed costs reports for all significant refurbishment work, are carried out ahead of purchases.

Commercial risks

Risks

Government policy change where revenues from lettings are underpinned by housing benefit / LHA.

Government regulatory requirements to upgrade housing stock in the rental sector e.g., to meet environmental standards.

That demand in the future for rental properties may be depressed due to local factors such as crime or anti-social behaviour

Interest rates and Bank of England base rate rises

Comments

- Considered unlikely given lack of adequate property and low level of rents in local area.

- East Marsh United will bring properties up to an EPC rating C where reasonable and practicable, accessing external funding through grants wherever possible.

- Demand for rental properties is very high with long council waiting lists for properties in the area.
- EMU works alongside EMC and other local partners to improve the area with multiple initiatives.

- Our financial model and forecasts assume zero debt finance in the medium term.
- Shareholder interest is a target fixed rate of 4.00%.