



creating positive environmental change

Share Offer Document
March 2017



**Birmingham
friends of
the earth**



**BIRMINGHAM FRIENDS OF THE EARTH'S
LITTLE GREEN COMMUNITY IN THE BIG CITY**

share offer summary

<i>Offer Opens:</i>	<i>Saturday 1st April 2017</i>
<i>Initial Offer Closes:</i>	<i>Friday 2nd June 2017</i>
<i>Core target:</i>	<i>£240,000</i>
<i>Stretch target:</i>	<i>£270,000</i>
<i>Minimum target:</i>	<i>£150,000</i>

For 40 years, Birmingham Friends of the Earth has been demonstrating, resourcing and campaigning for positive environmental change locally, nationally and globally. This work has been enabled and supported by operating from The Warehouse, a community environment centre in the heart of the city, which has also provided meeting rooms, office space and trading premises for a range of social enterprises, charities and campaign groups.





Image: 20th Birthday Celebrations at The Warehouse

summary continued...

We would like to invite you to join us and to invest in the transformation of our building for the next 40 years and more. As a member you will become an integral part of Friends of the Earth (Birmingham) Ltd, our Community Benefit Society, with a democratic say in current activities and the development of future strategy.

Our exciting plans for The Warehouse are to demonstrate community-lead regeneration, showcasing eco-renovation in action, delivering full disabled accessibility and bringing back into use underutilised spaces. This will enable us to increase regular income and secure our long-term future.

We are aiming to raise up to £270,000 through Community Shares to realise this vision. We have identified a "core" scheme which can deliver most of the objectives in our business plan with £240,000 of community investment and that is our initial target. As a contingency, we have also developed a smaller programme of work for a minimum of £150,000 in community shares which includes more limited changes and makes passive provision for incremental developments in the future.

While we have built a small contingency allowance into all the financial projections, when the offer closes, we will review the total sum raised, decide which version of the scheme we can proceed with, and award a building contract with an exact specification and agreed price which includes 10% headroom for any unforeseen costs that may arise within our available funds.

The minimum investment per individual is £250 and a maximum of £10,000. You can invest any amount between these figures.

The share offer runs for a period of 9 weeks from Saturday 1st April unless the maximum is reached earlier in which case the offer will close. If the minimum target is not met, the Board may decide to extend the offer for up to a maximum of a further four weeks. Following this, if the minimum is still not met we will not draw down the pledges or continue with the renovations using community shares at this time.

Whether from Birmingham or further afield, we welcome investment from anyone who supports our values and is inspired by the project.

We have secured the support of the Booster Programme, which is funded by Power to Change and run by the Community Shares Unit. Under this programme up to £100,000 of investment in shares is available to match investments in shares from the public. This means that for every pound invested by individuals another pound will be invested in match shares up to a maximum of £100,000. So we would only need £170,000 from the public to deliver our full scheme.

The rules of the Society and Business Plan are available at <http://www.birminghamfoe.org.uk/shareoffer>

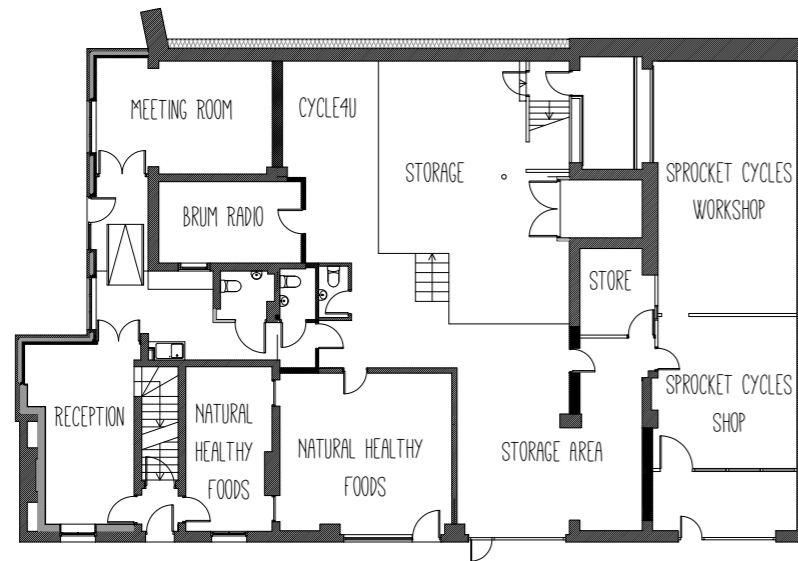
We have applied for the Community Shares Standard Mark which is given to offers that meet national standards of good practice. These standards ensure that the offer document is easy to understand, gives the facts to make an informed decision supported by a business plan and ensures that nothing is purposefully incorrect or misleading. For more information see www.communityshares.org.uk



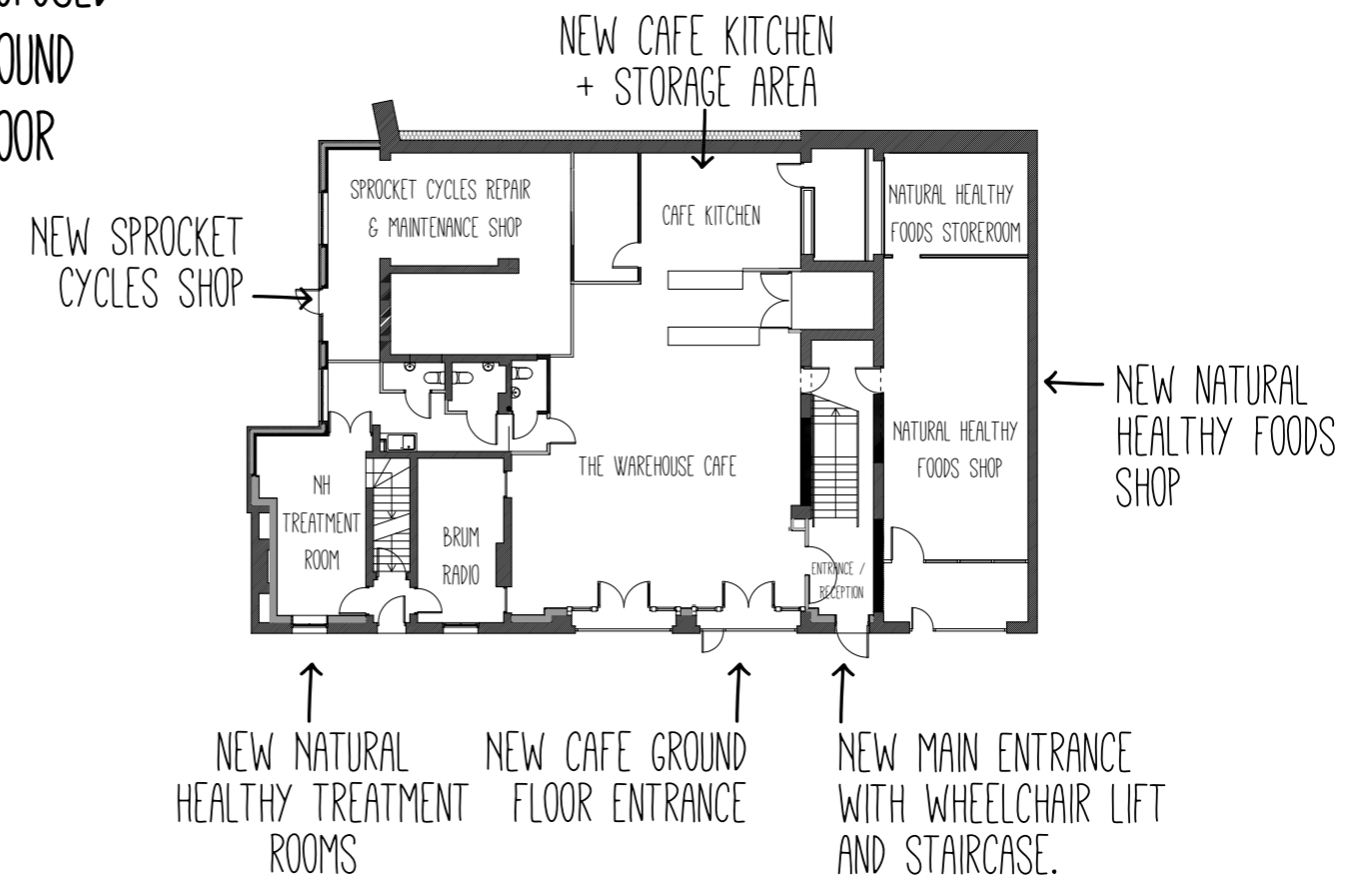
Risk Statement

As a Registered Society, Birmingham Friends of the Earth is registered with, but not authorised by the Financial Conduct Authority and therefore any money you pay for shares is not safeguarded by any depositor protection or dispute resolution scheme. In particular, you have no right of complaint to the Financial Ombudsman Service, nor any access or financial entitlement to the Financial Services Compensation Scheme. Please note that if you invest in this share offer, you may lose some or all of your investment. This Offer Document includes information about the proposals and the risks involved. The Business Plan on which it is based is available on-line at www.birminghamfoe.org.uk/shareoffer and contains more comprehensive financial projections and narrative.

EXISTING GROUND FLOOR



PROPOSED GROUND FLOOR



our vision for the future

Birmingham Friends of the Earth exists to advance the principles of sustainability and positive environmental change.

We own and operate The Warehouse as a not-for-profit business whilst still having campaigning and the improvement of the local environment, in line with the mission statement above, as its primary aim and reason for existence. Campaign objectives are determined and regularly reviewed by the organisation's campaigns group.

We are looking to raise investment capital to refurbish our building, which will lead to an increase in the financial, social and environmental value of that space.

Financially, there will be more space to let that is of a higher quality. This will allow us to increase the amount of space that we provide and to maintain or increase the amount we charge per sq ft for that space.

Environmentally we will be looking to exceed the legal requirements (Building Regulations Part L) for conserving energy in our building by installing more insulation and more efficient glazing.

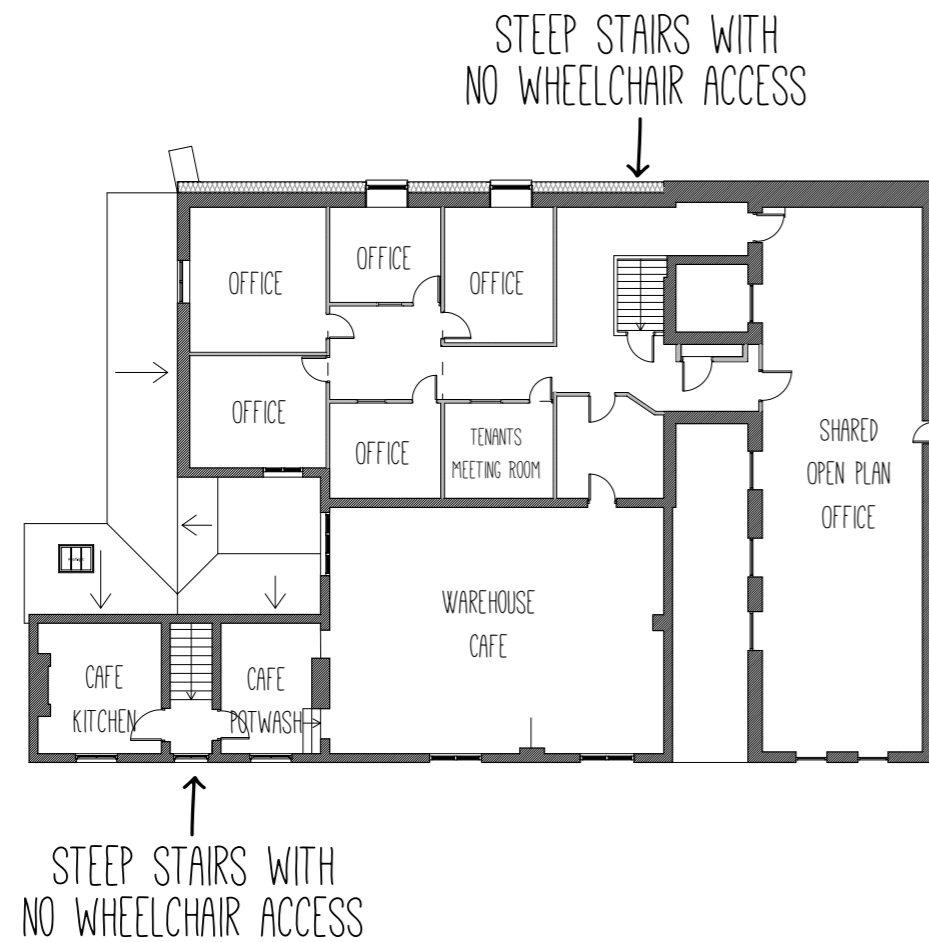
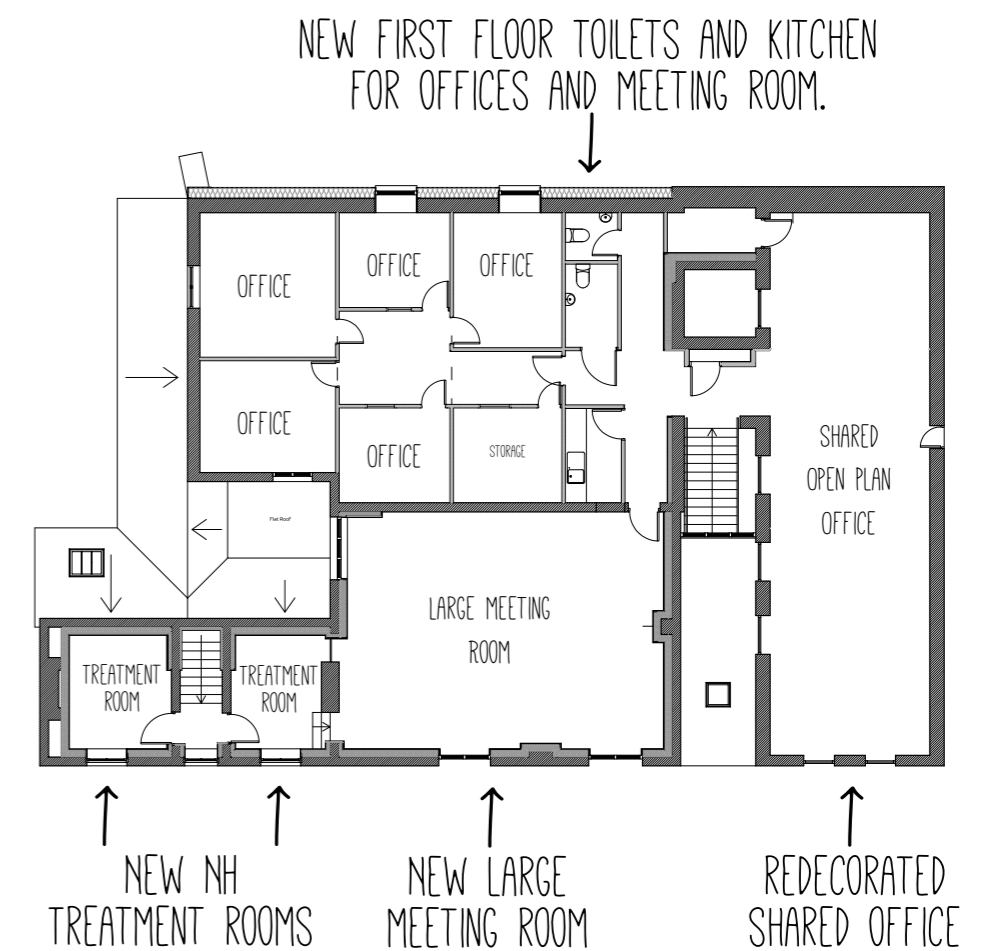
Socially we will be more accessible to wheelchair users and people with limited mobility and offer more community meeting facilities. The work will also allow us to reduce our administration costs and focus more on meeting our social goals and develop new educational and campaigning projects.

developing the refurbishment project

In planning this major refurbishment, we have held a consultation exercise with all of our key stakeholders (tenants, building users, campaigners and our Board). Based on these findings, we have finalised the architectural plans, structural engineering calculations, planning permission and building control notification to start work.

Over the past 8 years as these plans have been developed we have undertaken enabling works wherever and whenever possible. However, it has been clear that the major work necessary to deliver this transformational project could not be completed without substantial investment - not just in the building work but also in our capacity to manage such an ambitious plan.

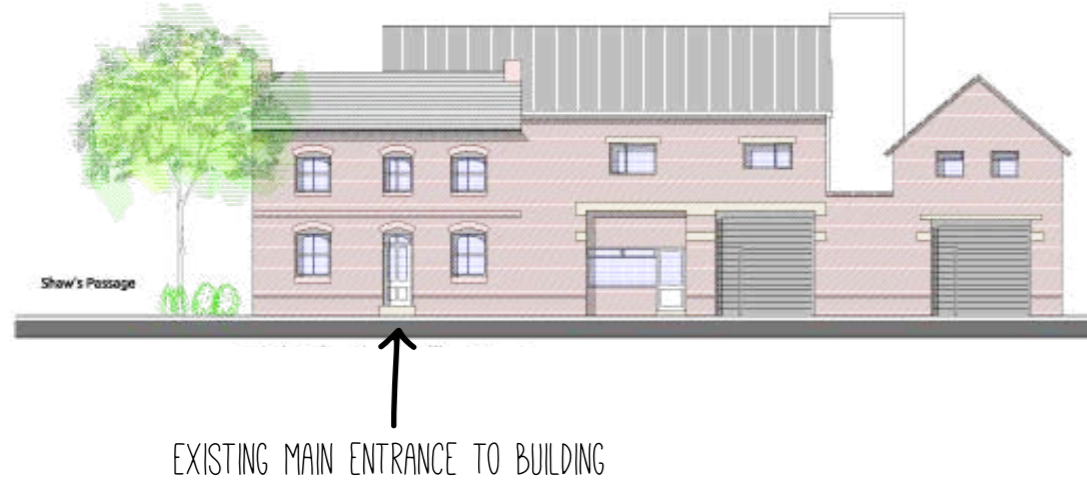
2016 was a breakthrough year for the project when we were successful in our application to Big Potential for funding to help us to become investment ready, resulting in a new Business Plan and the development of our capacity to deliver it. This was followed by a successful application to the Community Shares Booster Programme which will match the equity we raise in the forthcoming share offer, up to a figure of £100,000.

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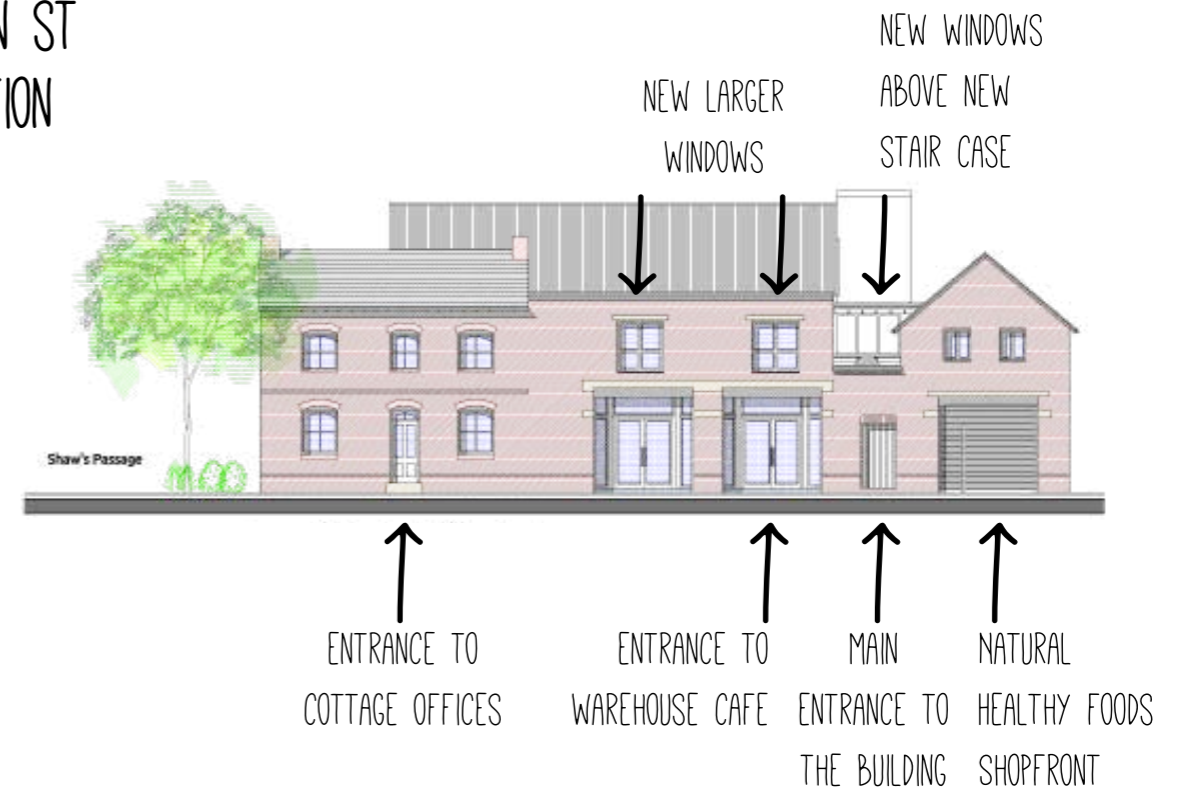
project objectives

- Make the building as accessible as possible to people of all abilities. We will achieve this by installing a new, wider staircase and a platform lift capable of taking wheelchair users to the first floor.
- Provide improved space for our social enterprise tenants operating retail businesses on the ground floor enabling them to increase the potential number of people they employ and deliver a positive impact on the local economy.
- Reduce energy use by replacing the current windows with triple glazed units, adding secondary glazing where appropriate and installing optimum insulation materials throughout the building.
- Increase the income from the building sufficient to pay back the cost of the refurbishment, cover ongoing maintenance costs and to contribute to our campaigns and educational outreach work.
- Enable tenants to work together more closely by grouping all the customer-facing retail and catering enterprises together on the ground floor, installing a new kitchen area and shared facilities for office tenants on the first-floor and creating extra meeting room space, designed so that it requires less management, allowing more time to be devoted to community building.
- Make the building more comfortable for all building users by installing mechanical ventilation with heat recovery units to remove excess moisture whilst retaining its heat and bringing in fresh, filtered air and by installing opening windows in the parts of the building not serviced by MVHR.

EXISTING ALLISON ST ELEVATION



PROPOSED ALLISON ST ELEVATION



our history

Birmingham Friends of the Earth is the local branch of the national and international Friends of the Earth movement, founded in 1973 and based at The Warehouse since 1977.

Over the years we have campaigned on many environmental and social issues in and around Birmingham including air quality, aviation, energy and climate change, land, food and water, nature, planning transport, waste and recycling. In addition to these local issues we also work on national and global issues as part of Friends of the Earth's wider campaigns.

We are one of the largest groups within Friends of the Earth England, Wales & Northern Ireland, which is a unique network of campaigning

groups working in over 170 local communities. Friends of the Earth is also the largest network of environmental groups in the world, with affiliates in over 75 countries.

the warehouse

The Warehouse building has been central to our efforts. In 1977 we took a 10 year lease on the building and were able to purchase it from Lord Benacre in 1986 for £35,000.

This was funded by loans from our members which were paid back in 1990.

The decision to register as a Community Benefit Society (currently operating with Co-operatives UK model rules agreed with the FCA) was made to ensure that stakeholder's had a real sense of ownership and could take an active part in the running of the organisation.

When we first moved in we had to tackle years of neglect and have worked hard to get to the stage that we are at now, where the building is far more insulated, warmer, watertight, more accessible and

better furnished. The refurbishment project will enable us to build on this work and look towards the next 40 years with confidence.

Within our building, we continue to support a wide range of organisations that help us to fulfil our mission. These include The Warehouse Cafe, which is a social enterprise and award winning vegetarian restaurant, Natural Healthy Foods, a vegan wholefood shop, Sprocket Cycles, a bicycle repair and retail shop, a community garden, various small social enterprises and charities including the Muslim Women's Network and Localise West Midlands, plus a meeting room that gives heavily discounted bookings (up to 60%) to small voluntary organisations and free access to users that are very closely aligned with our mission.

The Warehouse also provides a base for our outreach and advocacy work, with a particular focus on local issues such as air pollution, active transport, energy efficiency and recycling. Each campaign will typically engage between 2,000 and 5,000 Birmingham residents to sign a petition or voice their opinion.



community shares

Community Shares are 'withdrawable' shares that cannot be sold, traded or transferred amongst members unless in the event of death or bankruptcy. Although they should be seen as a long-term investment, community shares can be withdrawn after a period of three years from the Society at the absolute discretion of the Board of Directors,

which is elected by and from members on a one-member, one-vote basis.

The Board may decide to suspend withdrawals if it is in the best interest of the organisation to do so and we may restrict the total value of withdrawals in any one year to 10% of the value of the total amount of share capital. The Booster equity would be withdrawn with complete parity on terms, i.e. if 10% of non-institutional members' investment can be withdrawn in one year, then 10% of Booster equity can be withdrawn.

Our ability to allow share withdrawals will depend upon:

- The financial performance of the organisation and cash flow; and*
- Any trading surpluses that are not required to reinvest in the business.*

In the event of the death of a member, the intention would be to make an earlier repayment, if requested, subject to funds being available.

The Board will consider all withdrawal requests in the order in which they are submitted, but they are obliged to consider the financial security of the Society first. If withdrawing shares would leave the Society unable to meet its financial commitments, and result in inadequate level of financial reserves, the Board will have to suspend withdrawal of shares. This does not preclude the possibility of future applications succeeding, when more cash has become available.

Community shares cannot increase in value. If Friends of the Earth (Birmingham) Ltd. is ever dissolved, the following procedures would apply:

"If on the winding up or dissolution of the Society any of its assets remain to be disposed of after its liabilities are satisfied, these assets shall

not be distributed among the members, but shall be transferred instead to some other non-profit body or bodies subject to at least the same degree of restriction on the distribution of surpluses and assets as is imposed on this Society by virtue of these Rules, as may be decided by the members at the time of or prior to the dissolution." (Extract from Rule 68).

This means that investors would only receive their original investment back, and any remaining monies would go to another organisation that benefits the community. If the business runs into difficulties, it is possible that shares could decrease in value and not all of the original investment would be repaid.



interest payments

The Society is obliged to re-invest profits not needed for the development of the business, for the benefit of the community, but it is also allowed to pay interest to its member investors based on the amount invested.

This investment must primarily be considered as an opportunity to contribute financially to the community with the expectation of a social dividend rather than a financial reward. However, the Board has the aspiration to offer interest on shares from year 2 onwards, starting at a maximum of 1% and steadily increasing to a maximum of 3%.

Members, at their discretion may opt not to receive interest on their shares and any payment of interest will be subject to a Board recommendation (based on the health of the business and the need to retain prudent reserves) and put to a member vote at the Annual General Meeting.

democratic rights of membership

Friends of the Earth (Birmingham) Ltd. is a Community Benefit Society.

This is a democratic structure which provides all members with an equal say in the running of the organisation. Community Shares allow members one vote each regardless of how many shares they own.

Benefits of this democratic structure include:

- The right to attend an AGM and other members meetings and have your say on the running of the organisation;*
- The right to elect the Board of Directors at the AGM;*
- The right to stand for election to the Board; and*
- Progress reports through members communications.*

eligibility for membership

Under our Rules, membership is open to any person or corporate body or the nominee of any unincorporated organisation who supports the objects of the Society which are as follows:

“To carry on any business for the benefit of the community:

- 1. To promote the conservation, restoration and rational use of the environment;*
- 2. To effect the conservation, restoration and rational use of the environment, and to support any person, body or organisation in that regard;*
- 3. To disseminate information amongst the public concerning such conservation, restoration and rational use of the environment.” (Extract from Rule 2).*

The decision on whether or not to accept an application for membership is entirely at the discretion of the elected Board of Directors.

We will accept applications for membership by or as gifts for children under the age of 16. However, please note that the child will not be able to make withdrawals until they reach the age of 16.

The Society has the option of charging members an annual subscription in addition to a minimum shareholding. The Board has decided that members investing in this share offer will not be required to pay a subscription during the 5 years of this business plan. We will however encourage members to become regular donors if they wish.



Image: Air Pollution Stall at St Philip's Cathedral



Image: Bee Cause Campaigners at The Warehouse

purchasing your shares

We have set up a crowdfunding page with Crowdfunder, which is the UK's leading online crowdfunding platform which specialises in community shares.

Crowdfunder will collect the funds on or around the date the share offer closes. All funds will be treated as pledges until the minimum target has been met, at which point funds will be transferred to our business account. For every £1 invested via Crowdfunder there is a transaction fee of 6p which we absorb – we are fortunate that this is not payable on any match investment from the Booster Programme.

The funds, once received, will be subject to financial controls in which they will be given their own account code to ensure that funds are monitored and kept separate from our day

to day financial activities. If the share offer is unsuccessful and the minimum target not met, pledges will not be drawn down.

In order to use the service, you need a valid email address to create your Crowdfunder account, and a UK debit or credit card. Once you've decided how much you want to invest, enter your card details into their secure service.

Our crowdfunding page can be accessed directly on www.crowdfunder.co.uk/unlocking-the-warehouse or through our own website.

If you do not have an email address to set up a pledge through Crowdfunder, but would still like to make an investment in this share offer, please contact us on 0121 632 6909.

Shares as gifts

Shares in Birmingham Friends of the Earth would be a unique gift! Just be sure to tick the relevant box when completing the online application as some additional information will be needed and the recipient must meet our membership criteria.

community benefits

By investing in The Warehouse, we believe it will bring the following benefits to the community:

- Providing fully accessible meeting, office and social enterprise trading space in the heart of the city supporting the development and growth of community organisations;
- Increasing trade in the local economy by enabling our social enterprise tenants to grow their businesses, increasing the number of jobs and delivering local multiplier effects in the economy;
- Drawing greater footfall into the Digbeth area benefiting other local businesses and organisations;
- Offering an alternative model for further regeneration projects in Birmingham and elsewhere by demonstrating a successful example of community-lead regeneration;
- Providing Birmingham Friends of the Earth with the time and financial resources to invest in educational outreach and campaign activities with more diverse local audiences;
- Demonstrating a practical example of eco-renovation in action which could be replicated in any older building.



Image: Birmingham Friends of the Earth at the Paris UNFCC Climate Conference



Image: Birmingham residents showing support for anti-fracking campaign

governance

The Board of Directors brings a wealth of relevant experience and expertise to the organisation. They are collectively responsible for establishing a strategy for the organisation and overseeing performance. All members of the Board are democratically elected by members of the Society. One third of the Directors are elected or re-elected each year at the AGM by and from the membership.

Current Board members are listed below. Any questions regarding this share offer can be directed to the Board by e-mail on shareoffer@birminghamfoe.org.uk

sustainable construction. He has been a Director of Birmingham Friends of the Earth for 10 years and an active campaigner for 14 years.



Benjamin Mabbett - Holds a Bachelor's Degree in Architecture, a Post Graduate Degree in Architecture and a Post Graduate Degree in Architectural Practice. He is an architect with 15 years' experience in the

architecture and construction industry, with skills in design and contract management on building projects large and small, and in a wide variety of sectors including community buildings. Ben possesses a particular interest in low energy and



Roxanne Green - MSc (Distinction) in Global Ethics and a registered PRINCE 2 practitioner. Roxanne is a graduate of the international leadership programme delivered by Young Friends of the Earth Europe. She

has over eight years' experience of managing environmental and community projects with particular focus on economic disadvantage and environmental injustice. She has been Campaign Coordinator at Birmingham Friends of the Earth for seven years providing strategic direction and oversight for all campaigning activity. Roxanne works closely with the Campaigns Support Worker to coordinate volunteer activity and to ensure the enthusiasm of campaigners translates into action.



Bernard Parry - BSc (Econ.) (Honours) Degree and SSBSE. Taught Business Studies, Economics and History in Birmingham schools and a college for over 30 years. Bernard has been closely involved with the Co-

operative Movement and in particular with its democratic and member engagement structures, serving on the Western Regional Committee of the Midland Co-operative (now Central England) Society and on Member Relations Committees. He has a continuing interest in the application of sound administrative techniques to the achievement of social and environmental goals.



Allan Norman - MA (Distinction) in Social Research and Reflective Professional Practice; Registered Social Worker; Non - Practising Solicitor. Allan's independent social work consultancy Celtic Knot

acts on behalf of service users, claimants and social workers and provides training. The business

prides itself on its ethical and sustainable practice and aims to manifest respect for human rights and justice as well as minimising its ecological footprint and maintaining high professional standards.



Karen Leach - Karen is joint Coordinator of think tank and consultancy Localise West Midlands, responsible for its strategy, activities and systems, and also works part-time as a gardener. She developed her interests in

justice, economics, planning and policy during her time as a Birmingham Friends of the Earth activist and was responsible for initiating its Campaigns Support Worker post in 2000. She co-ordinated BFOE's fundraising activities at festivals for many years, expanding this service significantly, and chairs the Glastonbury lockups consortium. She is currently leading a community initiative to secure a future for historic Moseley Rd. Baths in Balsall Heath in collaboration with heritage agencies and Birmingham City Council. In her spare time she builds things out of unwanted bicycle parts.

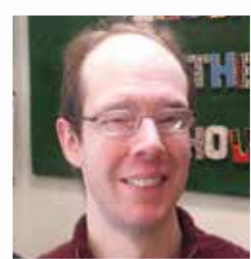


Image: Presenting our recycling campaign to Birmingham City Council.



Image: Taking part in the Divest West Midlands Pension Fund campaign.

staff



Richard Bickle - BA (Honours) University of East Anglia, MSc University of Birmingham. Richard is currently Society Secretary of Friends of the Earth (Birmingham) Ltd. A serial co-operator, he is co-founder of the Birmingham

Co-operative Film Society and Revolver Co-operative (a Fairtrade business) and a Director of the Central England Co-operative and the Co-operative Press Ltd. He works as a freelance development worker, consultant and trainer with co-operatives and community organisations. In his spare time he is a member of the Jemima D Narrowboat Co-operative, sharing in the ownership and maintenance of a 37ft canal boat which makes for fun and affordable holidays!



Chris Crean - Chris is a regional campaigner for Friends of the Earth based here in the Warehouse covering the Midlands. He has been a voluntary campaigner with Birmingham FOE on issues such as air pollution

and transport. He was chair of BFOE from 1990 to 1994 and is a longstanding member of the Management Committee which he joined in 1988. As a regional campaigner he has a wide understanding of the policy and issues that are in play across the region and sees himself as a networker and sign-poster.



Philip Burrows - General Manager. Phil is Architecturally trained and a former art director for award winning advertising agency AIA. He has worked in the voluntary sector for nine years with a focus on infrastructure

support, information technology, project and volunteer management. He has a particular interest in energy savings in buildings including measuring energy usage and wastage, heating controls, external and internal solid wall insulation, photovoltaics and the psychology of energy saving.



Martin Dobbing - Martin is the Managing Director of the Accountancy firm Mar Daw Maven Ltd. He has worked for the University of Derby as an accountant and has chaired the Midlands Tax Group and sat on the National Tax Group

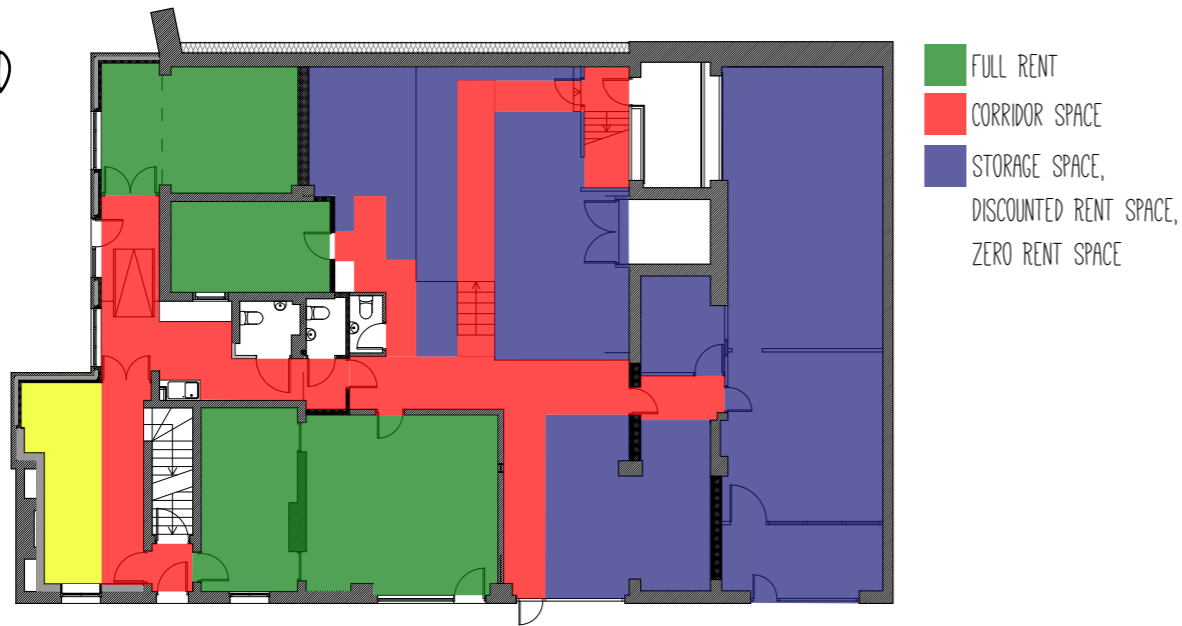
for the University sector presenting on tax and treasury. He has a broad experience of charity and not for profit accountancy and tax, as well as educational institutions ranging from academies to colleges and universities.



Libby Harris - Campaigns Support Worker. Graduate of Friends of the Earth's Campaign Organisers programme. A former BFOE volunteer Libby now works for the organisation alongside studying towards a Bachelor

of Laws (Honours) degree. She carries out a variety of tasks to oversee the day to day running of campaigns whilst providing support and training for volunteers.

EXISTING GROUND FLOOR PLANS WITH GUIDE TO RENTAL INCOME



PROPOSED GROUND FLOOR PLANS WITH GUIDE TO RENTAL INCOME



our financial position

We have been trading since 4th January 1978 and our most recent Annual Reports and Accounts are available at www.birminghamfoe.org.uk/shareoffer

For the year ended 31st January 2017, for which the accounts are currently being finalised, we anticipate a surplus of £3,245, recovering the deficit of £3,215 the previous year. This followed a surplus of £1,609 in 2015.

We have regular rents and room hire income based upon current operations of approximately

£50,000 per year which, together with donations, broadly matches our annual operating costs. The cost of employing our Campaign Support Worker is underwritten by regular giving from members and supporters which currently amounts to approximately £7,000 per year.

Income from providing a valuables lock-up and phone charging service at Glastonbury and other festivals enables us to undertake day to day investment in maintaining the fabric of the building which is also supported by grant income from time to time.

We own The Warehouse building outright on a freehold basis and have no debts or borrowings. Our net asset value was £95,800 as at 31st. January 2016.

our business model

Birmingham Friends of the Earth will continue to run The Warehouse in a sustainable way with profits primarily being used to secure long term benefits to the community. This means there must be a balance of activities between commercial and, where appropriate, subsidised community use.

We aim to improve the quality of the space we provide to our existing tenants, deliver additional meeting rooms, energy efficiency savings and have budgeted for a part-time post to increase our outreach and development capacity, grow our supporter base and increase capacity to apply for and deliver grant-funded projects.

EXISTING FIRST FLOOR PLANS WITH GUIDE TO RENTAL INCOME



PROPOSED FIRST FLOOR PLANS WITH GUIDE TO RENTAL INCOME



"core" scheme – financial projections

(a) Capital requirements

To realise our ambition to renovate The Warehouse, the table below indicates how we would finance the delivery of our "core" project.

Investment requirement	Core
	£240,000 (Moving commercial tenants downstairs and limited changes on first floor)
Refurbishment costs	£225,000
Revenue funding to deliver project	£12,426
Contingency allowance	£8,574
Total	£246,000.00
Source of funds	
Booster development grant	£6,000
Community shares	£140,000
Booster programme match funded equity (shares)	£100,000
Total	£246,000

We are basing our investment plans upon Community Shares together with a small development grant from the Booster Programme.

(b) Trading Forecasts

Our financial forecasts are set out in detail in the business plan which is available on-line at www.birminghamfoe.org.uk/shareoffer. We anticipate paying interest on shares from Year 2

and permitting limited withdrawals from Year 3 onwards.

Here is our trading forecast for the next five years:

Profit and Loss	Year 1	Year 2	Year 3	Year 4	Year 5
Trading income (rental income, sales, sundry)	£69,191	£83,376.00	£102,338.00	£103,940.00	£105,575.00
Other income (membership subscriptions, donations, capital grants)	£33,158	£22,022.00	£25,922.00	£24,846.00	£23,200.00
Total income	£102,349.00	£105,398.00	£128,260.00	£128,786.00	£127,755.00
Overheads	(£88,807)	(£89,410)	(£91,750)	(£94,020)	(£95,650)
Depreciation	(£10,051)	(£8,299)	(£8,246)	(£7,311)	(£1,010)
Interest on shares	-	£2,400.00	£3,600.00	£4,320.00	£4,860.00
Net Profit	£3,491.00	£5,289.00	£24,664.00	£23,135.00	£27,255.00

The basis of our project is to bring into use underutilised parts of the ground-floor of the building, enabling us to meet our existing tenants' long-standing requirements for additional space. This will increase the lettable space from approximately 65% of our total floorspace to 85%, with the majority of this additional floorspace being on the ground-floor where we can charge our retail and catering tenants a higher rent per square foot than the office tenants upstairs.

This forecast has been based on our knowledge of our current trading position and detailed consultations with our tenants. We have been modest in our assumptions about the possible increase in meeting room income and, were our projections of increased income not to be realised, we could delay our linked plans to increase our staff team.



Image: Faeza from the Muslim Women's Network (one of our tenants) talking at a conference.



Image: Cycle4u (one of our tenants) publicity shot.

"stretch" scheme – financial projections

(a) Capital requirements

This table shows how we would fund the delivery of the "stretch" version of the project:

Investment requirement	Stretch
	£270,000 (Moving commercial tenants downstairs and increased changes on first floor).
Refurbishment costs	£252,572
Revenue funding to deliver project	£14,328
Contingency allowance	£9,200
Total	£276,000
Source of funds	
Booster development grant	£6,000
Community shares	£170,000
Booster programme match funded equity (shares)	£100,000
Total	£276,000

(b) Trading Forecasts

We have worked up a larger scheme of work which includes full refurbishment of the first floor of the building and maximises the meeting room space available. These projections assume that meeting

room income increases by 30% above the "core" scheme projections from year 3 onwards with all other assumptions remaining the same. Our 5 year trading forecast for this scenario is as follows:

Profit and Loss	Year 1	Year 2	Year 3	Year 4	Year 5
Trading income (rental income, sales, sundry)	69,191	83,376	109,538	111,284	113,065
Other income (membership subscriptions, donations, capital grants)	34,250	22,022	25,922	24,846	23,200
Total income	103,441	105,398	135,460	136,130	136,265
Overheads	(89,899)	(89,410)	(91,822)	(94,094)	(95,724)
Depreciation	(10,051)	(8,299)	(8,246)	(7,311)	(1,010)
Interest on shares	0	(2,700)	(4,050)	(4,860)	(5,468)
Net Profit	3,491	4,989	31,342	29,865	34,063



Image: Let's Grow Together (one of our tenants) teaching school children how to grow food.



Image: The Digbeth Community Garden.

"minimum" scheme – financial projections

(a) Capital requirements

This table shows how we would fund the delivery of the "minimum" version of the project:

Investment requirement	Minimum
	£150,000 (Additional ground floor meeting rooms plus disabled access to first floor).
Refurbishment costs	£140,540
Revenue funding to deliver project	£9,960
Contingency allowance	£5,500
Total	£156,000
Source of funds	
Booster development grant	£6,000
Community shares	£75,000
Booster programme match funded equity (shares)	£75,000
Total	£156,000

(b) Trading Forecasts

We have identified a smaller scheme costing £150,000 that will deliver disabled access to both floors of the building and provide for the conversion of the underutilised ground-floor space into new meeting rooms while making passive provision for delivering a larger project at a later date.

In this scenario, interest payments would be delayed until year 3, when 2% would be targeted, the existing tenants would not move and a small retail unit would be created from the current meeting room. These changes would create an incremental increase in rental income of £14,500 per year, leading to a 5 year trading forecast as follows:

Profit and Loss	Year 1	Year 2	Year 3	Year 4	Year 5
Trading income (rental income, sales, sundry)	71,266	74,107	94,465	95,910	97,384
Other income (membership subscriptions, donations, capital grants)	29,882	22,022	25,922	24,846	23,200
Total income	101,148	96,129	120,387	120,756	120,584
Overheads	-85551	(88,117)	(90,309)	(92,412)	(95,568)
Depreciation	(10,051)	(8,299)	(8,246)	(7,311)	(1,010)
Interest on shares	0	0	(2,250)	(2,700)	(3,038)
Net Profit	5,546	(287)	19,582	18,333	20,968



Image: One of the DJs from Brum Radio (one of our tenants).



Image: Our super insulated reception with campaigns material on display.

frequently asked questions

Why should I buy community shares?

Your investment is vital in helping us renovate The Warehouse to enable us to increase our regular income and secure our future. Without sufficient investment from the community, we will be unable to achieve this in the near future.

Who will benefit from the venture?

The local community of Digbeth and the Birmingham square mile, our existing and future tenants and users of our meeting rooms, our members and campaigners and, we hope, the whole of Planet Earth! The building will continue to be run for the benefit of the community and surplus profits will be used for reinvestment in the business or for social, environmental and charitable purposes within the community.

What if your projections for increasing income aren't met?

We are projecting some modest increases in grants, donations and other income over the next

5 years. These are linked to an increase in our staffing and the creation of capacity for developing new campaigns and educational projects. If these income targets aren't met in years 1 and 2, we will not continue with the increased staff expenditure in years 3, 4 and 5.

In terms of rental income, we have faced more demand for space than we can currently meet over the past 5 years and are confident that our forecasts will be met. Should this not be the case, we do have the option of not paying interest on shares or delaying withdrawability; although we would not do so unless absolutely necessary.

Is this a good business proposition?

We expect and will require the business to be profitable in the sense of making sure that income exceeds expenditure each year and that we can meet our commitments to our members and the community. We have 40 years experience of operating from the building and are also drawing on successful projects up and down the country

which have used community shares as a way to get communities to work together to achieve shared aims.

Who is behind this project? Do they have a personal interest?

The Board consists of local people who care passionately about our mission within Birmingham and more widely. They work in a voluntary capacity and contribute a large amount of time to the organisation. They will have no personal financial interest beyond their own investment in community shares.

Do my shares give me voting rights?

Yes! Everyone has an equal voice regardless of the size of their investment.

If I invest, do I take on any other liability?

No, your liability is limited to the value of your investment.

Can my shares increase in value?

No, although we aspire to pay interest on shares, the value cannot increase and could be reduced if our liabilities exceed assets in the future. (This is unlikely as we currently have no plans to take on loans or other ongoing financial commitments and we own the freehold of our building outright).

Can I withdraw or transfer my shares?

Shares can be withdrawn after a period of three years by applying to the Board giving three months' notice. Withdrawals are at the discretion of the Board who will judge if the business is trading profitably enough to allow withdrawals. Shares can only be transferred in the event of death or bankruptcy.

Can I expect interest on my shares?

We have allowed for the possibility of paying interest as we believe it is important to give



Image: Offerings from The Warehouse Cafe (one of our tenants).



Image: The shopfront for Natural Healthy Foods (one of our tenants).

investors a return on investment, subject to the performance of the Society, to encourage continuing support.

What are the risks?

An investment in a Society, as with any business, carries some risk. The business plan gives detailed information about the risks and plans to address them. In particular, the expectations in the business plan are subject to a number of factors that may be beyond the control of the board. As a result, there can be no assurance that actual results will not differ from those described. As the whole of your purchase of shares could carry a risk, please consider it carefully and consider seeking independent financial advice.

Will I get my investment back if the business fails?

All of the business assets, including the freehold of the building, would be sold and the proceeds, after paying creditors, would be used to repay shareholders up to the value of their shareholding. Any remaining monies would be passed

to another not for profit organisation that benefits the community.

What redress do I have if the business fails and I lose the value of my shares?

This share offer is unregulated and exempt from the Financial Services and Markets Act 2000 or subsidiary regulations. This means you have no right of complaint to the Financial Ombudsman, nor can you apply to the Financial Services Compensation Scheme.

I am already a member of Birmingham Friends of the Earth, how does this proposal affect me?

If you are already a member, you retain all your existing rights to attend meetings, have a vote, stand for election to the Board and so on. You are also welcome to invest in this Share Issue if you wish.

I can't afford to invest in any shares. Is there another way I can support the project?

Yes! There are lots of ways you could help as a volunteer or campaigner – please drop into the building at any time, or ring us on 0121 632 6909 for further details.

We also welcome regular financial donations which can be set up on-line at:

<https://localgiving.org/charity/birminghamfoe/>

What impact will HS2 have on this project?

We have been engaging with the promoters of the High Speed 2 rail scheme and Birmingham City Council since it was first proposed. One welcome development has been the proposal to install a pedestrian bridge over the railway lines going into New Street at the top of Shaw's Passage. We believe that this will make our building a landmark on the main pedestrian route into Digbeth during and after construction works, improving footfall and making our building a good long-term investment.

How can I find out more about the project?

If you have any further questions or want to know more about the project, what we do, or how to get involved, please address them to the Board by emailing shareoffer@birminghamfoe.org.uk or have a look at the supporting documents at www.birminghamfoe.org.uk/shareoffer

Thanks

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contact

We have applied for The Community Shares Standard Mark, which is awarded by the Community Shares Unit to offers that meet national standards of good practice.

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

Friends of the Earth (Birmingham) Limited is a Registered Community Benefit Society under the Co-operative and Community Benefit Societies Act 2014. Registration no. 22063R

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www.birminghamfoe.org.uk/shareoffer

www.crowdfunder.co.uk/unlocking-the-warehouse

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