

ELP, Brockham

Frequently Asked Questions

13 January 2010

The countdown continues

Ordinary Shares remaining: 60

Countdown: 23 days



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Ten Frequently Asked Questions

The campaign and fund raising has generated a significant number of questions which the villagers have reasonably asked. Below are the ten most frequently asked questions and hopefully helpful answers.

1. What is ELP Brockham?

ELP Brockham (in full, Emergency Land Preservation, Brockham) is the campaign to purchase a plot of land and a barn in Middle Street. Residents want to purchase the land to preserve it and put it to appropriate use for the benefit of the local community.

2. What is Middle Street Land Limited?

In order to purchase the aforementioned land, a company has been incorporated to purchase the plot and, by doing so, two key objectives can be satisfied. First the purchase of the land can be conducted quickly and secondly shares in the company can be purchased by the villagers. As shareholders, those subscribing can determine the future use of the plot. Middle Street Land Limited, a separate legal entity limited by shares, is the company which will own the land.

3. How do I invest?

The company, Middle Street Land Limited, has only 340 ordinary shares available for subscription. Each of those shares is priced at £500. To invest all you need to do is purchase one or more of those shares.

4. What if £500 is beyond my reach but I still want to invest?

We are encouraging groups of villagers who, individually, are unable to commit to one share to band together with friends and/or neighbours to purchase a share between them. We are also willing to help those who would like to be "matched up" with others in a similar position. In these circumstances we would suggest that the group agree a spokesperson who will ultimately administer the voting rights attached to the share.

5. If I invest which bit of the field will I own?

If you decide to purchase a share you will own a part of the company, Middle Street Land Limited, which will own the plot. This is no different to being a shareholder in, say Tesco PLC. If you held a Tesco PLC share you could not identify a part of a Tesco outlet which belonged to you directly.

6. Will I participate in Middle Street Land Limited's profits?

Yes. But it is not anticipated that profits will be generated. The main purpose of using a private limited company to purchase the plot is to acquire the land and preserve it on behalf of the village. If the shareholders agree (as an example) to arrange a tenant to occupy the plot and that tenancy generates an income which exceeds the costs, the profits would be available to the shareholders (after the tax man has enjoyed his slice). Please note the Directors of the company consider that the generation of significant profits in the future is highly unlikely.

7. To what extent will I have to pay maintenance or other on-going costs?

The Directors consider it unlikely that investors will be asked to contribute further. There is a risk of course, which the Directors must bring to your attention, that if the land produces no revenue, maintenance costs will still need servicing. It is the opinion of the Directors that those costs are likely to be negligible. For instance with the anticipated 340 shareholders should the annual maintenance costs be circa £2,000 and income be zero; that would result in a maximum expected risk per share of under £6 per annum.

Under the Companies Act (as amended) the Directors have a fiduciary duty to inform you of the above and are under a duty to safeguard the company asset.

8. How likely is it that the plot will produce revenue?

In the Directors' opinion, this is extremely likely!

Presently the plot has produced an income for the current owner with a commitment that the tenant suitably maintains the plot.

The current tenant has expressed an interest to remain and that, along with much local interest in many revenue generating ideas, would be debated by the shareholders following the acquisition of the land.

Suggestions to date have included growing local foodstuffs (being Brockham's commitment to supporting the community shop and the village at large); creating further allotment space; and pursuing local government grants to further enhance village life.

9. Will the villagers be able to help with the maintenance if need be?

If maintenance is required, we will call upon the skills and commitment of villagers in the first instance as this land demonstrates we are a community helping itself.

10. What happens if I need to sell my share?

Firstly, whilst this is an investment to secure the plot, your investment should be treated by you as money to support your way of life in the village. Potential shareholders should be aware that shares in Middle Street Land Limited will not be a liquid investment.

Once again, please note that this should not be treated as a money making opportunity, it is extremely unlikely that you will see any return on your investment. However, it will enable you to become a part of preserving the village as we know it and giving you the opportunity to "have your say" on what happens to this piece of land within the community.

The details regarding the disposal of shares and pre-emption rights will be documented in the Memorandum and Articles of Association of the Company.

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