

B4RN[®]

Broadband for the Rural North Ltd

**Broadband for the Rural North Ltd, Station Yard, Melling, Carnforth LA6 2QY
Registration no. 31352R**

Prospectus - Invitation to subscribe for shares in Broadband for the Rural North Ltd (trading as B4RN) – August 2020

The Society

Broadband for the Rural North Ltd (known as B4RN) is a Registered Society under the Co-operative and Community Benefit Societies Act 2014 (registration number 31352R).

Day-to-day operations are overseen by a Board of Directors who are answerable to the Society's members.

B4RN's annual audited accounts and statutory returns are available to view on the Mutuals Public Register maintained by the Financial Conduct Authority (FCA).

The Society aims to:

- Provide high speed broadband to domestic and business premises located in the rural areas of the UK, especially those areas which are poorly served by their current broadband suppliers;
- Promote the take up of broadband, the Internet and the use of ICT generally;
- Provide an opportunity for public-spirited people and organisations to contribute financially to the Community, with the expectation of a social dividend, rather than personal financial reward.

As a Community Benefit Society B4RN must operate for the benefit of its defined Community rather than for the benefit of its members and shareholders. B4RN can pay interest on its shares but only at a level necessary to attract and maintain the investment needed to fund the network construction and operation. Any surplus funds must be used to benefit the Community and not be distributed to shareholders.

B4RN's Network

Since 2011 B4RN has steadily developed a broadband network covering parts of Lancashire, Cumbria, Northumberland, North Yorkshire, Cheshire and Norfolk. As at the end of July 2020 the network was operational in 87 Parishes covering nearly 3,000 km² with 7,500 connected properties, increasing at the rate of around 150 new connections per month.

Cost of building the network

The cost of building the originally planned network, leasing fibre from Telecity in Manchester and installing the necessary equipment was estimated to be £3.5m. Most of

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the original network planned in 2011 has now been completed. This was funded via £1.4m of shares with £1.3m of loans and volunteer effort from within the Community.

B4RN is now in a new phase of adding additional Parishes and areas in response to requests to expand the network. Each expansion needs to be funded by the new communities via the purchase of new shares. New Parishes can be contiguous with the core B4RN network or anywhere in the UK so long as we are able to find ways of providing network links to them from our core and of course each Parish has to be self-funded no matter where they are.

Investments made are “tagged” to the area of build that the investor wishes to support, generally where they live, but not always. We do get investments from people and institutions that are not in our build area or have no specific build area in mind, but who wish to support our ideals of Community builds. These go into the “untagged” pot. Each build has a funding target set and the combination of investments and any Government grants need to add up to that. Sometimes the amounts raised exceeds the actual build costs and the Community investment surplus is then added to the untagged pot. This is used to support other build areas that are struggling to raise their project funding. Not all areas are equally affluent and some face bigger fundraising challenges than others, but through the untagged pot we can help them. Each build Community has its own identity but is also part of the bigger B4RN Community and mutual help and support is key.

Investment and membership of B4RN

Each B4RN share has a nominal value of £1. The minimum shareholding is £100 and anyone purchasing shares becomes a member of B4RN and is entitled to vote at General Meetings and become involved in the strategy of the Society. The maximum shareholding is £100,000 worth of shares. As a Community Benefit Society, a member is entitled to one vote at General Meetings irrespective of the number of shares they own.

Withdrawal of investment

All shares are “withdrawable shares” and can only be sold back to B4RN. They have no potential for capital gains and will only be redeemed at face value. For the first three years the investment cannot be withdrawn. Annual interest will be paid at a rate which will be determined by the Board after taking into account the financial position of the Society and FCA rules. At present the target rate is 5% which is paid in the form of additional shares credited to the investor’s account.

From Year 4 onwards investors may apply to withdraw their investment. B4RN puts aside an amount each year to fund these withdrawals, however the amount available will be subject to the Society’s trading position and will be at the discretion of the Directors, so there is no guarantee that there will be sufficient funds put aside in a particular year to meet all demands for withdrawal.

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First priority will be given to those investors wishing to withdraw the interest payments they have received in the year. These will always be paid if requested.

Any remaining requests will be handled on a first come, first served basis until the withdrawals fund is exhausted.

B4RN estimates being able to redeem all outstanding shares by 2027 if investors wish to redeem their shares.

Clearly there are risks associated with buying these shares given that they are withdrawable only and this is subject to the Society's financial position and the decisions of the Directors.

You may feel it appropriate to take professional advice before investing.

Larger Investors

Those investors purchasing at least £1,500 worth of shares will be able to designate a property within the B4RN coverage area which B4RN will connect without payment of the £150 connection charge.

Investors wishing to buy more than 1,500 shares can take advantage of this offer for each complete 1,500 purchased. There is a cap of four free connections per investor. They can either designate additional properties themselves for free connection or leave it to the Directors to identify cases which might need support getting online. B4RN will assume the investor's home address to be the property designated for free connection unless told otherwise. This incentive is subject to review by the Directors and may be cancelled in the future, reflecting the steady lowering of the risk profile of B4RN and hence the reduced need to offer incentives to invest. However once shares are bought, the benefits offered at the time of purchase would apply irrespective of how long before the property is actually connected.

Shares application form

B4RN publish two versions of the application form (one for individuals, one for organisations).

Investors will need to fill out the appropriate one, sign it and return it to B4RN.

Application forms are available to download from the B4RN website: www.b4rn.org.uk or by emailing info@b4rn.org.uk.