

Sidbury Community Enterprises

SHARE OFFER

FOR THE COMMUNITY PURCHASE OF
The Red Lion Inn, Sidbury



The Red Lion Inn, Sidbury

Share Offer Launch: 14 April 2014

Share Offer Closing Date: 23 May 2014

Our Minimum Share Raising Target: £200,000

Individuals & Organisations Can Invest: £50 – £20,000

Sidbury Community Enterprises Share Offer

THE STORY

The Red Lion is a Grade II village pub set in the heart of Sidbury in the picturesque Sid Valley in East Devon. The pub was put up for sale in April 2013 by its owner, Punch Taverns. This has been turned into a unique opportunity to purchase the pub for and on behalf of the community, to invest in upgrading the facilities and really make it the pub in the village that the community can be proud of!

THE OFFER

Sidbury Community Enterprises has been created by Save The Red Lion Campaign as a community Industrial Provident Society limited company to purchase the Red Lion. The funds raised from this share offer, combined with other funding, will enable us to purchase the freehold of the Red Lion so that it can become a successful village pub and a true asset that will be valued by our community.

THE PROCESS

This share offer prospectus:

- outlines our project and its benefits to our community
- explains the community share offer and provides information about Sidbury
- Community Enterprises invites you to become a shareholder in this exciting venture to retain and develop the Red Lion for our community.

You are invited to invest in this community enterprise established to secure and develop the future of our village pub, the Red Lion in Sidbury in the picturesque Sid Valley, East Devon.

Please invest and give the Red Lion back its roar!

BACKGROUND

The Red Lion Inn is a Grade 2 listed pub which was part of an original coaching inn. It is situated opposite St Giles church in the centre of Sidbury, East Devon. Sidbury village is situated in the heart of the picturesque Sid Valley; a designated Area of Outstanding Natural Beauty. The village is on the East Devon Way, and only three miles from the popular Jurassic coastline by the Regency town of Sidmouth.

The Red Lion is the only remaining pub in the village of 800 inhabitants. Over the past several years the pub has become rather tired and in need of considerable refurbishment. It is now facing difficult trading conditions as a tied pub and through a continuing lack of investment.

In April 2013, although still trading, Punch Taverns placed the Red Lion up for sale. In response in May 2013 determined villagers rallied around and formed Save The Red Lion Campaign with the intent of retaining the pub for the community.

In September 2013 the Campaign persuaded East Devon District Council to register the Red Lion as an asset of Community Value under the 2012 Localism Act. This protects the pub from being sold for alternative use for 5 years. In November 2013 the Campaign registered its Industrial Provident Society limited company – Sidbury Community Enterprises – in order to purchase the Red Lion.

In February 2014, having completed detailed due diligence on the property and a potential future Red Lion business, Sidbury Community Enterprises produced a Business Plan that it believes is both realistic and robust in its business assumptions and financial projections.

The Business Plan is available at:

<http://sites.google.com/site/thepubinthevillage/SCELBusinessPlan.pdf>.

This has led to the Red Lion's owner, Punch Taverns, agreeing to sell it to Sidbury Community Enterprises at a price significantly below the owner's asking price.

This community share offer prospectus invites you to purchase shares in the future Red Lion business which Sidbury Community Enterprises sees as an exciting venture as it creates the first community owned pub in East Devon established under the 2012 Localism Act.

A FUTURE FOR THE RED LION

Sidbury Community Enterprises has researched and considered what a future Red Lion business should look like. It is imperative that the local community support the pub and that the pub supports its community. We want the Red Lion to be a good quality, good value, well respected village pub. We believe that this is what the village needs, what villagers want and also what makes good business sense.

In addition to creating a profitable pub business, Sidbury Community Enterprises will ensure that it facilitates the widest possible community use of the pub. This is reflected in its vision to open the pub for longer hours. This will allow the pub to establish a morning and afternoon cafe style facility that is lacking in the local area. As well as allowing it to extend its opening times for the provision of meals and the sale of alcoholic beverages.

The pub will be refurbished in a couple of phases. This will immediately lead to an upgrading of the bar and restaurant areas, as well as the skittle alley, toilets and courtyard area.

In support of all of this in February 2014 Sidbury Community Enterprises produced its vision for a future Red Lion business which was delivered door to door across Sidbury.

KEY ASPECTS OF SIDBURY COMMUNITY ENTERPRISES' VISION INCLUDE:

Bar

- ❖ Redesign bar area, including moving the bar.
- ❖ Provide well kept cask ale, cider, lager and stout, as well as good quality wines.
- ❖ Keep a good cellar and achieve recognition for this through being awarded e.g. CAMRA accreditation and Cask Marque.
- ❖ Creating a village pub atmosphere.

Restaurant

- ❖ Serve locally produced and sourced produce.
- ❖ Establish a valued and interesting "specials" board.
- ❖ Provide a good variety of lunchtime meals and snacks.
- ❖ Introduce a regular traditional Sunday lunch.
- ❖ Open regularly throughout the week at both lunch time and in the evenings.

Cafe

- ❖ Provide quality refreshments and snacks.
- ❖ Create a coffee shop experience in the village
- ❖ Open regularly during mornings and afternoons.

Accommodation

- ❖ Create inviting, comfortable and relaxing bed and breakfast accommodation.

Courtyard

- ❖ Upgrade the external courtyard area so that customers can relax in clement times of the year.

Family Friendly

- ❖ Whilst being inviting and welcoming towards families, the pub will also respect those customers who come to the pub for solitude or socialising.

Community

- ❖ Offer the pub facilities for maximum community use and supporting community events and projects.
- ❖ Provide new non-core services to the community.
- ❖ Support community organisations and events.
- ❖ Continue to support pub skittle and darts teams.

Reputation

- ❖ Build a great reputation for all that the pub provides.
- ❖ Ensure the pub is listed in good food, beer, accommodation and pub guides.

Improving the Red Lion

- ❖ Upgrade and improve the fabric of the pub on a phased basis.
- ❖ Refurbishing the bar area, toilets and skittle alley.
- ❖ Maintain the decor and fabric of the pub once refurbished.

Landlord/Landlady

- ❖ Initially run the pub with an experienced pub manager to ensure that it starts off to a great start.
- ❖ Move to having an experienced tenant who will develop and grow the business and community links.

A fuller version of Sidbury Community Enterprises' vision for a future Red Lion business can be found at:

<http://sites.google.com/site/thepubinthevillage/Feb2014VisionStatement.doc>

THE RED LION SUPPORTING THE COMMUNITY

Sidbury Community Enterprises wants the Red Lion to be far more than just the pub in Sidbury. We will create it as a key social hub of the local community, at the heart of the village.

Equally, we want the Red Lion to be owned by the community in the widest possible way. The Red Lion has been listed by East Devon District Council as an Asset of Community Value. We intend to make it live up to that listing by inviting the community to use the Red Lion for community activities and for delivering services to the community.

Sidbury Community Enterprises will look at how the pub can use its space and long opening hours to provide innovative local community services, some of which were identified within the village survey that was conducted locally in the autumn of 2013.

The Red Lion will continue to support local teams such as the pub darts and the skittle teams. It will continue to attract and offer its facilities to a range of community groups and organisations. There are in excess of fifteen such groups in the village including a successful amateur cricket team, groups associated with the church and an active PTA at the local Sidbury Primary School. Developing links with the school will be an additional opportunity to grow broader community links.

The Campaign deliberately created Sidbury Community Enterprises as an Industrial Provident Society to encourage the widest possible community investment in the Red Lion. The company's name was also created to reflect its desire to be rooted in the community. The pub's links with, and use by, the community are central to the objectives that Sidbury Community Enterprises is championing.

Sidbury Community Enterprises has built into its Business Plan a commitment, subject to the company's finances allowing this, to financially support local community organisations year on year.

RED LION OWNERSHIP

The Red Lion will be owned by Sidbury Community Enterprises which is a community benefit Industrial Provident Society limited company which is run as a co-operative enterprise. Sidbury Community Enterprises will in turn be owned by its shareholders who will as shareholder members, elect a Management Committee to oversee the efficiency of the business.

Sidbury Community Enterprises will be promoting the widest possible share ownership of the Red Lion amongst our local community. To encourage this it has determined that each shareholder member, regardless of the number of shares that they own, will have an equal vote at shareholder meetings.

Sidbury Community Enterprises, through its Management Committee, will not run the pub on a day to day basis. It will employ a tenant landlord or landlady who will have the responsibility to run the business in the best profitable way within a clear vision statement, as set out in our Business Plan, and within clear contract terms that they will be expected to operate within. However, initially we want to have a short term manager who will be responsible for getting the new Red Lion business off the ground.

Sidbury Community Enterprises' clear intent is for the Red Lion to be a profitable business. This way Sidbury Community Enterprises will be able to reinvest in developing and maintaining the Red Lion, whilst supporting local community activities and organisations, repaying commercial business loans and providing an affordable return to shareholders

FUNDING A COMMUNITY OWNED RED LION

Sidbury Community Enterprises needs to fund the purchase of the Red Lion, invest in the new business's start up costs and to undertake Phase 1 of our planned internal and external refurbishment works to the pub.

We intend to raise these funds in two ways. Firstly, through this community share offer and secondly by obtaining a mortgage.

The total costs associated with the purchase and establishment of the new Red Lion business are:

- Purchase Price	£190,000
- Start Up Costs	£ 38,000
- Phase 1 Refurbishment	£105,000
Total Costs	<u>£333,000</u>

The funding required through this share offer to meet the costs associated the purchase and establishment of the new Red Lion business are set at raising £200,000. This will be supplemented by obtaining a mortgage. The total funding to be raised is:

- Share Offer	£200,000
- Mortgage	£133,000
Total Raised	<u>£333,000</u>

Sidbury Community Enterprises had hoped that it could also raise funds from grants but none are currently available to fund our planned work. There may be small community development grants that we might be able to access later.

Anyone who supports the objectives of a community owned Red Lion can also make a loan or a donation to Sidbury Community Enterprises.

SIDBURY COMMUNITY ENTERPRISES

Sidbury Community Enterprises is an Industrial Provident Society (the Society) which operates for community benefit and as a limited company. Sidbury Community Enterprises' members and directors have the protection of limited liability.

Those who purchase community shares in Sidbury Community Enterprises become members of the Society, whose Rules guarantee that its assets will be used for the benefit of the community and cannot be disposed of for private profit, except for repayment of the capital sum invested by each shareholder after any debts are paid.

The initial Management Committee comprises of 10 local founder members, none of whom will ever have a personal financial interest in the project above and beyond their own personal investment through their shareholding. The Management Committee is accountable to the Society's members and will be elected through members' votes at Annual General Meetings, the first of which will occur within six months of the end of the Society's financial year.

The Management Committee will communicate during the year with shareholder members, as well as at Annual General Meetings at which they will be provided with an Annual Report, as well as the Society's audited accounts.

INVESTING IN SIDBURY COMMUNITY ENTERPRISES

The aims and objectives of Sidbury Community Enterprises are not an exercise in generating large returns for shareholder members, but rather investors should regard investing in Sidbury Community Enterprises as a longer-term investment in our community. This was the rationale for establishing it as an Industrial Provident Society.

The return on your shareholder investment will be through both a 'social dividend' – i.e. the retention and development of the Red Lion as a community asset supporting an ever more vibrant and cohesive community – and through a modest return on your shareholding. This would be paid at the discretion of the Management Committee and as endorsed by shareholder members at an Annual General Meeting.

Sidbury Community Enterprises' Business Plan shows that its intention is not to pay a return on investments before Year 3 of trading at the earliest. The Business Plan shows that the priority is to reinvest profits in the Red Lion in order to create and develop a successful business that delivers services to our community, promotes the Red Lion for maximum community use and which supports community events and organisations

THIS SHARE OFFER

This share offer will give you an opportunity to contribute financially, on a longer-term basis, to our new Red Lion business and to support retaining the Red Lion at the heart of our community. Investors must be aged 18 years or over. Individuals and organisations can apply for shareholder membership by buying shares at a cost of £50 per share, up to a maximum investment of 400 shares (£20,000) per person or organisation.

In the event that this share offer does not raise its minimum financial target then your cheque will be returned to you un-cashed and if you have applied for shares on line via Microgenius, your nominated bank account will only be debited once the share offer closes successfully.

Sidbury Community Enterprises is not regulated by the Financial Conduct Authority therefore shareholder members cannot apply to the Financial Services Compensation Scheme and have no right of complaint to the Financial Ombudsman.

YOUR SHARES

Shares have to be sold back to Sidbury Community Enterprises. The value of your shares cannot increase and their value may be reduced if the business makes continued losses. To recover the sum you initially invested (or any reduced value) you would be required to give three months notice of withdrawal of your investment to the Management Committee; however, you cannot do so for the first three years after the date of this share issue.

All withdrawals of shares by shareholder members will be at the discretion of the Management Committee and must be funded out of either trading surpluses or new share capital. Total withdrawals in any year will be limited to a maximum of 10% of the value of this share offer.

Sidbury Community Enterprises' Rules determine that any trading surplus, after payment of a return to shareholder members and repayment of share capital, must be reinvested in the business or used for community purposes.

SHAREHOLDER RETURNS

Sidbury Community Enterprises' Rules do not allow it to pay returns in excess of 2% above the prevailing Bank of England base rate. The Business Plan assumes that a shareholder return will be affordable in Year 3 of trading.

The Management Committee can suspend shareholder returns if the business's performance does not justify paying a return. Therefore, you should not invest in the expectation of a significant or immediate financial return, as this is not a conventional investment opportunity

PURCHASING YOUR SHARES

There are two ways that you can purchase shares in Sidbury Community Enterprises:

- 1. Share application form:** complete the share application form on the back page of this booklet and return it completed to the address given, along with a cheque for the total amount of shares you are purchasing. **Your cheque will not be banked until the share target has been reached.** If the minimum number of shares required for this share offer are not sold your cheque will be returned to you.
- 2. Online:** shares can also be purchased online through Microgenius. Microgenius is a secure online platform operated by Co-operatives UK, in partnership with Locality, as part of their support service for community share offers, such as this one. Microgenius uses a direct debit facility called GoCardless, which will only debit your nominated bank account once the share offer closes successfully. The exact amount will be shown before you commit to buying.

If the minimum share target is not achieved, Microgenius will not debit any money from your bank account. For more information visit <http://www.microgenius.co.uk/>.

FURTHER INFORMATION

There are a number of ways in which you can obtain further information about this share offer, Sidbury Community Enterprises' intentions for a future Red Lion business, and the campaign that has championed the retention of the Red Lion as a community pub in Sidbury and they are listed below.

We will be holding a couple of local open days during the period that the share offer is open where you can find out more about this share offer and Sidbury Community Enterprises' future business plans for the Red Lion. Details of these will be circulated within Sidbury, advertised in the local press and posted on Sidbury Community Enterprises' blog site. You are cordially invited to come along to one of the open days.

Thank you for taking the time to read this share offer prospectus. Thank you also in advance for supporting this share offer and Sidbury Community Enterprises' purchase of the Red Lion as a community asset.

Email: thepubinthevillage@gmail.com

By post: Sidbury Community Enterprises, West Barn, Northcombe Farm,
Salcombe Regis, EX10 0JQ

Telephone: Chair, Fred Burnett, on 01395 514407 or
Secretary, John Loudoun, on 07703 194136

Read the Business Plan:

<http://sites.google.com/site/thepubinthevillage/SCELBusinessPlan.pdf>

Read Sidbury Community Enterprises' vision for a future Red Lion business:

<http://sites.google.com/site/thepubinthevillage/Feb2014VisionStatement.doc>

Read Sidbury Community Enterprises' Rules:

<http://sites.google.com/site/thepubinthevillage/SCELRules.pdf>

Visit Sidbury Community Enterprises' blog site:

<http://thepubinthevillage.blogspot.com>

Share Offer Open Days

Friday 25 April & Saturday 3 May

10.00am – 4.00pm

Sidbury Village Hall

**All Welcome - find out about the community share offer &
Sidbury Community Enterprises' plans for a future Red Lion**

FREQUENTLY ASKED QUESTIONS ABOUT INVESTING IN SIDBURY COMMUNITY ENTERPRISES AND THE RED LION

Who will benefit from the community purchase of the Red Lion?

Sidbury Community Enterprises wants the pub to be used as a social hub by the community and regarded as an asset for the whole village. We want to maximise the use of the pub for community use. So, perhaps a mother and toddler group could be run in the skittle alley. We want to provide new services for the community, e.g. a parcel collection and drop off point or acting as a small post office. Also, we want to support local community groups and events and will, subject to our finances, each year donate money to support these.

Who will benefit from my investment in Sidbury Community Enterprises?

The local community, the pub's customers and its shareholders will all benefit from your investment. No one individual or group of shareholder members will benefit any more than any other shareholder. Your investment is in creating a successful community village pub.

What will my investment be used for?

Shareholder investment, and the capital raised from obtaining a commercial loan, will fund the purchase of the pub. It will also fund the work that is essential to upgrade and improve the pub, as well as funding the costs of starting up the new business.

What refurbishment will there be to the Red Lion?

The Red Lion has suffered from a long period of lack of investment in the building's structure, decor and facilities. We want to bring the Red Lion up to a standard expected of a successful, comfortable village pub. Eventually, we would like to develop the pub more. Ideally, we would have wanted to undertake all the necessary improvements to the pub once we take over ownership of the pub, but all of this would take more time and money than we initially will have. It will therefore need to be undertaken in at least a couple of phases.

In Phase 1, which may require the pub being shut upon purchase, we intend to primarily concentrate on upgrading the ground floor, skittle alley, courtyard, the roof and the front of the pub. We want to quickly have the main customer parts of the pub improved and ready to welcome customers. The Phase 2 improvements, which happen once we have created sufficient business surpluses, will then concentrate on the first and second floors of the pub.

How long will the refurbishment take?

We have planned that the Phase 1 works will be undertaken and completed within 3 months. We will need to ensure that the works are carefully project managed as every day that the pub is not open we will be losing potential business and money. We have factored this closure into the financial assumptions and projections within our Business Plan.

Will I get a return on my investment?

Investment in Sidbury Community Enterprises is an investment in a community project rather than a more mainstream company. The company's Rules place a cap on the maximum level of return that can be paid out each year at 2% above the prevailing Bank of England base rate. Our Business Plan does not anticipate paying a return to shareholder members before Year 3 of trading. Our priority has to be, particularly in the short term, reinvesting in, and developing the business.

What will happen to my investment if something goes wrong?

Sidbury Community Enterprises is a limited company. Its shareholder members have no individual liabilities in the event that something untoward happens to the company. However, investing in any business is a potential risk. The limit of your potential liability could be up to the value of your shareholding.

SIDBURY COMMUNITY ENTERPRISES SHARE APPLICATION FORM

To invest in Sidbury Community Enterprises and help to support a future community Red Lion business complete and return this application form. The completed form, along with a cheque, needs to be received prior to the closing date for this share offer of 23 May 2014.

Each individual or organisation applying for shares must complete a separate form.

Each share is being sold for £50. The minimum purchase is one share. You may buy as many shares as you want, up to a maximum of 400 shares at a total price of £20,000. You may purchase any multiple of £50 shares up to the maximum amount.

Please complete in capitals

Name	
Address	
Postcode	
Telephone number(s)	
Email	

(please tick) I confirm that I have read the Sidbury Community Enterprise share offer prospectus and agree to purchase (*number*) of shares at a total price of £.....

By purchasing Sidbury Community Enterprise shares I agree to my name, address, phone number(s), email address and the number of shares I wish to purchase being held on a computer database. This information will only be used for the purpose of maintaining a register of shareholder members and for posting notices regarding the activities of Sidbury Community Enterprises.

Investors must be aged 18 years or over.

Signature:

Date:

Please return this completed form, along with a cheque for the amount identified above and *made payable to Sidbury Community Enterprises Limited*, to – ***The Treasurer, Sidbury Community Enterprises, West Barn, Northcombe Farm, Salcombe Regis, EX10 0JQ.***

Sidbury Community Enterprises Ltd is an Industrial & Provident Society for Community Benefit. Registered in England No: IP03224. Registered address: 6, Hillside, Sidbury, Devon EX10 0QZ.