

Chedburgh Marquis Community Hub Limited

SHARE PROSPECTUS



Launch Date: 5th October 2018



Chedburgh Marquis Community Hub Limited is a Community Benefit Society registered under the Co-operative and Community Benefit Societies Act 2014 Financial Conduct Authority Registration No: 7782

CONTENTS

1 - Offer summary	<u>3</u>
2 - What is Chedburgh Marquis Community Hub Limited	<u>4</u>
3 - The Community Share Offer	<u>4</u>
4 - Background	<u>6</u>
5 - Our Mission and the projected benefits to the community	<u>7</u>
6 - Financial performance and projections	<u>8</u>
7 - How will Chedburgh Marquis Community Hub Limited be managed?	<u>10</u>
8 - Frequently asked questions	<u>11</u>
9 - Application for Membership	<u>14</u>

1

OFFER SUMMARY

- You are invited to invest in **Chedburgh Marquis Community Hub Limited ('CMCH')** through the purchase of Community Shares;
- **CMCH**, a Community Benefit Society, has been established to purchase, refurbish and reopen the The Marquis Cornwallis (the 'Pub');
- **CMCH** is registered at the Financial Conduct Authority under the Cooperative and Community Benefit Societies Act 2014 (the 'Act'). Its Register number is 7782;
- **CMCH** is seeking to raise capital from this Share Offer a minimum amount of **£100,000**;
- In total **CMCH** is aiming to raise a minimum of **£350,000** through a combination of the sale of Community Shares, grants and loan funding;
- Community Shares have a nominal value of **£50** each;
- The minimum investment under this share issue is **£50** and the maximum is **£100,000**;
- The Share Offer is open to both individuals and institutions;
- The opening date of the Offer is **5th October 2018** and it will remain open until the society has sufficient funds to purchase and renovate the Chedburgh Marquis, or it becomes clear that it is not possible for the society to purchase and renovate the pub itself;
- The Business Plan of the Society is available to view on our website – **www.savethemarquis.co.uk**
- You should note that this Share Offer is not subject to the Financial Services Markets Act 2000 ('FSMA 2000'), is not covered by the Financial Services Compensation Scheme ('FSCS') and investors will have no recourse to the Financial Ombudsman;
- Investors could lose all or some of their investment.

This Share Prospectus is intended to:

- Explain about CMCH and how the share offer will work;
- Outline the project and its benefits for members and the community; and
- Invite you to apply to buy Community Shares and help make this happen.

If you are unsure whether to invest or not it is recommended that you consult with a professional advisor.

2 WHAT IS THE CHEDBURGH MARQUIS COMMUNITY HUB LIMITED?

CMCH is a Community Benefit Society established under the Act. It is owned and managed by the community for the benefit of the community. **CMCH** is registered with the Financial Conduct Authority, Register No. 7782.

CMCH was set up to purchase, renovate, reopen and develop services for the Pub and thereby to create an inclusive village hub.

Its constitution is set out in its Rules which are based on the Model Rules of the Plunkett Foundation. The Society's Rules can be found on CMCH's website (www.savethemarquis.co.uk).

CMCH is run as a not for private profit Society and any surpluses generated by the Society must be used either to further the business through reinvestment or distributed to organisations within its community.

3 THE COMMUNITY SHARE OFFER

This document describes an opportunity to become a member of **CMCH** (a 'Member') by subscribing for shares in the Society ('Shares'). Any individual, company or organisation can become a Member. **CMCH** is operated on a "one Member, one vote" principle, as set out in its Rules.

CMCH's first purpose is to raise sufficient funds to secure the Pub by acquiring, developing and reopening it.

Individuals (aged 18 years and over) and institutions can apply for membership by subscribing for Shares at a nominal price of **£50** per share, with a minimum investment of 1 share. i.e. **£50**.

The maximum that can be invested by an individual or institution, as set out in the Act, is **£100,000** (2,000 shares).

If the share offer is oversubscribed the Management Committee reserves the right to refuse part or all of an application for Shares.

CMCH's Rules enable it to pay interest on all shareholdings at an interest rate proposed by the Management Committee, based on the performance of the Society, and put to a vote of Members at the Annual General Meeting. It is our aim to pay an interest rate of **3%** in years 4 + 5. The payment of interest will however be dependent on the performance of **CMCH**.

It is important to note that the value of the Shares will not increase. The only financial benefit for members is any interest paid annually and any initial tax relief that may be obtained.

The Shares are not transferable (except on death or bankruptcy) and cannot be sold.

Investors may request to withdraw any Shares purchased through this Share Offer after a period of 5 years has elapsed from the date the Shares were issued, by giving three months' notice of withdrawal to the Management Committee. Shares can be withdrawn only at the discretion of the Management Committee. The Management Committee will have the authority to refuse a withdrawal request if it would endanger the viability of the Society.

Full details of share ownership and the terms of withdrawal are set out in the Rules of the Society.

In the event that, for whatever reason, the Pub is sold, shareholders would be repaid their investment after repayment of all debts. Any surplus remaining after such repayment of Shares and debt, would be paid to a charitable or community body.

As **CMCH** benefits from limited liability, the maximum that an investor can lose is the amount of the original investment.

You should be aware that this Share Offer is unregulated. It is not subject to FSMA 2000. Additionally, there is no recourse to the FSCS nor to the Financial Ombudsman.

Copies of the Business Plan and the Society's Rules are available on our website (www.savethemarquis.co.uk) or can be requested from any member of the Management Committee.

You can join the project to secure the Pub by subscribing for Shares and becoming a Member.

It is important that you read this Share Offer, the Society's Rules and the Business Plan carefully in full before making a decision on whether you want to subscribe for Shares.

This offer for Shares opened on 5th October 2018 and will remain open until such later date as may be advised.

4 BACKGROUND

The Pub had been well-used and successful for many years and had played a central role in the life of the village, prior to its closure in October 2016.

West Suffolk Bury St Edmunds Borough Council registered the whole of it as an Asset of Community Value under the Localism Act 2011 on 23rd November 2017. This meant that the Marquis could not be sold without the community first having the right to consider making a bid.

In November 2017, the Pub was put up for sale by the owners, Kenya Trading Ltd. Following a public meeting in December 2017, the Parish Council then advised the local authority that a community group intended to make a bid for the Pub in line with the ACV.

The Community Group which was set up to make the bid first met in January 2018 as a Steering Group. Its remit was to:

- Firstly, explore making a bid to purchase the Marquis pub and associated land including the car park, and gather information and advice from professional bodies and companies
- Secondly, having completed the first stage and if considered appropriate, make a bid on behalf of the community

Having determined that there was a good business case for proceeding, **CMCH** undertook extensive research into the community owned Pub sector, canvassed support from the community via public meetings and fundraising events and in June 2018 established **Chedburgh Marquis Community Hub Ltd.** as a legal entity to undertake the acquisition of the Pub.

As a result of this positive feedback and support from the community, **CMCH** is now seeking to raise the necessary capital to achieve our objective of buying, refurbishing and reopening the Pub.

In May/June 2018 Kenya Trading Ltd transferred ownership of the car-park and associated open grassed land on the other side of The Street opposite the Pub to a newly formed company, Durian Property UK Ltd, which is closely associated with Kenya Trading Ltd. That change in part ownership makes no difference to the viability of the project; the whole of the property remains subject to its ACV listing. In practical terms it simply means that **CMCH** must negotiate with two owners rather than one.

This Share issue is a key component of the total funding required. Our initial request for pledges has indicated a strong level of financial support available from the community.

5 OUR MISSION AND THE PROJECTED BENEFITS TO THE COMMUNITY

CMCH's vision for the Pub is "no frills" with emphasis on good food and drink in the right atmosphere, that will be inclusive and welcoming to all.

It is planned to establish an increasing number of community services and facilities on the site, which may in due course provide additional services such as a community shop, a café, community cinema and parcel collection point for the whole community.

The aim is to make the Marquis "**more than a pub**" and accessible to all in our community.

This purchase would have many benefits, including:

- Providing a social hub where people can meet their existing friends, make new friends, enjoy a selection of food and beverages, use the internet, borrow and swap books and much more, although some of these are projects for the future;
- Improving the fabric and amenities of the buildings;
- Maintaining and improving community cohesiveness;
- Supporting other community projects through the distribution of trading surpluses;
- By creating a sustainable village hub underpinning the value of properties in the village and making Chedburgh an attractive location for all to live in.

This represents a great opportunity for the village to continue to strengthen the vibrancy and sustainability of its community.

We aim, over time, to provide a significant improvement in social participation across all groups within the community, increased support for existing and new community activities, positive impact on levels of well-being and a growing, supportive well-connected community.

We have listened to what local people have told us they would like and we will endeavour to meet those needs in coming years.

We will operate a viable community owned public-house on a sustainable commercial basis, using all surplus monies to support new and existing community services and facilities. **CMCH** currently works with a number of organisations that offer us assistance and guidance; these include the Plunkett Foundation, CAMRA, Pub is the Hub, the Parish and District councils etc

The Management Committee has been considering the range of services that a community owned Pub can provide and based on the experience of other communities and what we have been told by residents, we have drawn up a list of possibilities.

However to achieve these we first need to acquire the Pub.

6 FINANCIAL PERFORMANCE AND PROJECTIONS

Since its establishment in mid 2018, **CMCH** has received a bursary of up to £2,5000 from the Plunkett Foundation. This has helped to cover the cost of carrying out valuations, conducting a building condition survey and preparing a business plan. This has enabled us to get to this stage. We now need to move on to the next phase of the project, to purchase and reopen the Pub.

To achieve this we believe we will need to raise a total of up to £350,000 from a variety of sources. as follows:

Grant from More than a Pub Programme	£50,000
Loan from More than a Pub Programme	£50,000
Other grants/donations	£50,000
Mortgage/long term loan	£100,000
Community Share issue	£100,000
TOTAL	£350,000

The costs of reopening the Pub are estimated as follows:

Purchase price of freehold	£300,000
Refurbishment costs	£50,000
TOTAL	£350,000

On the cost side, we have conservatively assumed that the purchase price of the Pub will be the current market value of £300,000. Given the ACV listing we believe that a lower price may be achievable. The estimated costs of refurbishment have been provided from professional services.

Once the Pub is reopened we are confident that it will be financially viable. Our headline forecasts are set out below and full detailed financial projections are included in our Business Plan, which can be downloaded from our website (www.savethemarquis.co.uk).

Our projections are based on the assumptions set out in the Business Plan.

	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	224,600	245,960	258,258	271,171	284,729
Expenses	159,500	164,475	175,849	184,641	193,873
Tenant's Rent	26,000	26,000	26,000	27,950	30,046
Tenant's Profit	£39,100	£52,485	£56,409	£58,580	£60,810

7

HOW WILL CMCH BE MANAGED?

CMCH is run by its Management Committee which may consist of not less than 4 or more than 12 Members. The current Management Committee is made up of 10 people who believe that it is vital to secure the future of the Pub for the community.

Richard Plowman (Chairman/Director)

Mark Hill (General Manager)

Mike Caldwell (Company Secretary)

Emma Clark (Social Media & Marketing Manager)

Kev Lloyd (Business Liaison Manager)

Ray Almond (Community Liaison Manager)

Jean Dillon (Administrator)

Hollie Pritchard (Grants Administrator)

Stefan Bransby-Zachary (Treasurer)

Lucy Cardy (Assistant Treasurer)

Brief biographical details can be found in the Business Plan on our website.

Once we have acquired the Pub, an experienced tenant will be recruited to run it. The Management Committee will aim to select a tenant who adheres to the community values espoused by **CMCH**, and who will help to deliver the aims and objectives of the Society.

The Management Committee will liaise on a regular basis with the tenant to ensure the needs of the community are met, and that the tenant receives as much support as possible from the community.

8 FREQUENTLY ASKED QUESTIONS

Questions you may have regarding buying shares in **CMCH**

Why should I buy community Shares?

We need your investment to help purchase the Pub. Without sufficient investment from the community we will be unable to establish the business.

Who will benefit from this project?

The residents of Chedburgh and surrounding villages as well as passing trade will benefit from having an important amenity secured for future generations, both through the direct provision of services but also because the Pub will help to create a stronger, more vibrant and cohesive community in which to live.

Is this a good business proposition?

We expect that the Pub will be financially profitable. We have prepared financial projections based on the perceived specific strengths and weaknesses of the Pub and on industry comparisons provided by Pub is the Hub. These show the Pub can be successful. There are now in excess of 50 community owned Pubs in the UK and none has failed to date. Full details of our forecasts are shown in the Business Plan.

Will you be paying a fair price for the Pub?

We are confident we will be able to secure the Pub for a price that will enable us to establish a successful business.

Who are the people behind CMCH and what do they stand to gain?

The Management Committee consists of a group of

local residents whose details are given above. They care keenly about the future of the Pub and about the community. They will also be investing in this share issue. They will have no personal financial interest in the project, above and beyond their own investment in community Shares. They have contributed a large amount of time to the project so far at no cost to CMCH.

Who will run the Pub and make the day-to-day decisions about the business?

A tenant will run the pub on a day-to-day basis and will liaise closely with the Management Committee. CMCH will be run by the Management Committee, the current members of which are shown above. The shareholders will be responsible for electing the members of the Management Committee from the first annual general meeting.

Will my Shares give me voting rights?

Yes. A Community Benefit Society is an open and democratic organization. One member receives one vote on issues determined by shareholders, irrespective of how many Shares that member has purchased.

Can I get my money back?

You will not be able to withdraw your Shares during the first five years after buying them. Thereafter you will need to give at least three months' notice of your wish to withdraw Shares. Shares can neither be sold nor transferred to someone else. Withdrawals must be

funded from surpluses generated by the business or from new share capital raised from members. The Committee may decline requests for withdrawals depending on the long-term interests of the Society, its need to maintain adequate reserves, and the broader needs of our community.

What happens if the purchase of the Pub does not proceed?

It is possible that we will be unable to complete the purchase. In the event that this happens we will return any funds we have received less any outstanding expenses to investors. It is probable that investors would receive all or the greater part of their investment should the Pub not be acquired.

What happens if the Pub fails?

Should the business fail, all assets, including the freehold of the building and associated land, would be sold and the proceeds of the sale (after paying any creditors) divided between the shareholders up to the value of their Shares. You might receive the full value of your Shares back or you might lose part or all of your investment. However, you should remember that this is an investment underpinned by freehold property.

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

This Share offer is first and foremost an investment in your community. The investment is unregulated and not covered by the Financial Services and Markets Act 2000. Furthermore, there is no right of access to the Financial Services Compensation Scheme nor to the Financial Ombudsman.

Will I receive interest from my Shares?

We will aim to pay a reasonable interest rate to our members. Our Business Plan assumes we will pay interest on shareholdings at a rate of 2% above the base rate of the Bank of England, from year 3, rising to 3% thereafter, subject to the business generating sufficient surpluses. Interest will be paid gross and it is each member's responsibility to declare such earnings to HMRC if appropriate.

How can I purchase Shares in CMCH?

To buy Shares in CMCH and take part in this exciting opportunity, please complete the attached Application Form and return it to the address shown.

If I want more information, whom should I contact?

You can write to us at the Society's registered office address:

Chedburgh Marquis Community Hub Ltd
The Old Post Cottage,
Denston,
Newmarket,
Suffolk CB8 8PW

OR

E-mail: savethemarquis@gmail.com

OR

www.facebook.com/SavetheMarquis

More information is also available on our website - www.savethemarquis.co.uk - including the Business Plan and the Rules of the Society.

APPLICATION FOR MEMBERSHIP

If you wish to become a member of **Chedburgh Marquis Community Hub Limited ('CMCH')** by investing in the Society, please complete the form below and return it to the following address:

Chedburgh Marquis Community Hub Limited, The Old Post Cottage, Denston, Newmarket, Suffolk CB8 8PW



Name: _____

Address: _____

Email Address: _____

Phone number(s): _____

Number of Shares I wish to purchase (minimum 1, maximum 2000) : _____

Value of Shares you wish to purchase (Shares cost £50 each): £ _____

Payment should be made either:

i) by cheque payable to Chedburgh Marquis Community Hub Limited.

Please enclose your cheque with this Application: or

ii) by direct transfer to CMCH's bank account, as follows:

Sort Code : 20-16-12

Account number : 13165752

Reference : NAME AS ABOVE

Please send this Application via email (savethemarquis@gmail.com) or post to CMCH

and tick the box to confirm payment has been made direct to our account

Receipts will be issued by email wherever possible.

By requesting that I become a member of Chedburgh Marquis Community Hub Limited ('CMCH') I agree to my name, address, phone number(s), email address (where applicable) and the number of shares I wish to purchase being held on a computer database. I understand that this information will be used for the purpose of maintaining a register of members and potential members as required by the rules of CMCH and for posting of notices regarding the activities of CMCH. This information will not be passed to third parties.

Signed: _____

Date: _____

