



SHARE OFFER



For the Community Purchase of :

The Swan Inn
Main Street
Grendon Underwood
Buckinghamshire
HP18 0SW

Share Offer

On behalf of The Grendon Underwood Pub Community Society Ltd

Summary

You are invited to invest in a community enterprise, established to secure the future of our Public House, the Swan, Grendon Underwood.

The Swan is the only public house in Grendon Underwood, and has been listed as an Asset of Community Value. In January 2018, the owners of the pub announced their intention to sell, placing it on the market.

As of early May 2018 the pub has been closed.

Locals are aiming to raise funds through community investment to purchase the Swan, and to re-launch it successfully will require £645,000 of initial funding including loans and grants.

The **minimum investment** during this share offer is **£100 per investor** (4 shares at £25 each), with **a maximum of £100,000** per individual investor (being the statutory maximum). The offer opens on 15 September 2018 and runs for 4 weeks (unless an extension period is added).

The primary means of **purchasing shares** is through **Crowdfunder.co.uk**, a secure and trusted platform for community share purchase schemes. The link to the site is: <https://www.crowdfunder.co.uk/grendon-underwood---swan-pub-community-share-offer>

Business or community/social organisations who wish to support the Swan are welcome to invest in the same way.

The full **Business Plan** that underpins this share offer can be downloaded from <https://saveourswan.org/>

This offer is being promoted by the Grendon Underwood Pub Community Society Ltd, The Beeches, Main Street, Grendon Underwood, Buckinghamshire, a Community Benefit Society registered with the Financial Conduct Authority. This offer is not covered by the Financial Services Compensation Scheme and investors have no recourse to an ombudsman.

You could lose some or all of the money you invest.

PART 1: Our Vision and the Benefits to the Community

The Swan Inn, is prominently located on Main Street, in the heart of Grendon Underwood, a village about 8 miles or so to the east of Bicester and 10 miles to the west of Aylesbury. The village has a population of just over 1600 (2011 census). Grendon Underwood is made up of privately owned residential property together with a church, school, village hall and village shop.

Today, the Swan is a detached property being constructed in the main of brick and stone with render finish under a pitched roof with thatch covering. The premises have been in Grendon Underwood village in one or other form for centuries, and legend has it that William Shakespeare was fond of and regularly visited the area. Indeed, one of the properties in the village is named after the Bard. The property is listed, is in a conservation area and (as a result of the Localism Act 2011), the AVDC Council has listed the pub as an Asset of Community Value (ACV). External seating spaces exist and there is a car park to the front. To the rear of the property are a range of single storey detached accommodation blocks.

In 2018, The Wellington Pub Company placed the Swan on the open market. The pub was subsequently closed in May 2018 and determined local volunteers rallied round with the intention of purchasing the pub and establishing it as a centre for further community initiatives. Several village meetings were held, and a comprehensive survey, and the outcome was the set up a **Community Benefit Society** to organise the purchase and run the pub. The Grendon Underwood Pub Commercial Society Ltd ('the Society') has been registered by the Financial Conduct Authority (FCA).

The mission of the Society is “Transforming the pub into a thriving, viable and sustainable business, owned by local shareholders, and run for the benefit of the communities it serves.”

This will encourage social cohesion, communal activities, music events, fundraising events and participation in activities by and through the Society. The Society will provide a social environment for people to eat and/or drink on their own, in couples, with family and friends – or with other pub users. There will be an additional focus on increasing the Pub's daytime usage to benefit local charities and community groups. The intention is to create a warm, welcoming, friendly, traditional suburban pub serving quality real ales, good wine, non-alcoholic refreshment and simple home-made food, using local produce where feasible, therefore benefitting the community by:

- Providing an accessible public house for those locals unable to travel long distances

- Strengthening the already strong community spirit and vibrancy of local villager.
- Re-investing surplus profits in maintaining the Swan, along with (as surpluses allow) making small social grants to local community organisations.
- Providing employment, volunteering and training opportunities for local people

An independent professional business valuation was commissioned to assist with preparations by the Society. The Society has created a Marketing strategy, details of which are outlined in Appendix 1 of this Share-Offer document.

Securing the future of the Swan

The freehold of the Swan pub is on the market for £415,000 + VAT. **The actual price paid will be subject to negotiation** with the owners, the Wellington Pub Company and the VAT will be reclaimable.

An inspection has shown the building to be in a repairable condition, and has identified reasonable remedial work that is required. Renovation will be required to the drainage system, toilets and kitchen, roof, as well as internal decorating and redesign of outside spaces. This remedial work may be phased in as funds allow.

The Society's aim is to raise a sum of money equivalent to the value of the assets, including working capital, through a share issue, grants, fundraising, donations and if necessary commercial loans. The business will require considerable working capital at the beginning. It is estimated that £645,000 will be needed to purchase the freehold, renovate the pub, get it ready for opening and provide working capital in the early months. With this in mind, the business model has been designed to **offer investors the chance of tax relief** through a range of schemes, subject to individual eligibility and on a first come, first serve basis (more details of available tax reliefs are given later in this document).

After funds raised through shares, donations, grants and match-funding, any net financing will be sought through loan finance (including a bridging facility) which would be secured on the property.

The target is to at least 50% of the funds needed through the sales of shares.

The 'Share-Offer' is launched on 15 September 2018, and will remain open for at least 4 weeks. If the above minimum share funding has been achieved the shares will be issued to the purchasers and the sale-funds will be drawn down.

The Business Model

The decline in the pub's fortunes prior to its closure in 2018 can be put down to many factors, but it is worth noting that the pub has a long history and survived for hundreds of years and so it has the potential to operate profitably, if the mode of operation is properly planned. To consider the commercial viability of the pub in modern times, an independent professional business valuation was carried out in July 2018, which confirmed that as a community asset, a success could be made of the Swan Inn.

The success of the venture will be largely dependent upon the activities of the elected Management Committee (see later in this document) and careful recruitment of an experienced, reliable, commercially astute and socially skilled Pub Manager and members of staff. The Manager and staff must have high standards in all aspects of the business, and be motivated by the desire to create a really special pub that is treasured by the community and attractive to those from further afield. The Manager would be paid as an employee of the Society and lodgings would be part of their reward package, along with a trading incentive scheme.

The pub will be run to make a surplus as quickly as possible which will be reinvested in the pub itself, used to repay loans as necessary, to allocate small grants (where possible) to local community causes and to distribute to the shareholders via interest payments (subject to authorisation by the Management Committee). The Society will hold an annual general meeting for all shareholders and may have further meetings to discuss plans and progress.

Five year cash-flow forecast

	<u>Yr0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Share Offer & Other Capital Funding	£520,000					
Short term bridging loan	£125,000					
Opening Cash Balance		£25,000	£16,023	£73,137	£87,847	£154,645
Total Income		£289,026	£357,240	£383,328	£424,512	£450,240
Forecast Purchase & Initial Renovation	£516,000					
VAT on Purchase & Initial Renovation	£104,000					
Total Outgoings		£298,003	£300,125	£368,618	£357,715	£413,865
End Cash Balance	£25,000	£16,023	£73,137	£87,847	£154,645	£191,019

Forecasts for the financial performance of the Society have been based on the independent market survey report and comparison with similar societies. The business plan is available for examination at www.saveourswan.org

PART 2: How you can be financially involved

The Society is a company established to enable the people and friends of Grendon Underwood and surrounding areas to secure and safeguard the future of the Swan Inn, an amenity of prime importance to the people of the area.

It is a not-for-profit Community Benefit Society using model rules (its constitution) developed by the Plunkett Foundation and registered with the Financial Conduct Authority (FCA). Copies of the constitution and full Business Plan can be found on the Society's website <https://saveourswan.org/>

You are invited to become an investor (shareholder) in the Society, which will own the pub, which will be run, on your behalf, by a Management Committee.

What are Community Shares?

Community Shares (also called 'withdrawable shares') are ideally suited to community-focused organisations. Investors can receive some interest on the sums they invest and may withdraw their investment (in essence, get their money back) but only under certain conditions. The Society must first have the funds to support withdrawal and will only accept requests for withdrawal after at least three years.

Community shares cannot increase in value. If the Society ever sold the pub, the money raised would belong to the Society and investors might be offered their money back at the original purchase price or the money could be used by the Society for other community purposes subject to its constitutional rules (this is called an "asset lock").

If the Society ever runs into financial difficulty, it is possible that not all of the original investment could be repaid to shareholders.

Other rules apply that cover a range of circumstances, including the rules relating to ownership rights of shareholders, and these are available for review via <https://saveourswan.org/>

All shareholders will become members of the Society with equal voting rights. A Management Committee will be selected from those members that stand for election, based on a democratic vote (one vote per member regardless of number of shares held).

The Management Committee will be up to 12 individuals who will be collectively responsible for establishing the strategy for the business and overseeing performance. One or two members of the Committee will oversee closer supervision of the business, initially daily, until trade is established.

A group of Volunteers is currently organising the relevant activities for the Society until the first Annual General Meeting, which will occur shortly after the share offer closes. At this meeting all volunteers will stand down their activities for the Society and elections

will be held for the first Management Committee, and to ensure continuity the volunteers will continue to provide support to the committee for at least 6 months, as necessary.

The Society will provide members and the wider community with regular business updates and will prepare annual accounts.

A tax break from the government?

The government wants to encourage social as well as enterprise investment, and so has made certain tax reliefs available for investment in businesses.

The Society has applied for 'Advance Assurance' from HM Revenues and Customs (HMRC) to determine whether shares in the Grendon Underwood Pub Community Society are eligible for tax relief under the Seed Enterprise Investment Scheme (SEIS), Social Investment Tax Relief (SITR) and the Enterprise Investment Scheme (EIS) which are government-backed tax relief schemes designed to encourage investment in enterprises.

At the date of the publication of this share offer, HMRC are still processing the Society's enquiry.

Whether or not tax relief might be available to any individual investor **has not been established by The Society** and, therefore, it is recommended that anyone wishing to invest with a view to claiming tax relief should obtain personal advice from a **professional tax advisor**.

Remember applications for tax relief are made to HMRC by you, the investor, not by The Society. The actual amount of tax relief you can claim will depend on your personal tax circumstances.

If any investor withdraws their shares or are employed by the society within three years from the investment they could have to repay part or all of the tax relief received.

Repaying Capital – the long term picture

The Society will prioritise repayment of lending from trading surpluses and therefore withdrawal of Share capital is not expected to be available until at least 2022, and it is anticipated that only 10% of total share capital would be withdrawn by 2025. Statutory rules also apply to any investment made for which tax relief is claimed by the investor (which may or may not apply) and these rules would affect investor's ability to withdraw Share capital depending on relevant circumstances.

PART 3: The Share Issue

Individuals (aged 18 years and over) and organisations can apply for membership of the Society by buying shares at a cost of £25 per share, with a **minimum investment** of 4 shares, i.e. **£100**. The **maximum** any individual can invest is **£100,000** per person.

Organisations that are supportive of the Society may invest on the same terms.

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

Investments by individuals may be eligible for a range of tax reliefs, however the Society can provide no advice to investors relating to their individual tax circumstances in respect of the Share Offer.

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 tax relief that may be obtained).

The shares are not transferable (except as allowed by the rules of The Society) and cannot be sold. The only way to recover the value of the shares purchased is to give three months' notice of withdrawal to the Management Committee. Shares cannot be withdrawn until at least three years have elapsed from the date of the share issue and then 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 business. This safeguards the availability of share capital for its original intended purpose until the Management Committee determines it would be financially prudent to allow withdrawals. The full rules applicable to share ownership and the terms of withdrawal are set out in the Rules of the Society, which can be found at <https://saveourswan.org/>

As the Society confers limited liability, the most you could lose due to business failure would be your original investment; although as this offer is unregulated, you have no right to complain to the Financial Ombudsman or to compensation.

PART 4: QUESTIONS YOU MAY HAVE REGARDING BUYING SHARES IN “THE GRENDON UNDERWOOD PUB COMMUNITY SOCIETY Ltd”.

Why should I buy community shares?

The Society needs your investment to help purchase the Swan. Without sufficient investment from the community it will not be possible to establish a viable business.

Who will benefit from this project?

The residents and friends of Grendon Underwood and surrounding areas will benefit directly from having a vital amenity preserved for future generations, both through the use of the facility itself but also because the Swan will play a part in making the area a stronger, more vibrant and cohesive community in which to live.

Is this a good business proposition?

The Society has carefully evaluated its strengths and weaknesses, including obtaining independent valuation advice, and our projections show that the Swan can be re-established as a successful business. It is well proven that communities that work together to set up such an enterprise will support it in the future. For the full business case go to: <https://saveourswan.org/>

Will you be paying a fair price for the Swan?

The amount offered will be based on the independent valuation obtained by the Society and other advice, including that of a professional negotiating team, but the Society has, as yet, not entered into formal negotiations with the vendor. However, investors can be assured that the objective is to achieve the fairest price.

Who are the people behind this project? Do they have a personal interest?

The Volunteers are a group of local residents from a range of professions who care passionately about the Swan, the social role of pubs and the future heritage of the area. They have donated their personal time and some monies to get the Society set up and running and will all be investing in shares. They will have no personal financial interest in the project, above and beyond their own investment in community shares.

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

The Management Committee will oversee the business and ensure that it meets the goals set down in the vision statement. The Society intends to appoint an experienced Pub Manager to oversee the day-to-day running of the pub. There will be governance and reporting arrangements in place to monitor financial and other performance. The Society will ensure that there is an ‘open book’ approach to sharing feedback and other information between the Society and the manager. Shareholders will be invited to meetings to discuss significant decisions about the Swan.

Why appoint a pub manager and not a tenant?

The Society evaluated a range of potential operating approaches and concluded that a managed solution would provide a degree of operational and financial flexibility not open through other schemes, which could be important in the initial running of the pub. There is, however, every opportunity to appoint a tenant, for example, if the Management Committee were to choose that path, at their chosen timing.

Do my shares give me voting rights?

Yes, they do. One member one vote. Everyone has an equal voice, regardless of the size of their investment.

How do I get my money back?

Other than in specific circumstances approved by the Management Committee, investors will be unable to withdraw their shares in the first three years. After that, you will need to give at least three months' notice (unless waived by the Management Committee) and withdrawals will be on a first come, first serve basis. You cannot sell or transfer your shares, and withdrawals must be funded from surpluses or new capital raised. The Committee may suspend withdrawals depending on the long-term interests of the Society, the need to maintain adequate reserves, and the commitment to the community it serves.

What happens if the purchase of the Swan falls through?

It is possible that the Society will be unable to complete the purchase, even after it had an in-principle agreement with the Wellington Pub Company and have secured the funds. In the unlikely event that this happens the timing of the circumstance would be the key determinant in whether any of the share funds had been drawn down and whether any major costs could not be recovered before refunding investors.

Will I get my investment back if the Swan fails?

In the unlikely event that the business fails, all of the business's assets, including the freehold of the building, 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.

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

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

Will I receive interest from my shares?

The Society aims to pay a reasonable interest rate to members when it is prudent to do so. Interest would be paid gross and it is each member's responsibility to declare such earnings to HMRC if appropriate.

Will my investment be eligible for tax relief?

At the date of the publication of this share offer, HMRC are still processing the Society's enquiry.

Whether or not tax relief might be available to any individual investor **has not been established by The Society** and, therefore, it is recommended that anyone wishing to invest with a view to claiming tax relief should obtain personal advice from **a professional tax advisor**.

How can I find out more about the project?

You can find our full **Business Plan**, the **Rules for the Society** and further contact details at <https://saveourswan.org/>

PART 5: Application procedure

Online

To apply online go to <https://www.crowdfunder.co.uk>, create a user account, navigate to the 'Grendon Underwood – Swan Pub Community Share Offer' page and follow the instructions.

Offline

You can also apply by completing the postal application form that follows, and return it with a cheque for your investment to:

**Grendon Underwood Pub Community Society Ltd,
Share Offer
The Beeches
Grendon Underwood
Bucks HP18 0SJ**

If anyone would prefer to make a purchase offline by way of direct bank transfer instead of a cheque, this can be arranged by returning the form after which the Society will liaise with you directly. No shares will be allocated until the Society is in possession of an acceptable means of payment.

The Society will acknowledge receipt of offline applications, and pay cheques in after the offer closes. If the offer is unsuccessful, cheques will be destroyed, and digital evidence of this returned by email.

- By delivering an Application Form an Applicant offers to subscribe, on the Terms and Conditions contained in this Offer Document, for the number of shares specified, or such lesser number as may be accepted.
- Applications received after the date the offer closes, which will be announced on the website www.saveourswan.org, will not be accepted.
- An Applicant who receives Shares agrees to automatic membership of Grendon Underwood Pub Community Society Ltd and to be bound by its Rules.
- Once an application has been submitted and approved it cannot be withdrawn.
- Multiple subscriptions will be admitted providing that they do not result in a member holding more than the maximum amount of shares, £100,000.
- Applicants may be requested to provide additional evidence of identity in order to comply with Money Laundering requirements
- Applications may be rejected in whole, or in part, or be scaled down, and monies shall be securely returned to the application, not later than two months after application, without interest.
- Applications on incomplete or inaccurate Application Forms may be accepted as if complete and accurate.

- Results of the Offer will be published on the website of Grendon Underwood Pub Community Society Ltd, and all applicants will be informed of the shares they have been allocated.

Appendix 1 - Marketing

There is comprehensive strategy for marketing the activities of the Society, as set out in the table below:

Activity	Purpose	Audience
Facebook updates	Maintain profile and extend awareness of the offer across social media	Almost 140 group members follow the Save Our Swan facebook group
Dedicated Website, www.saveourswan.org	To explain and promote the community share offer in order to encourage people to invest in the Community Benefit Society	Local, regional, national and international
Flyers/leaflet drop, posters and village black board	Maintain profile and extend awareness of the offer to those who do not have internet or facebook access in the surrounding area	Local households/residents. Everyone who travels through the villages and might be interested in supporting a community pub project
Community Share Offer and Business Plan	To explain and promote the community share offer in order to encourage people to invest	Local households/residents. Anyone else who might be interested in supporting a community pub project
Public meetings	To maximize the awareness of the share offer, to enhance interest and understanding in the community share offer	Local households and the wider community
Articles in the local press	Maintain profile and extend awareness of the campaign to purchase the pub and the share offer	Local community and the surrounding towns, villages and businesses
Articles in national press & media	Further raise the profile and extend awareness of the campaign to purchase the pub and the share proposal. To illustrate what can be achieved with people power.	Wider community who may be interested in the share offer
Arranged one to one meetings or smaller group meetings with prospective shareholders	To answer questions for people who may not wish to ask them in the forum of a public meeting. People will have all manner of questions ranging from straightforward to the highly technical or peculiar	Immediately the person asking the question. Answers given to questions raised will filter out to the community and increase confidence