

SHARE OFFER

To raise between £350,000 and £600,000

FOR THE COMMUNITY PURCHASE

AND RESTORATION OF

THE RED LION INN

LAUNCH DATE: 23rd Nov 2021

CLOSING DATE: 28th Feb 2022

Investing in community shares is a simple, direct, and engaging way of supporting businesses that serve the community. Since 2009, 60,000 people have invested over £60m to support 250 community businesses in the UK. Community shares can save local shops and pubs, finance renewable energy schemes, transform community facilities, support local food growing, fund new football clubs, restore heritage buildings, and above all, build stronger, more vibrant, and independent communities.

Interested? **Please Read On**

The Stathern Community Benefit Society Limited is seeking to raise funds to purchase and re-open the Red Lion Inn through the issue of shares. This is an exciting opportunity to be part of bringing a much-loved village pub back to life and being part of its future success.

This is not only about buying a pub. It's also about helping to sustain a community.

If you are considering buying shares, it is important that you read the whole of this document carefully.

Stathern Community Benefit Society Limited is registered under the Co-Operative and Community Benefits Societies Act 2014. Its Registration, number 8751, was approved by the Financial Conduct Authority on 16th November 2021.

Due care has been taken in preparing this document which has been approved by the management committee, who vouch that the information it contains is true and complete to the best of their knowledge and belief.

Before deciding to invest, please consider seeking independent financial or legal advice.

BACKGROUND

Stathern is a village located in the Vale of Belvoir, an area of natural outstanding beauty covering adjacent areas of Leicestershire, Nottinghamshire and Lincolnshire,

The Red Lion, a 17th century inn with strong links to the English Civil War was, until recently, a popular destination for villagers and visitors alike. It closed for business in 2017, and such was the inherent value to the community that the village sought and obtained 'Asset of Community Value' status for the building, its car park, and other land within its boundary, in January 2018.

The current owners have twice submitted a planning application to develop the site for housing, and on both occasions withdrawn the application. The property has now been placed on the market for sale.

The Red Lion Inn provided a significant draw for visitors, and income into the village, and an important meeting place and social hub for the local and surrounding communities. Closure had a significant negative impact on the village, with tourist-related businesses particularly affected.

The community would like the Red Lion Inn to re-open as an asset that could be used to further the community well-being and social interests within the wider local area.

The project to acquire and re-open the Red Lion Inn as a community-owned business, has begun.



THE VISION

The vision is to create a warm, welcoming, community pub and restaurant for our village. A place where neighbours and friends can meet, and residents of our village can come together. We aim to re-open as a country pub/restaurant with reliable hours to make the best use of the facilities for locals and visitors alike. The atmosphere will be inviting, attractive and accessible to all. The interior will be refurbished to maximise the floor space whilst retaining the cosy fireplace. It is intended that the Red Lion Inn will operate in a spirit of cooperation with other facilities in the village including the War Memorial Institute (WMI) Village Hall, The Plough Inn, Stathern Primary School, and St Guthlac's Church.

People of all Ages, Cyclists and Walkers

We know that the demographics of our village indicate that we have a relatively elderly population, yet the pub, of course, also sits close to the school. We will ensure improved access and that the comfort of less physically able visitors is catered for.

Social and age-related isolation has a wide-ranging effect on health and wellbeing. It is vital that the residents of our village have somewhere to meet, chat and socialise with one another in a comfortable environment and without it costing the earth. The risk of isolation and loneliness to our neighbours can be greatly reduced by support for this proposal.

We also plan to open the car park up for the use of school parents, church visitors and for special events in the village. There will be employment, voluntary and training opportunities which might particularly suit our younger population, or those who do not have independent transport.



We will welcome rambles and walkers and would also like to create facilities for visiting cyclists,

Day and Night

Our plans anticipate that the building will be used throughout the day and evening hours. Clubs, societies, and other initiatives might use the pub as a meeting place earlier in the day with more traditional pub and restaurant use later on. A friendly welcome and great service with a smile will encourage repeat custom. The restaurant will offer high-end cuisine,

using local produce and supporting local businesses and individuals where possible. The combination of quality and service will ensure the long-term viability of the project.

What do you want it to be?

Most importantly, this pub and social hub will be run for its customers, whether from the local area or further afield. We will listen to our guests to help us create a focal point for our village, that thrives and is protected for everyone's use for the foreseeable future.

WHAT IS A COMMUNITY SHARE OFFER?

A community share offer provides the opportunity for people and businesses to buy into the community, where the motivation and payback is more social than financial. It helps to ensure a truly local enterprise, accountable to the community while both serving and benefitting it.

Stathern Community Benefit Society Limited has been established to purchase and revitalise The Red Lion Inn. The shares you buy will make you a Member of the Society, with an equal vote regardless of your shareholding. Your involvement thereafter can be as much or as little as you wish. You can vote at the Annual General Meeting (AGM), stand for election to the management committee, volunteer skills for the refurbishment and ongoing activities or just make use of the pub's facilities. We would like to encourage as many members of the community as possible to purchase shares and to volunteer their time, both now and in the future to make this a truly communal venture.

A COMMUNITY ASSET

The Red Lion Inn is registered as an Asset of Community Value (ACV). The community now needs to buy it to protect it for the future and to enable it to become an asset for everyone to enjoy in the long term.

It is only truly a community asset if it can generate a profit that can then be re-invested into activities and assets that benefit the community. We want to run it as an enterprise for the good of the area.

WHAT'S IN IT FOR ME?

It depends on what you want! Maybe you just always fancied owning a bit of

an English rural pub?

However, this is not only about buying a pub. It is also about helping to sustain a community. There is limited financial reward. This is all about investing in the future of the community and ensuring that the hub of the community is run for the good of everyone.

It might be daytime social contact, the convenience and lifestyle benefits of walking to the venue rather than driving. Having a drink, or coffee and a cake after you've walked the dog, been out on a cycle ride, or dropped the kids off at school. Somewhere you're recognised as a local and an investor, the warm feeling of having

really helped the community.

WHY SHOULD I CARE?

The social contact from having the Red Lion open would offer a great improvement to our quality of life. There is recent research that shows that social isolation in older age has as bad an effect on health as smoking 15 cigarettes a day. As we have an ageing population, with many residents living by themselves, having a community hub where single people are actively welcomed would make a real difference. Whether meeting friends for a coffee, having a pub lunch or going to a quiz night, there should be something for everyone.

HOW DOES THE SHARE ISSUE WORK AND WHAT GUARANTEES DO I HAVE WHEN BUYING SHARES?

This is a long-term investment for the benefit of the community. Shares do not increase in value. In the event of having to wind up the Society, should the value of the Society's assets exceed the value of the share capital, the shareholders will still only get back their original investment.

Any excess value would be transferred to another community organisation having similar community benefit aims. This is known as an asset lock and is to prevent private gain if the organisation dissolves.

If the asset value was lower than the share capital, shareholders would receive back less than their original investment. However, as the shares are issued by a corporate body, shareholders have no liability beyond the value of the shares they buy.

When the business is in profit, the Society aims to pay interest on the shares at a rate (up to 5%) to be recommended by the management committee and voted on at the AGM. Interest is paid gross and is taxable. Shareholders will be responsible for declaring this to HMRC.

HOW DO I BUY SHARES?

You need to be over 16 years old to invest, but adults can buy shares for children, although children will not become members until they are 16.

Shares are sold at £50 each. The minimum investment is 1 share (£50) and the maximum 2000 (£100,000).

Please invest wisely, do not over-extend your finances, but when deciding what is affordable for you, please remember that to raise £350,000 it will take: 7,000 investors with 1 share each: 700 with 10 shares, or 70 with 100 shares each.

To invest, please follow the instructions and fill in the application form. At the end of the offer period, you will be advised on the success of your application.

CAN I SELL MY SHARES?

Shares can only be sold back to The Stathern Community Benefit Society after a lock-in of 3 years. This ensures the business has an initial period of financial stability. Three months' written notice is required, and the management committee has a duty to control withdrawals. If there are insufficient funds or new investors to purchase the shares, withdrawal will be delayed.

WILL IT WORK FINANCIALLY?

The main risk is that Stathern Community Benefit Society fails to trade profitably. The Society recognises this and is under no illusions. However, the business will be owned by the community and will be able to tailor itself to satisfy local demand, creating long-term

sustainability and avoiding the success/failure cycle associated with private owners building a business and selling it on.

Here we assume the majority of the funds required will be raised through the share issue scheme supported by other funds, for example, grants, crowd funding, donations etc.

A Business Buyer and Market Appraisal Valuation Report produced by MJD Hughes Ltd at the request of the Management Committee predicts operating profits in excess of £70k pa, and a potential £37k rent pa for a tenanted business model. We anticipate a 3% interest will be paid to shareholders from year 3.

WILL MY INVESTMENT GET TAX RELIEF?

The current operating model proposed is a tenancy agreement, where the tenants take control of the pub from day one. They have full financial and operational responsibility for the Red Lion Inn's day-to-day running and success. Therefore, this will not fall under the HMRC rules for tax relief.

HOW MUCH MONEY DO WE NEED TO RAISE?

We need in the region of £350,000 to buy the pub, plus stamp duty, legal fees insurance and contingency.

To refurbish and open the pub a further estimate of £250,000 is required creating an upper target of £600,000.

WHAT ARE THE SHARE FUNDS USED FOR?

Ideally the share offer raises the full amount. However, possible extra sources of funds have been identified such as donations, crowdfunding, grants, loans, match funding and local business sponsorship or investment.

For credibility we need to buy the pub ourselves with as much left over as possible for refurbishment. Major renovation works are needed to the exterior and interior of the building, followed by a complete refurbishment of the trading areas, kitchen, cellar, and accommodation. The car park will need to be resurfaced; and decked or hard standing outside drinking and eating facilities will need to be formed.

It will also be very important to create a quality flat upstairs, given that attracting a good management team will be crucial to realising 'the dream'. So, the current accommodation will be reshaped, refitted, and redecorated to create an inviting desirable home capable of accommodating a young family.

WHAT HAPPENS IF WE DON'T HIT THE MINIMUM TARGET?

If the total investment fails to reach the minimum target, this will send a clear indication to Melton Borough Council planning authority that local interest is insufficient. At this point the current owner would probably be able to reapply to develop the pub, garden, and car park into several houses, ending our battle to save the pub forever.

WHAT HAPPENS IF THE OWNER REFUSES A SALE?

If we raise sufficient funds but the owner doesn't accept our offer, they would be free to sell to someone else. The pub would still have the ACV attached and they would not be able to develop the site for housing.

In the event that we fail to buy the pub in either of these scenarios, all monies raised as part of the share issue

scheme will be refunded.

WHAT IF WE RAISE ENOUGH TO BUY THE PUB BUT NOT TO REFURBISH IT?

The minimum target is set at a threshold that we expect to be sufficient to buy and carry out essential repairs and refurbishment.

The pub would probably remain closed until further funds were secured to

enable us to refurbish adequately and reopen. However, we do expect to be able to access additional funds to continue the refurbishment from loans and/or grants etc.

The more capital the share offer raises, the more of the planned refurbishment can take place to transform the property

OUR TRACK RECORD

The Stathern Community Benefit Society was registered for the objective of reopening the pub/restaurant as a community venue for the village by purchasing The Red Lion Inn, and our enthusiasm remains undimmed.

We recognise that enthusiasm alone is not sufficient and that the Society does not have a track record of running such a business. Therefore, the group is considering a tenancy operating model to run the business on its behalf, where the tenant will have full financial and operational responsibility for the Red Lion Inn's day-to-day running and success. The management committee will set a clear policy and direction for the business in line with the results from the community survey and this framework needs to be captured within the tenancy agreement to ensure the Stathern Community Benefit Society operating plan is adhered to.



DOES COMMUNITY OWNERSHIP WORK?

There are more than 330 community owned shops in England and over 139 pubs – so far as we know, only one pub has closed after passing into community ownership.

THIS IS NOT ONLY ABOUT BUYING A PUB. IT'S ABOUT HELPING TO SUSTAIN A COMMUNITY

WHAT ARE MY RISKS IF THE PURCHASE GOES AHEAD?

The Stathern Community Benefit Society wants to be fully open and transparent to its potential investors about the risks as well as the benefits of investment in community shares. It is important to understand the following: -

- As a member and shareholder of Stathern Community Benefit Society you will own the Red Lion Inn. If the Society is unable to meet its debts and other liabilities, you could, in principle, lose some or all of your investment held in shares.
- The Financial Services Compensation Scheme, which applies to bank accounts, does not apply to your investment, which is exempt from regulation and therefore does not require authorisation from the Financial Conduct Authority (FCA).
- Your investment in your share account is withdrawable without penalty at the discretion of the management committee under the Society's rules.
- Shares can only be sold back to The Stathern Community Benefit Society after a lock-in of 3 years, which ensures the business has an initial period of financial stability. Three months' written notice is required, and the management committee has a duty to control withdrawals.
- Your investment in your share account may receive interest but does not enjoy any capital growth. The Financial Ombudsman Service does not apply to your share account or your relationship with the Society, but any dispute may be the subject of arbitration as set out in the Society's rules.

CURRENT MANAGEMENT COMMITTEE

At the first AGM these members will stand down and can offer themselves for re-election along with any other members who may want to serve on the management committee.

Amy Collins	Jackie Collins	Sally Fagan	Charla Forinton	John Forinton
Bridget Green	Matt Hall	Marcus Helps	Peter Jordan	Tom Watkinson
David Worth				

Terms & Conditions and Legal Statement

The Stathern Community Benefit Society will acknowledge receipt of your subscription monies and application form and may cash your cheque as soon as it is received. The Society will hold your money in trust for you until the management committee has considered your application. Once the shares are issued to you, the money will belong to the Stathern Community Benefit Society.

Applications for shares cannot be withdrawn once an application form has been received. The management committee do not have to accept an application for shares, or may decide to allocate fewer shares than applied for. They do not have to give a reason for their decision.

The Stathern Community Benefit Society will not pay you interest on any money it returns to you.

The Stathern Community Benefit Society reserves the right to extend or reopen share applications at any time after the published closing date.

Shares bought for children will not confer membership of the Society or voting rights until they reach the age of 16.

This offer and any agreement entered into for the subscription of shares in the society is governed by the rules of the Society.

Please visit the website for more information: www.savetheredlionstathern.com.

There you will find a number of downloadable documents associated with this project including: -

- The Society Registration and Rules
- The Business Plan
- Your Questions Answered
- The Vision Statement
- The Questionnaire Results
- The Share Offer
- The Share Application Form
- and much more.

Please note that, although we have taken all possible care in preparing these documents, only this Share Offer prospectus and the Society Rules are intended to be legally binding. The other documents are for information only and neither they nor their contents should be relied upon in reaching your decision to invest.

If you have any questions, please email: RedLionCommunityGroup@Gmail.com.

