

EAST HARPTREE COMMUNITY BENEFIT SOCIETY LIMITED

THE WALDEGRAVE ARMS, EAST HARPTREE



**COMMUNITY SHARE OFFER PROSPECTUS
ADDENDUM**

This document is to be read in conjunction with the Community Share Offer Prospectus v1.6 issued February 2024 and explains how you can become a shareholder in The Waldegrave Arms

EXTENDED SHARE OFFER CLOSES 19 NOVEMBER 2024



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COMMUNITY SHARE OFFER PROSPECTUS ADDENDUM

ISSUED 9 APRIL 2024

THIS DOCUMENT IS TO BE READ IN CONJUNCTION WITH THE COMMUNITY SHARE OFFER PROSPECTUS V1.6 ISSUED FEBRUARY 2024

The purpose of this Addendum

- What are the changes to our approach and why
- We will explain our new equity target to buy the pub
- What our updated costs are with clear time scales
- To explain the new target for the refurbishment
- What are the changes to the terms for members

This will enable new and existing applicants to be able to make an informed choice, as follows:

1. For **existing applicants**, whose money is held by EHCBS, to decide if they are content with the proposed new way forward or if they might want to withdraw their application for membership and shares at this point;
2. For **new applicants** (or existing applicants wanting to increase their current applications) to understand the updated proposal compared to the original share offer prospectus.

Updated position at 6 April 2024

Since we initially launched the Share Offer Prospectus in November 2023, a significant number of details and costs have been clarified leading to the Management Committee making a number of recommendations. These are set out within this Addendum document which will now become part of the offer documentation.

The facts are;

- We have been awarded a £250,000 grant from the Community Ownership Fund (COF) for capital towards purchase of the Waldegrave Arms
- We have additionally been awarded £48,200 from the COF for running costs (this is £39,200 more than anticipated in the original share prospectus)
- We have been awarded a grant of £10,000 to help support survey costs
- We have agreed, subject to contract, a price of £425,000, with Admiral Taverns for the freehold purchase of the pub by the end of May 2024
- We are registered for VAT with HMRC (ie we can recover eligible VAT costs)
- We have formal quotes for acquisition costs
- We have undertaken a detailed condition survey and inspection of the premises
- The pub is now vacant and therefore not a 'going concern' so will incur VAT at point of sale

This Addendum is to be read before the Community Share Offer Prospectus as it updates a number of important areas that existing and potential investors need to be aware of

The new Phasing Approach

The Management Committee are recommending a new approach to the phasing of the purchase, initial occupation, opening for business and subsequent renovations from that originally set out in the November 2023 Community Share Offer Prospectus.

Phase 1 (now until end May 2024)

- Undertake further surveys, searches and pre-sale activity
- Continue to raise share capital or equity (which as of 6 April 2024 another £95k is needed)
- Purchase freehold of pub
- Prepare tenancy recruitment pack and Community Pub Specification

Phase 1a (end May - Summer 2024)

- Recommission equipment and services
- Clean buildings
- Deep clean kitchen
- Recruit tenant on suitable lease terms
- Undertake minor repairs and remedials
- Allow the tenant to re-open the pub for trading as soon as possible

Phase 2 (Summer 2024 - end 2024)

- Work with tenant to understand and scope refurbishment
- Seek further funding via shares and new grants for refurbishment
- Initial share offer closes
- New open Share Offer launched

What does this mean for members?

1. What is the change to the interest payment?
 - 1.1. *There will be no change to the potential interest paid as set out in page 9 of the Share prospectus*
2. What are the changes to any share withdrawals?
 - 2.1. *There will be no change to the potential share withdrawals as set out in page 14 of the Share prospectus*
3. When will we become members and what happens to our investment?
 - 3.1. *Unless you choose to opt out of the proposal (see section 12 below) you will become a member on 19th April 2024 on which date the Management Committee will take in*

all share capital for use of the EHCBS to fulfil its aim of acquiring the freehold of the Waldegrave Arms.

4. When will the share offer close?
 - 4.1. *The initial share offer will be extended until 19 November 2024 (12 months from its launch)*

5. What are the revised financial projections (for purchase and opening the pub)?
 - 5.1. *See table 1 for a summary. Detailed updated 5 year financial projections (Profit & Loss, Cashflow & Balance Sheet) are available on the website via this link www.waldegravearms.com/docs*

6. What our contingency position will be (including potential costs)?
 - 6.1. **Contingency 1** - *fail to raise the additional £95k equity needed to purchase and open the pub by 3 May - In these circumstances temporary funding in the form of interest free loans from members of the community will be sought to try to fund the shortfall, repayable from VAT refunds later in 2024. If this fails then the project will abort (see contingency 3). In addition, any shortfall in equity funds raised will mean there are less funds available to undertake future refurbishments and they will be delayed (see contingency 4).*

 - 6.2. **Contingency 2** – *Delay to tenant recruitment and opening - The building can continue to be mothballed to keep operational costs down to insurance and essential maintenance. Repairs to open and other non-recoverable start-up costs can be delayed up to March 2025 (12 months after COF grant award). This provides a window of an additional 9 months to recruit a new tenant if needed.*

 - 6.3. **Contingency 3** - *sale not proceeding (e.g. due to not raising sufficient funds or seller pulling out) and project ends - Our unavoidable costs in these circumstances are forecast to still be within the 3% explained in the original share prospectus. It is hoped that these will in any case be covered by the COF revenue grant awarded although this has not yet been confirmed.*

 - 6.4. **Contingency 4** - *insufficient funds raised to undertake refurbishment - Planned refurbishment may be delayed or take longer. Without the refurbishment it may be more difficult for a tenant to grow turnover. Even if the tenant is trading at say 20% below that forecast in the Business Plan then the target interest payable to members and the share withdrawal facility remain unaffected.*

What happens now?

- The management committee have formally approved this **Addendum** and the share offer retains the **Community Share Standard Mark** with the changes outlined in the Addendum
- This document will be issued to all current prospective members (shareholders)
- It will form part of the pack for potential future members (shareholders)
- On 19th April we will be admitting shareholder funds for the purchase of the pub.
- After 19th April 2024 we will take in any share capital as it arises rather than wait until a target share amount is reached (this means we can use the funds available without formally closing the share offer)
- Once the target amount has been reached allowing us to fund the Phase 2 renovations we will close the issue. This amount may be a mixed finance package including grant, share and loans.

What happens if I have already subscribed to the current share issue and I'm not content with the proposal contained in this addendum?

- You will have until 12:00 on Friday 19th April 2024 to say if you are **not** content with this proposal (this date is the end of the Asset of Community Value moratorium period)
- You must advise waldegrave.arms.ca@gmail.com of this and the society will cancel your member and share application and reimburse your share subscription

What if I'm content with this proposal?

- You do not need to do anything, you will be admitted to membership on Friday 19th April 2024

Reminder of some Key Dates

- Week commencing **8th April** you will receive the **Addendum** document
- By **19th April** you must reply if you are **not** content with this addendum
- On **19th April** you become a 'Member' of EHCBS
- By **3rd May** we need to have raised the outstanding Equity (this is our estimated exchange of contracts date and we will be paying a non-refundable deposit at that stage)
- We complete purchase of Pub by **31st May**
- **June** - working groups formed to help tenant clear pub and make ready for trading
- **Summer** pub is open for trade
- **19th November** Share offer closes

Table 1

<i>First Phase Costs</i>		<i>Phase 1</i>	<i>Phase 1A</i>
Expenditure	Purchase of pub	425,000	
	Acquisition costs	19,375	
	VAT on pub purchase	76,500	
	Pre-completion feasibility costs	15,442	
	Repairs to open pub		24,000
	Non recoverable start up costs	3,277	22,704
	Total	£539,594	£46,704
Income	EHPC grant	5,230	
	COF Revenue grant	13,400	34,800
	COF Capital grant	250,000	
	Shares received	187,500	
	Total	£456,130	£34,800
ADDITIONAL EQUITY NEEDED		£ 83,464	£11,904
TOTAL ADDITIONAL EQUITY NEEDED			£95,368

Table 2

<i>Second Phase Costs</i>		<i>Phase 2</i>
Expenditure	Working capital available for future refurbishment	95,368
	Contingency and working capital	4,822
	Total	£100,190
Income	Refund of VAT on pub	76,500
	Other refunds of VAT on phase 1 costs	8,723
	AHF project viability grant	10,000
	Net rental income less costs during 2024	4,967
	Total	£100,190

THE WALDEGRAVE ARMS, EAST HARPTREE



COMMUNITY SHARE OFFER PROSPECTUS

This document explains how you can become a shareholder in The Waldegrave Arms and develop this vital asset for the benefit of the community.

www.waldegravearms.com

~~EXTENDED SHARE OFFER CLOSES 19 APRIL 2024~~

Summary of offer

This document outlines a community share offer by the **East Harptree Community Benefit Society Limited**, registered address Potts Cottage, High Street, East Harptree BS40 6AY to raise funds for the **purchase and refurbishment** of the **Waldegrave Arms, East Harptree**. The Society is a Community Benefit Society registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014, Registration number **9144**



www.waldegravearms.com



waldegrave.arms.ca@gmail.com

The offer's main terms

- Minimum target: £325,000
- Optimum target: £400,000
- Maximum target: £550,000
- Price per share: £1
- Minimum share investment: £100
- Maximum share investment: £50,000

Our share offer opens on **20 November 2023** and closes on **19 April 2024** unless the maximum target is achieved earlier. The Management Committee reserves the right to extend the offer period if it believes it will help achieve the funds required.

***If you are considering buying shares it is important
you read this whole document***

What our community say:

“A thriving pub is as important to a community as a strong school, church & village hall.”

“Every village needs a hub to meet friends, eat local food, support the wider economy, providing jobs for youngsters and a place to celebrate in groups.”

“Along with the school, nursery and shop, the pub could and should be a real asset to the community, bringing people together in a more social environment.”

“Pubs can be the lifeblood of villages as a place to meet friends, family and neighbours, for community groups to come together and to tackle isolation and loneliness” . Focus newsletter, David Wood, local councillor



We have been awarded **The Community Shares Standard Mark**. This is awarded by the Community Shares Unit to offers that meet national standards of good practice. For more information about community shares, the Standard Mark and the Unit go to: www.communityshares.org.uk



East Harptree Community Benefit Society is a member of the **Plunkett Foundation** who provides practical advice, support and training to help communities establish and run successful community businesses with long term survival rates. www.plunkett.co.uk



Extended Share Offer close date

The Management Committee of East Harptree Community Benefit Society Limited are extending the share offer date to 12:00 on Friday 19 April 2024.

The Management Committee have taken this decision for a number of reasons but mainly due to the date of the outcome of the Community Ownership Fund (COF) application process not being known when the initial prospectus was issued. The COF is crucial to the success of our proposal to purchase The Waldegrave Arms and to give investors further confidence we are extending the share offer beyond the COF announcement date.

Additionally, the Management Committee wishes to maximise potential funds it has available during the Asset of Community Value moratorium period (which expires on 19 April 2024) to enable us to meet the aims of the Community Benefit Society and share offer.

Summary

This public share offer is available to you, your family and friends, local groups, organisations, local businesses and other community supporters to invest in a once-in-a-generation chance to safeguard our pub at the heart of the community, the Waldegrave Arms – East Harptree.

We are seeking the funds necessary to buy and refurbish the Waldegrave Arms in East Harptree ('the Waldy') through a combination of a community share offer, grants and donations. Anyone can invest and you don't need to have deep pockets to be involved.

Our vision is:

'A vibrant food, drink and social destination, where everyone is welcome. A local that helps village life thrive.'

Our plan is to:

- Purchase the pub as a community asset.
- Refurbish the building and garden to a sufficient standard that it again becomes an attractive destination for both locals and visitors to the village.
- To see the pub operated independently by a tenant who shares our community vision for a successful village pub.
- To restore the heart of the village with a pub that supports the local economy, enhances village life and helps alleviate loneliness and isolation.

Our priorities are to:

- Retain a community pub in East Harptree that is inclusive and welcoming, offering good quality food and drink in a friendly setting.
- Build a sustainable business that is supported by the community and run for the benefit of the community it serves.

The Waldy has great potential to be much more than a local pub, drawing in visitors from the Bristol area and surrounding villages and the many visitors to the Mendip Hills. This is not just about buying a pub, it's about preserving the history and heritage of our village and investing in the future of the parish and its people. To create a community pub, owned by the community, run for the community.

If we don't buy the pub now there is a good chance it will be lost forever.

To enable us to achieve the aim of buying the Waldegrave Arms we are dependent upon a £250,000 grant from the Community Ownership Fund. In addition to this through this share offer, to buy, open, and transform the pub we need to raise a minimum of £325,000 and a maximum of £550,000.

£325,000 will allow us to make a credible bid to buy the pub and carry out essential repair works to re-open a viable pub; £400,000 will allow us to make a more competitive bid to purchase the pub, cover associated costs, essential repairs and open it; £550,000 will allow us to carry out capital improvement works to transform it with extra facilities to increase its financial sustainability. We can raise the money by selling shares in the East Harptree Community Benefit Society Limited. Everyone who buys shares becomes a Member of this 'Society' and will own a piece of the Waldegrave Arms. Each Member of the Society will have equal voting rights, irrespective of the size of their investment. We are looking to people in the community for support, as well as relatives, friends, and others far and wide.

We have to raise a lot of money, so we're asking for a minimum shareholding of 100 £1 Shares. Family and friends can get together to share the cost, Groups, organisations and businesses can also invest. These groups must nominate someone to be the named member on the member register. The named member can be changed at any time by writing to the Society Secretary. However, no one shareholder or organisation can buy more than 50,000 shares (that's £50,000).

It may seem an impossible task but if 400 people (or groups of people) each invested £1,000 on average, then the optimum target can be reached!

This offer is available from 20th November 2023 until the maximum target is reached or 19 April 2024, whichever is sooner.

The Management Committee reserves the right to extend the offer beyond this initial period if they believe doing so would be of benefit. Any extension of the share offer must be timebound and no more than 12 months.

Please invest to save the Waldegrave Arms but, before you do, it is very important you read this Share Offer Prospectus, as well as the Business Plan and Society Rules. These provide you with information about the share issue, the Society, and how the Waldegrave Arms will do business in future. *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. You may wish to take independent financial advice.*

To read the Business Plan and Society Rules please go to www.waldegravearms.com

A medieval meeting place, courtroom and ale house – the Waldy’s rich history

The Waldegrave Arms’ historical importance was recognised by Historic England when it was granted Grade II Listed Building status in 2017. The listing of the Waldegrave Arms focused on the rarity of Church Houses with evidence of continuous use as a place of hospitality.



In the beginning

Part of the Waldegrave Arms was probably built as a Church House sometime during the late 15th or early 16th centuries and beams dating back to then still hold the roof in place in the earliest part of the building, the East wing (currently the kitchen, cellar and toilets). These Church Houses were an early form of village hall which also served as a meeting place for resident and visiting clergy. Church Houses were constructed for the brewing and distribution of ale during the medieval period, so it’s wholly in keeping that we are looking to retain this purpose far into the future. Over time Church Houses were often turned into inns or hostelries.

A new name

It is likely that the name Waldegrave was adopted in the early 19th century when the estate

and manor of East Harptree was acquired by the Earl Waldegrave. The first record of its name is in a notice, placed in the Bath Chronicle dated 21st August 1829, of the marriage of the daughter of the innkeeper, Edmund Harper.

Picnickers and ‘pleasure parties’

As an Inn, the building would not only have sold ale but provided accommodation and stabling for those passing through the village. However, by 1902 the Waldegrave Arms is described as a Public House, suggesting that the provision of rooms had been abandoned with only stabling for horses being offered. Nevertheless, the pub continued to advertise its services to “cyclists and picnic and pleasure parties” who would be “well catered for”.

A place to gather

The Waldegrave Arms not only served visitors, it was an essential part of village life. As well as selling ales and liquor, it served as a courtroom for inquests, an auction room for the sale of land and property and a gathering place for local clubs and societies. An Oddfellows Lodge was meeting in the Inn as early as 1844. Another owner of the Harptree Estate, William Taylor, established a temperance society, reviving The East Harptree Friendly Society, whose members subscribed weekly and were treated annually to a meal at the Inn and festivities in the field adjoining it. Occasionally intoxication got the better of its patrons.

And now?

During the 21st century the pub has had a succession of landlords working to fulfil the needs of the village. For the last 11 years the Waldegrave Arms has been under the ownership of Admiral Taverns as part of an extensive UK wide portfolio of pubs. Early in 2023 Admiral decided to put the pub up for sale. In response, the community has come together to try and save the pub from development by creating a Community Benefit Society and this Share Offer to purchase the pub. Subsequently on 19th October 2023 Admiral Taverns informed Bath and North East Somerset Council that it intends to sell the Waldegrave Arms triggering the Asset of Community Value process.

EHCBS was first registered on 14 September 2023. It received a grant of £5k from EH Parish Council during 2023 to cover its initial start up costs until it was in a position to launch its own community share offer and apply for a Community Ownership Fund grant.

The full Historic England list entry can be found at <https://historicengland.org.uk/listing/the-list/list-entry/1450512>

What is a Community Share Offer?

Community shares are a way of raising investment capital from communities. These shares are withdrawable, meaning that within the rules of the society, they can be withdrawn by those who purchased them. Locals are encouraged to buy shares in the enterprise and become part-owners and, as shareholders, they are more likely to do everything they can to ensure the success of the business by becoming loyal customers, volunteers and supporters of the enterprise. Community shares have been used to finance shops, pubs, community buildings, local food schemes, football clubs and even renewable energy initiatives.

East Harptree Village Shop was part funded through a community share offer. Most Community share offers are made by enterprises registered under the Cooperative and Community Benefit Societies Act 2014. This legal form provides limited liability status, just like company law. However, unlike companies, shares in these Societies are non-speculative, but democratic.

The East Harptree Community Benefit Society Limited (EHCBS) has been set up to purchase the Waldegrave Arms on behalf of the community. So, if you buy shares in the EHCBS you'll become a Member of the Society, with an equal vote regardless of your shareholding amount. Your involvement can be as much or as little as you wish. You can vote at Member Meetings, stand for election to the Management Committee, volunteer skills for any refurbishment or additional services at the pub, help run community events or activities, or most important of all just give the Waldegrave Arms your custom. The membership rules can be found in our Community Benefit Society rules at <https://www.waldegravearms.com/faqs>

What's in it for me?

This is not just about buying a pub, it's about preserving the history and heritage of our community and investing in the future of East Harptree and its people: to create a thriving Community pub, owned by the Community, run for the Community, creating new opportunities for the village. You would own a piece of the Waldegrave Arms and have the opportunity to influence the recruitment of a tenant to run the pub and its long-term future. If you invest, after the first full year of trading we aim to pay you interest of 3%. A summary of the financial forecasts follows, and there's more detail in the Business Plan which can be found at <https://www.waldegravearms.com/faqs>

5-year financial projection

The 5-year financial projection below, taken from our business plan, underpins the intent to pay interest on your shares in future years. In addition to this you can find the Balance Sheet and cashflow projections for the optimum investment level in the business plan

EHCBS Profit & Loss projection

	2023	2024	2025	2026	2027	2028	2029
Rent as % of turnover	0%	0%	10%	10%	10%	10%	10%
Income:	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Rent			36	42	49	56	65
Insurance recharge			2	2	2	2	2
Revenue grants received	5	9					
Amortisation of grant			5	5	5	5	5
Expenditure:							
Repairs			7	7	7	8	8
Buildings insurance		2	2	2	2	2	2
Professional fees	3	5	5	5	6	6	6
Administration costs	2	2	3	4	4	4	5
Depreciation			13	13	13	13	13
Interest payable to members			12	12	12	12	12
Profit/(loss)	0	0	1	6	12	18	26
Corporation tax				1	2	3	5
Retained profit for the year			1	5	10	15	21
Cumulative P&L reserves	0	0	1	6	16	31	52

Note that some of the numbers are affected by rounding.

Assumptions:

- a) No trading in 2024 pending purchase of pub, recruitment of tenant and renovations work.
- b) All figures are exclusive of VAT.
- c) Interest payments at 3% of share capital raised (subject to earning sufficient profits for the year).
- d) A £9k revenue grant is received as part of the Community Ownership Fund Grant, which will be used to cover initial costs until revenue is received from the tenant.

SHARE OFFER CLOSED

How much money do we need to raise?

We have set a minimum target of £325,000 and a maximum of £550,000 for the share offer. £400,000 will allow us to make a more competitive bid to purchase the pub, cover associated costs, essential repairs and open it. £550,000 will allow us to transform it with extra facilities to increase its financial sustainability. It will also provide additional opportunities for income and decreased costs by installing energy saving and generating infrastructure.

The business case is dependent on a £250,000 capital grant and £9,000 revenue grant from the Department for Levelling Up, Housing and Communities' Community Ownership Fund which was set up in March 2021 to help communities buy assets and amenities at risk of closure. The fund allows communities to apply for capital grants of up to £250,000 (& revenue grants up to £50,000) to match money raised from other sources. In addition, the business case reflects a revenue grant of £5k already awarded by the parish council.

The table below provides a summary of the total funds being raised under the three levels of the share offer and how they would be used is set out below:

	Minimum Offer	Optimum Offer	Maximum Offer
Funds Raised:	£'000	£'000	£'000
EHPC revenue grant	5	5	5
COF revenue grant	9	9	9
COF capital grant	250	250	250
Share issue	325	400	550
Total funds raised	589	664	814
Use of Funds:			
Tangible fixed assets (expected acquisition costs + professional fees + minimum essential renovations)	555	630	630
Reserve for capital improvements	-	-	150

Provision for working capital	20	20	20
Non-recoverable start-up costs	14	14	14
Total funds used	589	664	814

Future Aspirations:

Further capital improvements to meet the community aspirations for the pub include:

- Convert stables to 3 letting rooms to create additional sources of income.
- Adding extra seating capacity with a small conservatory extension to provide additional family friendly areas.
- Reconfigure kitchen, bar, cellar & function room to increase food capacity.
- Green Infrastructure plan and ecology enhancements.
- Renewables work (e.g. PV panels to reduce energy running costs, electric car charging etc.)
- Formal parking rights for the School.

The capital improvement works will be fully costed and implemented when sufficient funds are available. They will enhance the viability of the pub but are not necessary for the pub to operate.

How do I buy shares?

You need to be over 18 years to invest. Shares cost £1 each with a minimum investment of £100. You can buy as many as you want in multiples of £100, up to 50,000 shares (£50,000 in value).

You can buy:

- as an individual
- as a group or syndicate of friends (whilst all those in the syndicate will be recognised as part of the syndicate on the application form, only the named representative will vote as the syndicates representative)
- shares as a present for someone else (over the age of 18) You can purchase these but nominate the giftee on the application form.
- as a business, organisation or other body. (There is a requirement for the named representative to be recorded on the application and consequently in the share register.

Please fill in the application form at the back of this document or at www.waldegravearms.com

If we meet our target, you will be a shareholder in the EHCBS and The Waldegrave Arms. Once the share offer closes the Board will approve applicants into membership and allot shares. You will receive a share certificate or share account statement

What guarantees do I have when buying shares?

This is a long-term investment for the benefit of the community. Community shares cannot increase in value, cannot be traded, but their value can decrease. We expect to be able to pay interest after the first full year of trading and the Society – you, the Members – can decide to allow Members to ‘cash in’ their shares after 3 years (known as withdrawing). In effect, the Society buys back the shares at face value. In the event of the Society being wound up, shareholders would get back no more than the amount of their original investment, even if the Society’s assets (the building and land, mainly) are worth more than the share capital. Any excess (after paying any debts) must be transferred to another community organisation having similar community benefit aims, with the same asset lock. This is known as an asset lock which prevents any private gain if the Society dissolves.

The Society rules state that it is committed to trading for the benefit of the community, and not for anyone’s private benefit and that it can only retain and use profits to advance the Society’s Purpose and Objects in accordance with these Rules. Similarly, shareholders have no liability beyond the value of the shares they buy - that’s the very most you could lose.

Can I sell my shares?

No, shares cannot be sold or transferred but as an investor you can nominate someone else to inherit shares in the event of your death. You will be contacted after the Share Offer has closed with a nomination form to complete. Members can nominate someone to receive the first £5K of their shares outside of probate. Any shareholding over this forms part of your estate and is dealt with via probate. As explained above, we expect to allow share withdrawals after three years. This is to guarantee the business an initial period of financial stability. The EHCBS Management Committee will decide how many shares can be cashed in and have the right to refuse or suspend withdrawals if there is insufficient liquidity in the business.

What happens if we don’t raise enough money?

If we don’t reach the minimum of £325,000, we have the following options:

1. We could extend the period of the share offer;
2. We access other funding streams – for example the Community Shares Booster (run by Power to Change and Co-operatives UK) which may contribute towards our target through an investment in shares that will be held by Co-ops UK on the same terms as all other investors’ shares.
3. We will consider a commercial Loan package (up to £80,000) to bridge any gap. However, we would prefer not to take out a loan because of the burden of

repayments over seven years.

4. We close the share offer and then the project will not proceed. Grants may need to be repaid and share issue monies will be returned net of any unavoidable up-front costs not covered by non-refundable grants or donations. The management committee will do everything they can to try to minimise such costs and, even in the worst case, these should amount to no more than 3% of the monies raised.
5. In all cases if we are unsuccessful in our CoF application we would first seek to extend the share offer to attempt to raise the rest of the capital. If this is not succeeding we would close the share offer, cease the project and share issue monies will be returned net of any unavoidable up-front costs not covered by non-refundable grants or donations. The management committee will do everything they can to try to minimise such costs and, even in the worst case, these should amount to no more than 3% of the monies raised.

In the event that we are not able to buy the Waldegrave Arms, we are likely to disband the Society.

What happens if our bid is unsuccessful?

It is possible but unlikely that the owners do not wish to sell the pub to us, but they have already said they are happy to sell to whoever comes up with an acceptable bid. Admiral Taverns officially notified Bath and North East Somerset Council on 19th October 2023 of their intention to sell the property triggering the ACV process.

We will obviously take time to negotiate and, if there is no sale agreed within four months of the money being raised we will call a meeting of all Members of EHCBS and vote whether to extend the deadline or stop the project. In this case grants may need to be repaid and share issue monies will be returned net of any unavoidable up-front costs not covered by non-refundable grants or donations. The management committee will do everything they can to try to minimise such costs and, even in the worst case, these should amount to no more than 3% of the monies raised.

If our bid is unsuccessful and someone else buys the pub such that it is no longer on the market to us, we will refund all monies net of any unavoidable up-front costs not covered by non-refundable grants or donations. The management committee will do everything they can to try to minimise such costs and, even in the worst case, these should amount to no more than 3% of the monies raised.

What are my risks if the purchase goes ahead?

You do need to know the risks of this share offer.

The Business Fails

If the business fails, it may be placed into liquidation, in which case a liquidator would be appointed to realise the assets and distribute them to creditors. Effectively, this would mean selling the freehold of the Waldegrave Arms and East Harptree Community Benefit Society's creditors would be paid from the proceeds. After the payment of creditors and the costs of the liquidator, any surplus would repay members' share capital and then be used for the benefit of the community. Your liability as a Member is limited to the value of your shares. You cannot lose any more than the value of your shares.

Share illiquidity

Your shares will be highly illiquid, meaning you would NOT be able to sell your shares or convert them into cash very easily. Whilst the Management Committee will make every effort to find other members to buy new shares if you wish to withdraw your capital, there is no guarantee of when you'll be able to withdraw it. We have projected £4,000 per annum for share withdrawals from 2027 onwards. You must treat these shares as highly illiquid and should not invest any money you may need to draw upon in the foreseeable future.

No interest

Interest will be paid based upon the profitability of the business and no interest will be paid until the business is up-and-running (see business plan). Once the business is sufficiently profitable, the Management Committee is committed to use surplus profits to pay interest on the shares, targeting paying at a rate of 3%. However, if no surplus profits are generated, then no interest will be able to be paid. The Management Committee intends to mitigate against this risk by selecting a professional and entrepreneurial tenant and offering an affordable rent so the tenant is highly incentivised to run a profitable business. The committed support of the community and shareholders to use the Waldegrave Arms on a regular basis will also mitigate this risk.

Is it a good business proposition?

On the basis that we are successful with our application for a £250,000 grant from the Community Ownership Fund, we are confident that it is. We have drawn up business models and forecasts with the help of experts in Community pubs. These detailed forecasts are in the Business Plan, but the key aspects are:

- £400,000 from the share offer will ensure we can buy the building, pay associated expenses and carry out essential repair works to open a viable pub with a tenant landlord.
- £550,000 from the share offer will allow us to carry out capital improvement works to transform the pub, provide greater services to the community and increase income streams and reduce costs to ensure the pub business is even more financially sustainable.

- We will agree a fair and affordable rent with skilled and experienced tenants who will operate the core pub food and drink business.
- A mix of skilled trades and volunteers will help get the pub into a fit state to reopen.
- We – the Society – will receive rent equal to 10% of the pub turnover (which is a typical level of rent for a community pub). Based on the forecast levels of trading this will be from around £36k in Year 1, to £49k in Year 3.
- If costs are strictly controlled, we estimate the Society will be able to pay interest of 3% and still build up cash reserves each year. We forecast the Society's cumulative cash reserve would build up to over £100k after 5 full years which would be available to reinvest in the pub or fund share withdrawals by members.

From the market research we have carried out, there is evidence that our vision has struck a chord with the wider community: **89% said it was very important to have a vibrant local pub in the village**; with many saying they would contribute funds. These findings have been supported and validated by face-to-face discussions and meetings.

There is a growing market for community pubs and evidence that if the community is invested in the project, they will make more effort to use the pub and contribute to its success. In the UK, there have been over 160 pubs taken over by communities, reinvigorating pubs that were once struggling businesses. It is important to note that since 2004 not one community owned pub has closed down.

However, all commercial activities carry risk and any share investment is not a loan or a deposit, and the rates of return are not guaranteed.

We passionately believe this is the only realistic way to save the Waldegrave Arms for the future. The owners are willing sellers and we have the opportunity to create a community pub and business that will benefit everyone.

If this is a success, it will create an invaluable community asset and help the local economy. If we fail, your investment is in a valuable 'bricks and mortar' freehold of a property which can be sold to pay you back.

Who are the people organising this?

The East Harptree Community Benefit Society Limited was registered with the Financial Conduct Authority on 14 September 2023 (registration number 9144) expressly for the purpose of saving the pub for the community. This Society is the legal entity through which we will raise the funds necessary to purchase the Waldegrave Arms, undertake refurbishment work and appoint a tenant to run the business.

Community Benefit Societies are individually approved and regulated by the Financial Conduct Authority. Unlike a standard limited company, a Community Benefit Society is not designed to generate private profit, but to deliver a community benefit (though every effort will be made to ensure investors will receive a fair rate of interest from their investment over the medium to long term).

This model guarantees that the assets the Society will own will be used for the benefit of the community and cannot be disposed of for the private profit of the Management Committee or members.

The individuals organising this share offer are a group of local people who believe passionately in preserving the Waldegrave Arms and creating a Community pub. These people are members of the EHCBS and, collectively, there is a wealth of business and community experience within the group. We also have support from the Plunkett Foundation. We have drawn extensively on their experience and contacts to ensure that our business model draws on tried and tested practices adopted by other successful community pubs. In addition to this Lee Turner who ran the Waldegrave Arms as a successful tenant for over 10 years has agreed to help EHCBS as an expert, pro-bono consultant.

Interim Management Committee

Andrew Jones has lived in East Harptree for 22 years. He is a chartered accountant and retired partner of Deloitte LLP where he gained expertise in finance, taxation and fundraising. He is Chair of East Harptree Parish Council and has experience of similar community projects having been involved in the establishment of the EH Community Shop. His EHCBS role is to lead the business planning and fundraising activities.

Alan Harper is an experienced businessman, board chairman and director. In addition to numerous industry roles, he has been chairman of the Vodafone Group Foundation – a major UK charity. He has also undertaken acquisition and refurbishment of several major listed buildings. His EHCBS role is to guide the business and financial planning and to lead the acquisition negotiations.

Keith Bowers is a former Naval Engineering Officer, who in his final role, was responsible for the design and delivery of the Combat System for the Type 26 Frigate. He is a Chartered Engineer and now works as a Senior Consultant and Agile Project Manager in an Engineering Consultancy. He is responsible for the delivery of multiple projects with a value of £1M. He is new to the village but keen to see a pub retained for the community.

Daisy Thompson has lived in East Harptree since 2017 and was drawn to the village by the beautiful walks and local pub! Formerly a full-time copywriter at Saatchi & Saatchi and the

National Trust, she now balances freelance life with two unruly kids. Her EHCBS role is to lead on communications.

Chris Head has been the Executive Director of the charity West of England Rural Network for 13 years and has extensive experience and knowledge of the issues and concerns faced by rural communities and businesses. Chris works with other community groups, local and national government and has been involved in community activity in East Harptree for 22 years including helping to set up the Community Shop where he was chair for six years.

Nigel Sommerfield was born in Somerset and has lived in and around East Harptree for about 35 years. He has two adult children both born here and schooled in the village and at Chew Valley school. He worked for 20 years in marketing management and is experienced in business strategy, planning and control. He took a (very) extended career break 25 years ago to look after the kids and work on refurbishing houses here and in North Devon. This period was punctuated with spells employed as a fisheries ranger for Bristol Water working on (and sometimes in!) the local reservoirs and as a regional property manager for English Heritage. He has been a member of the East Harptree Village Hall Committee for many years.

Phil Smith is a 26-year veteran of East Harptree, with two grown up children both schooled in the village. He is a Welshman and a keen rugby supporter with two artificial knees as a legacy of his playing days. He has been involved in the Greater Bristol business scene for over 30 years and is Managing Director of Business West, which supports thousands of local businesses to start and scale. He brings this crucial experience to EHCBS and the future of the Waldy.

Richard Coombs is a retired Professional Engineer, born in south Bristol before moving to East Harptree 14 years ago. He has previously owned and run an engineering manufacturing company and has been a Senior Project Manager for a large defence company. He has also been an EH Parish Councillor for eight years. As part of the EHCBS interim committee, he supports the Business Plan, Fundraising and Plunkett Engagement teams.

Supporting Documents

For further information and support for your investment decision, please go to www.waldegravearms.com where you can read and download:

- Business Plan
- Rules of EHCBS
- Community Consultation Results
- Investing in Community Shares (from the Community Shares Unit <http://communityshares.org.uk>)

Management Committee Declaration

Due care has been taken in preparing this prospectus, a process that has been overseen by the Management Committee. The information is provided in good faith and is as accurate as possible, at the date of production.

Thank you for taking the time and trouble to read this prospectus. We hope you are as enthusiastic as the Management Committee about the future of the Waldy under community ownership and wish to share in the community's vision:

'A vibrant food, drink and social destination, where everyone is welcome. A local that helps village life thrive.'

Please invest, as we are doing ourselves, and help us to retain a key part of our rural community. By joining together, our community heart will grow bigger, stronger and last longer.

We look forward to welcoming you as a shareholder!

Application Procedure

Please ensure you have read the Share Prospectus and application procedure below:

- By completing a Membership Shares Application Form you are accepting the Share Offer terms and conditions for the value of shares specified and agreed on by the committee.
- You must be 18 years of age or over and may be required to provide additional evidence of identity to comply with Money Laundering requirements.
- You may make an application as an individual, a group/syndicate, a business, organisation, or other incorporated or unincorporated body. You can also buy shares as a gift for someone else over the age of 18.
- Once you have submitted your application and it has been validated, you cannot withdraw it.
- You may make multiple subscriptions, providing they do not result in you owning more than the maximum 50,000 shares allowed (value £50,000).
- If you are able to access the internet, please fill out your application form and pay for your shares by electronic bank transfer (to Unity Trust Bank), or, if this is not possible, by cheque.

How to apply and pay:

1. Fill out a Membership Shares Application Form online (preferred) or print and fill out your form.
2. Pay for your funds using either method below:

Option 1 [preferred]

Make an electronic bank transfer from your online bank account (with your initial and surname as the reference) to '**East Harptree Community Benefit Society**', Unity Trust Bank, Sort Code **60-83-01**. Account number **2049 4162**.

Option 2

Write out a cheque for the necessary amount, made payable to 'East Harptree Community Benefit Society' and take/post with the completed application form to: EHCBS SHARE OFFER, Potts Cottage, Highstreet, East Harptree, BS406AY

3. Receive your membership certificate after the offer closes on 19 April 2024.

If you need any support in filling out your application form or transferring funds, please email the volunteer committee at waldegrave.arms.CA@gmail.com

Please note that:

- All funds will be held in a Unity Trust Bank account in the name of East Harptree Community Benefit Society, separate from any other financial activities, until the share offer is complete.
- Applications on incomplete or inaccurate Applications Forms may not be accepted.
- Results of the Share offer will be published on the above website and all applicants will be informed by email (or telephone or post if requested)
- If the share offer is oversubscribed we will operate on a FIRST COME FIRST SERVED basis.
- If for any reason EHCBS is unable to offer any or all of the shares applied for, EHCBS will refund the applicant the excess.
- An applicant who receives Shares agrees to be bound by the Rules of the East Harptree Community Benefit Society Limited. These are available on the above website.

This offer closes when the maximum amount is reached or on 19 April 2024, whichever is sooner.

The Management Committee reserves the right to extend this offer. Any extension of the share offer must be timebound and no more than 12 months

Membership Shares Application Form

To become a Member of, and investor in, the East Harptree Community Benefit Society Limited

Are you applying:

1. For yourself, as an individual? Go to **Section 1**
2. On behalf of a group or syndicate of up to 10 people? Go to **Section 2**
3. On behalf of a business, organisation, or other incorporated or unincorporated body? Go to **Section 3**
4. To buy shares as a gift for someone else? Go to **Section 4**

SHARE OFFER CLOSED

Section 1 – INDIVIDUAL

I wish to become an individual Member of East Harptree Community Benefit Society Limited (EHCBS). In accordance with the Rules of the Society, I apply for Shares to the value of £ (minimum £100, multiples of £100, maximum £50,000)

First Name:

Last name

Address:

.....

Postcode

Email:

Phone No

By ticking this box and in submitting this form I confirm that:

- I am 18 years or over
- I have read the Share Offer Prospectus and agree to the terms and conditions of this offer
- If admitted to membership of East Harptree Community Benefit Society Limited, I will abide by its rules (these are available to view at www.waldegravearms.com/faq)
- I consent to EHCBS sending me information relating to my membership and the planned activity regarding the Waldegrave Arms, by the email given above

Payment (choose one)

- I have paid via electronic bank transfer (Unity Trust Bank. Sort Code **60-83-01**. Account number **2049 4162**) and put my name as the reference.
- I enclose a cheque made payable to 'East Harptree Community Benefit Society Limited'

Signed Date

Data Protection: The data provided by you will be stored on a hard copy and an electronic database. The data will be used for the East Harptree Community Benefit Society Limited purposes and will not be disclosed to any third party.

Section 2 – GROUP / SYNDICATE

I wish to become the Individual Member of East Harptree Community Benefit Society Limited (EHCBS) as the representative of up to nine others. In accordance with the Rules of the Society, I apply for Shares to the value of £ (minimum £100, multiples of £100, maximum £50,000)

Please enter the name and details of the nominated representative below. This person will be named on the share register.

First Name:

Last name

Address:

.....

Postcode

Email:

Phone No

By ticking this box and in submitting this form I confirm that:

- I am 18 years or over
- I have read the Share Offer Prospectus and agree to the terms and conditions of this offer
- If admitted to membership of East Harptree Community Benefit Society Limited, I will abide by its rules (these are available to view at www.waldegravearms.com/faq)

I consent to EHCBS sending me information relating to my membership and the planned activity regarding the Waldegrave Arms, by the email given above.

The name of the other people in my group/syndicate are (maximum nine others)

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Payment (choose one)

I have paid via electronic bank transfer (Unity Trust Bank. Sort Code **60-83-01**. Account number **2049 4162**) and put my name as the reference.

I enclose a cheque made payable to 'East Harptree Community Benefit Society Limited'

Signed Date

Data Protection: The data provided by you will be stored on a hard copy and an electronic database. The data will be used for the East Harptree Community Benefit Society Limited purposes and will not be disclosed to any third party.

SHARE OFFER CLOSED

Section 3 – BUSINESS, ORGANISATION, OR OTHER INCORPORATED OR UNINCORPORATED BODY

We wish to become a Member of East Harptree Community Benefit Society Limited (EHCBS). In accordance with the Rules of the Society, we apply for Shares to the value of £ (minimum £100, multiples of £100, maximum £50,000)

Organisation

Company Registration Number..... Incorporated/Unincorporated
(delete as appropriate)

Please enter the name and details of the nominated representative below.

First Name:

Last name

Address:

.....

Postcode

Email:

Phone No

By ticking this box and in submitting this form I confirm that:

- As a representative of an incorporated or a nominee of an unincorporated organisation (whichever is appropriate), EHCBS will require confirmation in writing of my appointment in due course.
- I am 18 years or over
- I have read the Share Offer Prospectus and agree to the terms and conditions of this offer
- If admitted to membership of East Harptree Community Benefit Society Limited, I will abide by its rules (these are available to view at www.waldegravearms.com/faq)
- I consent to EHCBS sending me information relating to my membership and the planned activity regarding the Waldegrave Arms, by the email given above

Payment (choose one)

- I have paid via electronic bank transfer (Unity Trust Bank. Sort Code **60-83-01**. Account number **2049 4162**) and put my name as the reference.

- I enclose a cheque made payable to 'East Harptree Community Benefit Society Limited'

Signed Date

Data Protection: The data provided by you will be stored on a hard copy and an electronic database. The data will be used for the East Harptree Community Benefit Society Limited purposes and will not be disclosed to any third party.

SHARE OFFER CLOSED

Section 4 - BUYING SHARES as a GIFT FOR SOMEONE ELSE

I am applying for shares to give as a gift to one or more people over the age of 18. In accordance with the Rules of the Society, I apply for Shares to the value of £ (minimum £100, multiples of £100, maximum £50,000)

My details are:

First Name:

Last name

Address:

.....

Postcode

Email:

Phone No

By ticking this box and in submitting this form I confirm that:

- I am 18 years or over
- Those I am buying the shares for are 18 years or over
- I have read the Share Offer Prospectus and agree to the terms and conditions of this offer
- If admitted to membership of East Harptree Community Benefit Society Limited, I will abide by its rules (these are available to view at www.waldegravearms.com/faq)
- I consent to EHCBS sending me information relating to my membership and the planned activity regarding the Waldegrave Arms, by the email given above.

These shares are purchased as a gift for the following named persons:

Name

Name

Name

EHCBS will contact you once the Share Offer has closed to confirm the details of Giftees and their consent to membership in order that their details can be entered in the Shares Register.

Payment (choose one)

- I have paid via electronic bank transfer (Unity Trust Bank. Sort Code **60-83-01**. Account number **2049 4162**) and put my name as the reference.

- I enclose a cheque made payable to 'East Harptree Community Benefit Society Limited'

Signed Date

Data Protection: The data provided by you will be stored on a hard copy and an electronic database. The data will be used for the East Harptree Community Benefit Society Limited purposes and will not be disclosed to any third party.

SHARE OFFER CLOSED