

PENCUIK COMMUNITY ALLIANCE LTD.



Est. 2015

STOREHOUSE

**BREADSHARE COMMUNITY BAKERY
LOST GARDEN FOODHALL
TRAINING / INDOOR MARKET**

YOUR INVITATION TO BUY SHARES



**SHARE ISSUE
OFFER DOCUMENT**



THE STANDARD MARK

The Community Shares Standard Mark is awarded by the Community Shares Unit to offers that meet national standards of good practice.

For more information about community shares, the Community Shares Standard Mark and the Community Shares Unit go to: communityshares.org.uk



THE OFFER SUMMARY

Penicuik Community Alliance Ltd is seeking investment from the community. The minimum total investment sought in this offer is £82,100, our optimal target is £182,100 with a maximum subscription of £300,000.

The minimum investment is £25 per investor, with a maximum of £20,000.

The offer opens on 4th December 2015 and closes on the 31st March 2016, or when the maximum target is reached, whichever is sooner.

The board of directors reserve the right to extend the offer beyond this initial period if they believe doing so would benefit the share issue.

This offer is being promoted by the Penicuik Community Alliance, of 7 Bridge Street, Penicuik, Midlothian EH26 8LL. It is registered as a Community Benefit Society with the FCA (7199)

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.



WHAT IF THE BEST DAYS OF PENICUIK ARE AHEAD OF US?

How many times have you heard people say Penicuik isn't what it used to be; that the town centre hasn't got the shops people want, or that too many people are drawn to Edinburgh? If we keep on saying it, it'll become a self-fulfilling prophecy and before we know it, it really will be just another satellite of Edinburgh, and all the things that attract people to the town will be gone.

But by contrast, if we dig deep, we can do something about it. We can make the town something we can be in control of, and not a place at the mercy of big money and big developers.

It's been tough for everyone in every retail sector these last few years, but it's been really tough on the kind of businesses people really want to see in their towns – independent, locally-owned businesses, with proprietors who care as much about the community as you do, because it's their home too.

We know where those proprietors live – they're in and around Penicuik already. They're the people who hold the town dear and want it to thrive.

They're people like you.

HOW CAN WE DO THIS?

We know that just as shops closing can cause a domino effect as others fail in their wake, the opposite is true, and success can breed success. We want to build on the success of the activities of the Penicuik Community Development Trust's efforts and the outdoor market and open

The Penicuik Storehouse: a community bakery, café, kitchen, food store and indoor social supermarket as a thriving business in the heart of Penicuik High Street in one of the old Penicuik Co-operative Buildings.

It will give Penicuik residents and visitors the chance to buy freshly baked bread and cakes, pies and savouries, soups, family meals, cooked meats and cheeses, tea, coffee, sandwiches, and other food and groceries all from local, organic sources as far as possible, doing this in an attractive place that's a pleasure to visit, and at the same time giving people real jobs, training and volunteering opportunities.

The Storehouse is committed to giving Penicuik people good food at fair prices, and the

wherewithal to feed their families honestly and well. We're not planning to take anything out of the local economy, instead we want to put plenty back into the town we love and the local traders who help to support it

We've done the sums and we're convinced it can thrive, and in so doing helping bring some real life and colour back to the High Street, pulling in people from all around Penicuik. This document describes how we will do this. Together we can make this happen.

We plan to open the Storehouse as soon as we can after signing the ten-year lease with Scotmid, the current property owners.

First of all, walls and ceilings will be stripped out, floors and ramps re-modelled, and the premises thoroughly cleaned. We'll remove the ugly oversized signboard and replace it with something more attractive and discreet. Our intention is to have access from Bank Street, as well as High Street.



WHAT IT'LL BE LIKE

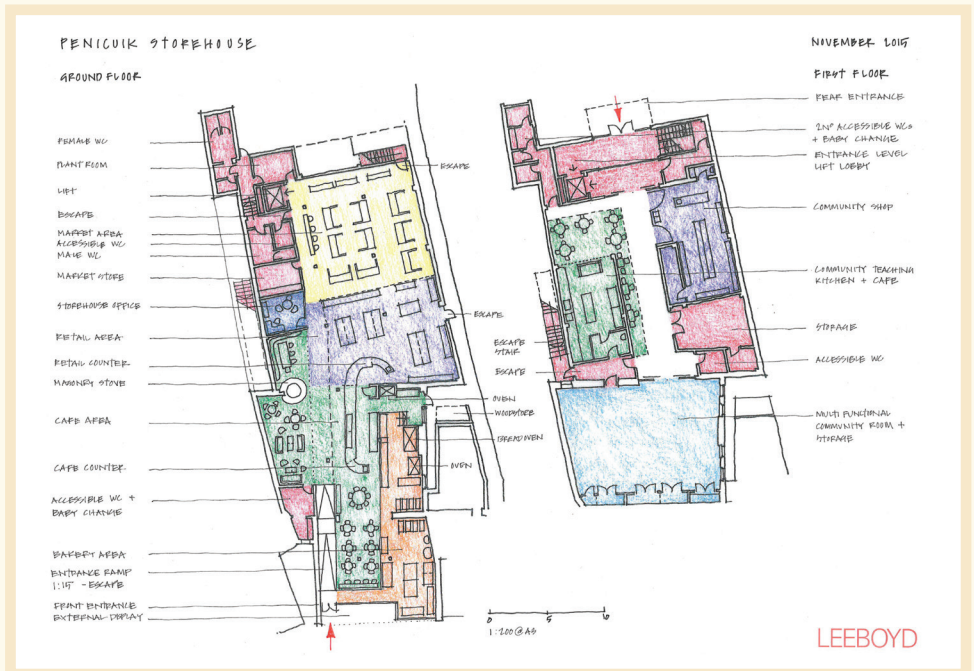
People have been missing a bakery (and the unmistakable smell of freshly baked bread!) for years, so we're making that a big feature. Bakery preparation will be "front of house" at street level, and behind that we'll have the café, sales counter, with bread ovens to the right.

The Bakery will be a partnership with Breadshare who started near Penicuik just a few years ago and earlier this year opened a successful new bakery in Portobello (<http://breadshare.co.uk/>). They're an established supplier to Penicuik's Valleyfield House Saturday Market and First Friday monthly street market, and we're running a franchise operation in which their name and brand will be used by us baking the bread with our staff, our raw materials but to Breadshare's standards.

Behind the bakery and cafe area will be the food

Market and Lost Garden Food Hall taking up most of the width of the Storehouse to the back, where the indoor market stalls will be laid out.

On the first floor we will have the Community Shop, more toilets, accessed by two different flights of stairs and we'll also be adding a lift to ensure accessibility throughout. The Community Shop will redistribute surplus food from the supply chain and make it available at heavily discounted prices to those living in areas of deprivation and experiencing in-work poverty. The Penicuik Community Shop will ultimately be run in collaboration and partnership with the Company Shop - Community Shop organisation (<http://community-shop.co.uk/>). Critical to any surplus-distributing enterprise like this is having reliable supplies of that surplus, and so the shop won't open until this is in place.





COSTS AND SURPLUSES

- We've looked at contingencies for start up and future years and we're confident that our projections are realistic and reliable. The full details are available in the Business Plan which can be downloaded from <http://www.penicom.net>.
- After a first year in which we absorb start up costs, we expect to generate a surplus for community and town centre benefit of at least £30,000 each year.
- The total set-up costs, including buying stock, are around £332,100 and after allowing for the Town Centre Communities Capital Grant of £150,000, we have set our optimum share issue aim at £182,100 – with this amount, we can do everything we need to do to open the Storehouse debt free.
- We've got underwriting from Social Investment Scotland of £100,000, so the minimum we need to raise is £82,100, as we can make up the difference from the SIS loan, though we'd ideally like to raise as much as possible through the share issue, as the more we raise, the less debt we have and the more our money can go to work in Penicuk.
- If we're more successful than that, we can accept up to £300,000 in share capital, with the extra money used to provide both working capital to make us more resilient as a business, and speed the development of the Community Shop and other aspects of the start-up phase which haven't yet been costed as they weren't essential. The Board will decide the best usage of the additional capital in light of how much extra has been received.
- Our financial projections show - as is the case with all new businesses with significant start-up costs – that we make a loss in year one as we absorb those one-off costs, moving to a surplus in the second year of operation.
- On a month-by-month basis, we believe the Storehouse can cover its operating costs and generate a surplus.
- We aim to employ the equivalent of 7 full-time staff at 35 hours per week on a living wage+ of £9.90 per hour, which will give us a wage bill of around £100,000 per year.



PENICUK COMMUNITY ALLIANCE'S AIMS

Establish a foodstore run by the community for the community
- a place to buy a wide variety of local and seasonal produce.

Reconnect people with food producers and suppliers.

Work with the community to create jobs, volunteer and training opportunities and better links with schools, families, young and old.

Support local traders and help make the town centre a better place for all.



TAX BREAK

We have been approved by HMRC for Advanced Assurance that investment in the Alliance will be eligible for Enterprise Investment Scheme Tax Relief.

As we are now an eligible body for EIS undertaking an eligible trade then investors will be able to claim 30% of the

value of their investment back against their UK income tax liability.

Anyone investing on the basis of the potential tax break should check with their own financial advisor as to their eligibility and the means by which they will claim it.

WHO'S BEHIND THIS PROJECT?

Penicuik Community Development Trust has a track record of getting things done that make a real impact in Penicuik, and behind The Storehouse are people who've been involved in that work.

We began in 2014 to explore the possibility of launching a really high quality low-cost food business. In 2015 we formed The Penicuik Community Alliance Limited with a Steering Committee of volunteer directors Colum Beagan, Paul Hayes, and Roger Kelly.

Roger has lived in Penicuik for nearly 40 years and his family connection goes back further. He has had a career in Town Planning and Community Development to add to his experience of 25 years of successful operation of the Saturday market in Valleyfield House Penicuik and his retail experience and supply chain will transfer directly into the Penicuik Storehouse operation.

Colum has associated himself with food culture throughout his life and even during the fifteen

years he spent as a Maths teacher he kept a garden and smallholding. He is passionate about good food and passionate too that good food is not just for the well-off. He grew up on a small farm and has been involved in the Lost Garden of Penicuik project, and has lived locally for nearly two decades.

Paul has lived in Penicuik for 27 years and has a background from childhood in retail sales and latterly business experience in Quality Assurance and Business Management Consultancy.

The Steering Committee have also consulted with Archie Patterson, Derek Mair, Melanie Dunbar, Shuna Anderson, Judit Lengyel; with Jill Sales Debra Riddell, Geoff Crowe and the team at Breadshare; with Alasdair Mathers and colleagues at Midlothian Council and with Alistair Johnstone at Social Investment Scotland. Gary Stott from Company Shop has been inspirational and essential to our investigation of the community shop - social solidarity store aspect of the project and without his encouragement we could not have proceeded with this vital element.



WHAT ARE COMMUNITY SHARES?

Penicuik Community Alliance Limited ('The Alliance' - trading as the 'Storehouse') is using a form of investment called Community Shares – it's ideally suited to community assets like the Storehouse. Investors can expect interest on the sums they invest and may withdraw their investment (in essence, get their money back) but only under certain conditions.

The Alliance must first have the funds to support withdrawal or interest payments and we only expect to make interest payments or accept requests for withdrawal after three years.

Community shares can't be sold on or transferred (except upon death).

The Storehouse will work if we all pull in the

same direction. The Storehouse will always have to ensure that getting money back to investors is prudent, taking into account our objectives as a community benefit society.

So, whilst we have a strong business plan that supports our plans for growth, and a desire to ensure a return to investors who have shown faith in our community, our wider community purpose will always come first.

That provides the final advantage – because it should be seen as a medium to long term investment, it is most attractive to people who share our values, rather than want an immediate return, ensuring that the people who will own the Storehouse will be those people who invest on these terms.

PENICUIK COMMUNITY DEVELOPMENT TRUST

The Trust was formed in 2005 and has a track record of solid practical solutions to help regenerate the town centre, moving from talking about the problems to making solutions happen.

People wanted to see the Town Hall safeguarded, so the Trust organises for it to be used every week for public meetings and events (Saturday Open House, Sunday Cinema). In a little over 3 years, The Lost Garden of Penicuik has been made accessible and open to the public, and it is already producing 1,500 kilos of local vegetables and fruit a year with much more to come in the future.

The Trust gathered the resources to take over the Pen-y-coe Press, a well-loved stationery and printing shop in the town centre whose owners were retiring and which would otherwise have closed. It's since traded successfully and paid substantially for its own restoration.

The Trust was the driving force behind the creation of the Outdoor Market, which has shown us what appetite there is for a decent retail offering in the town, and gave us the confidence to create something more permanent than a week market.



WHAT INVESTORS WILL GET?

Every investor will be a part- owner of the Penicuik Community Alliance and gets a stake in the decision-making – for the committee of directors and on resolutions at the AGM (the society's Rules are available from our website: www.penicom.net).

Under the law governing Community Benefit Societies, regardless of how much you invest, everyone has one vote. We believe that fits our ethos perfectly, because all investors will be equal with everyone else in their desire for our community to prosper, regardless of how much we can afford to invest. The more people can invest, the greater their interest payments will be).

The committee hope to pay interest on share capital, capped at 1.5% in any given year, though for the first three years, interest will not be paid nor withdrawal allowed to enable us to focus on getting the Storehouse business in a good condition for long-term growth.

From the third year onwards decisions about interest and withdrawals will be made by the Committee at the time. Should withdrawals be possible, they will be allowed on a first come first served basis. Members will be required to give three months' notice of their request to withdraw capital.

The present Alliance directors judge that the projected performance of the Storehouse business gives them confidence that they will be able to support this rate of interest and enable withdrawal by investors within a relatively short timespan. They believe that this offer represents an excellent opportunity for them to significantly lower the costs of their borrowing as a society, to achieve social benefit to the community of Penicuik and to enable investors to achieve an attractive rate of return better than they can get from cash savings products on offer at high street banks.

FREQUENTLY ASKED QUESTIONS

What happens if the offers raises less than £82,100?

The offer will have failed, and no money will be drawn down from any investor.

What if the offer raises between £82,100 and £182,100?

Social Investment Scotland will be underwriting our share issue

The main consequence is that until that debt is paid off, we'll have less money to spend on the premises and certainly much less to support paying interest to investors or enabling withdrawals and, in the event of any insolvency, creditors will take priority over community share investors.

Why would we stop at £300,000 if there was an appetite for people to invest more?

Because we have an aspiration to pay interest and allow withdrawals, every penny of investment return becomes something we have to support through the same fixed pot of surpluses. So, if we have too much capital to service, the result is that everyone gets a little less interest, and so we've set a maximum beyond which we don't believe our aspirations would be realistic.

Why aren't you going for a mortgage to buy the building?

We think we need to prove the concept first and show how much it can contribute to the town (and the Alliance's bottom line) and after that, we can look at raising the finance to give us the longer-term security we'd want.



What if other shops upgrade and become more attractive, or conversely, what if Penicuik suffers further decline and just doesn't have the footfall that the storehouse needs?

The first of these is a happy problem for investors, as the reason we're doing this is to help put Penicuik town centre back on the map. If we're very successful in this aim, then whilst there's a financial problem, we've delivered exactly the social and community benefit we started this to achieve (though we believe what we're creating will happily go toe-to-toe with any other store that could be opened!)

However, if Penicuik goes into a further decline, then there's a bigger problem than just the difficulties that presents for our store, and because this entire project is about stopping that, we think the best way to prevent it is for local people to use the Storehouse, and for people further afield to see it as a symbol of a vibrant Penicuik.

What if the society becomes insolvent?

As a asset-locked Community Benefit Society, in the event of insolvency, our assets would be sold and after the proceeds had paid off any creditors, investors would get back their money in proportion to their investment. After that, any surplus assets will be distributed to other asset-locked community bodies in the area.

As we will only have a short-term lease from ScotMid, we won't have many assets to sell beyond the stock and equipment, so the reality is that investors would likely lose most of their investment as there would not be sufficient assets to cover the total investment made.

You won't be liable for any more money in any event, but neither will you have any right to compensation from the Financial Services Compensation Scheme, or recourse to an ombudsman because Community Benefit Societies are exempt from the regulations governing public share offers.

It bears reiterating though that whether or not these things happen isn't dependent on some uncontrollable force like the weather, but whether we as a community can get behind something we own and operate, which

is trying to make our community a better place to live and work, and we believe that community shares help us achieve that better than any other form of finance.

When will you be ready to open for business?

We'll need to sign a lease with ScotMid, which is already in the hands of our solicitors following approval by the Scotmid board. We think it will take around one month after raising all the money we need to fit out the Storehouse, and we're going to look to be open in part as soon as possible. There's additional time to recruit and train staff and volunteers, be think it shouldn't be any longer than 6 months to get fully operative.

Will shareholders get a discount?

No - there will be no shareholders' discount but we hope to pay investors a rate of interest on their shares that's better than most high street bank savings accounts.

Who will run the shop?

A committee of the Alliance will be elected by the Members to run the Storehouse with the help of Storehouse employees and volunteers. They will be responsible for both long-term development and the day-to-day operation.

Who can buy shares?

This offer is open to anyone over the age of 16.

Companies and other corporate bodies will become legal members of the society, though they will have to nominate who their nominee will be when they make their application.

Clubs and other unincorporated groups (such as a group of friends or a family) can also buy shares, but whoever buys them will be the legal owner, and they need to make their own arrangements for how things like votes will be cast on their behalf, and how interest payments and withdrawal will be repaid to everyone who contributed in the first instance.

What's the minimum investment?

The minimum investment is £25. This is because this is an investment proposal in a community business, not a donation to a good cause. There's also a cost



of processing each investment now and every year that person remains an investor, so we can't set the bar too low or else it'll end up costing us more than we receive.

Is there a maximum I can invest?

The maximum is £20,000.

Do I need to buy blocks of £25?

Yes – the £25 is a minimum. Each share is £25 so you can buy any amount between £25 worth and the maximum of £20,000 in multiples of £25.

What if £25 is too much for us?

Individuals can club together as friends or as a family and buy shares collectively, but in legal terms, the share

is owned by the person who completes the application form and it is to them that any interest or withdrawal would be paid. It is the responsibility of the group to come to their own arrangements about exercising the rights and responsibilities of members.

Christmas is coming up – can I buy shares as a gift?

Yes, but get in touch with us, rather than using the application form. When shares are bought, there's a legal contract made between the investor and the Penicuik Community Alliance, so we need to make special arrangements to ensure that the person who is having shares bought for them is still able to personally agree to that contract (and we can't do that until after the 25th so we don't spoil any surprises!).

HOW TO INVEST

ONLINE

We're running this offer through the Microgenius crowdfunding platform provided by the Community Shares Unit at Co-operatives UK (they've helped us through this process of launching the share issue).

Visit: www.microgenius.org.uk

The system uses GoCardless, a low-cost direct debit service accessed through GoCardless' sponsor, the Royal Bank of Scotland and is registered as a Small Payments Institution with the Financial Conduct Authority.

GoCardless charge 0.5% of their share purchase for payment processing on successful share offers to cover the transaction costs (in other words, for every £100 invested, 50p goes towards transaction costs).

In order to use the service, you need a valid email address to create your Microgenius account, and a UK bank or building society account to set up the direct debit instruction. (You don't need to have a credit card). When you have decided how much you want to invest, enter your bank details into their secure service when prompted and GoCardless takes care of the rest.

OFFLINE

You can also apply by completing the form on the rear of this brochure (or downloaded from the website) and returning it with a cheque for your investment to:

Penicuik Community Alliance Ltd.,
Pen-y-Coe Press,
7 Bridge Street
Penicuik
Midlothian,
Scotland
EH26 8LL

What happens when I invest?

On the Microgenius site, your name, address and bank details will be taken but no money will be transferred until the offer closes.

After the offer has closed, the Committee will decide a specific time to begin the transfer, and every investor will be given advance notice of when exactly this will be.

Cheques from offline investors will be paid in after the offer closes.



HOW TO HELP

1



Buy shares for yourself and your family or as a gift.

2



Visit our website:
www.penicom.net

3



Tell your neighbours, friends and colleagues.

4



Share us on Facebook and retweet us on Twitter.

5



Invite us to come and talk to a group or organisation.



co+operative
development
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Supported by
**Community
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SIS
social investment scotland
connecting capital with communities


The Scottish
Government
Riaghaltas na h-Alba

 The
Community
Shares
Company



APPLICATION TO BECOME AN INVESTOR IN PENICUIK COMMUNITY ALLIANCE



NAME

ADDRESS

POSTCODE

EMAIL

PHONE

**HOW MANY SHARES DO YOU WANT TO PURCHASE:
(MIN £25, MAX £20,000 IN MULTIPLES OF £25)**

If the share offer is oversubscribed and/or unable to offer you any or all the shares you have applied for, we will refund the difference by cheque to the address above unless we are notified otherwise.

£

PLEASE TICK THE BOXES BELOW TO INDICATE THAT YOU AGREE WITH THE STATEMENTS:

I confirm that I am 16 years old or older.

I have read the share offer document and understand and accept the terms of the share offer and the Rules of Penicuik Community Alliance.

I consent to using the email address above as the primary means of communication for official documents from Penicuik Community Alliance.

SIGNED **DATE** / /

This offer closes on 31st March 2016 or whenever £300,000 is subscribed, whichever is soonest. The Board reserve the right to extend this offer.

Please enclose a cheque for payment made out to 'Penicuik Community Alliance Limited' and return the completed application form:

**Penicuik Community Alliance Ltd.,
7 Bridge Street
Penicuik, Midlothian,
Scotland EH26 8LL**



Penicuik Community Alliance will store securely the information you have provided and will not share that information with anyone else without your permission.