



Cardigan Arms Community Pub

SHARE OFFER DOCUMENT

Help Save One Of Britain's Top 250 Heritage Pubs
Be A Founding Shareholder Of Leeds First Community Pub
Share Target £300,000

Share Offer Opens April 7th | Closing Date May 29th

Saving the Cardigan Arms

The Cardigan Arms ('Cardy') is a magnificent Grade II listed pub, one of the top 250 heritage pubs in Britain. It achieved that listing because of its almost unaltered interior layout (five rooms around a central bar) and multiple heritage features.





Saving the Cardigan Arms

The Cardigan Arms (LS4 2HQ) is on Kirkstall Rd near the viaduct and opposite the Vue cinema. Upstairs is a 100 capacity events room, two other rooms and a kitchen. At the back is a disused brew house and down in the cellar the shower room for sports teams.

It was heaving in the '80s and early '90s but in recent years has fallen on hard times, with no landlord commitment and a series of tenants passing through. The Cardy has a following throughout Leeds, people who remember it for the music, sport and general warm atmosphere. That is what we want to take it back to.

'Saving' the Cardy is more than keeping it open. There will be other bidders for the pub; some wanting to turn all but the ground floor into flats. We want to save it as a community pub, the first in Leeds and one of the first urban co-operatively owned pubs in the country

*'Saving' the Cardy
is more than keeping it open*

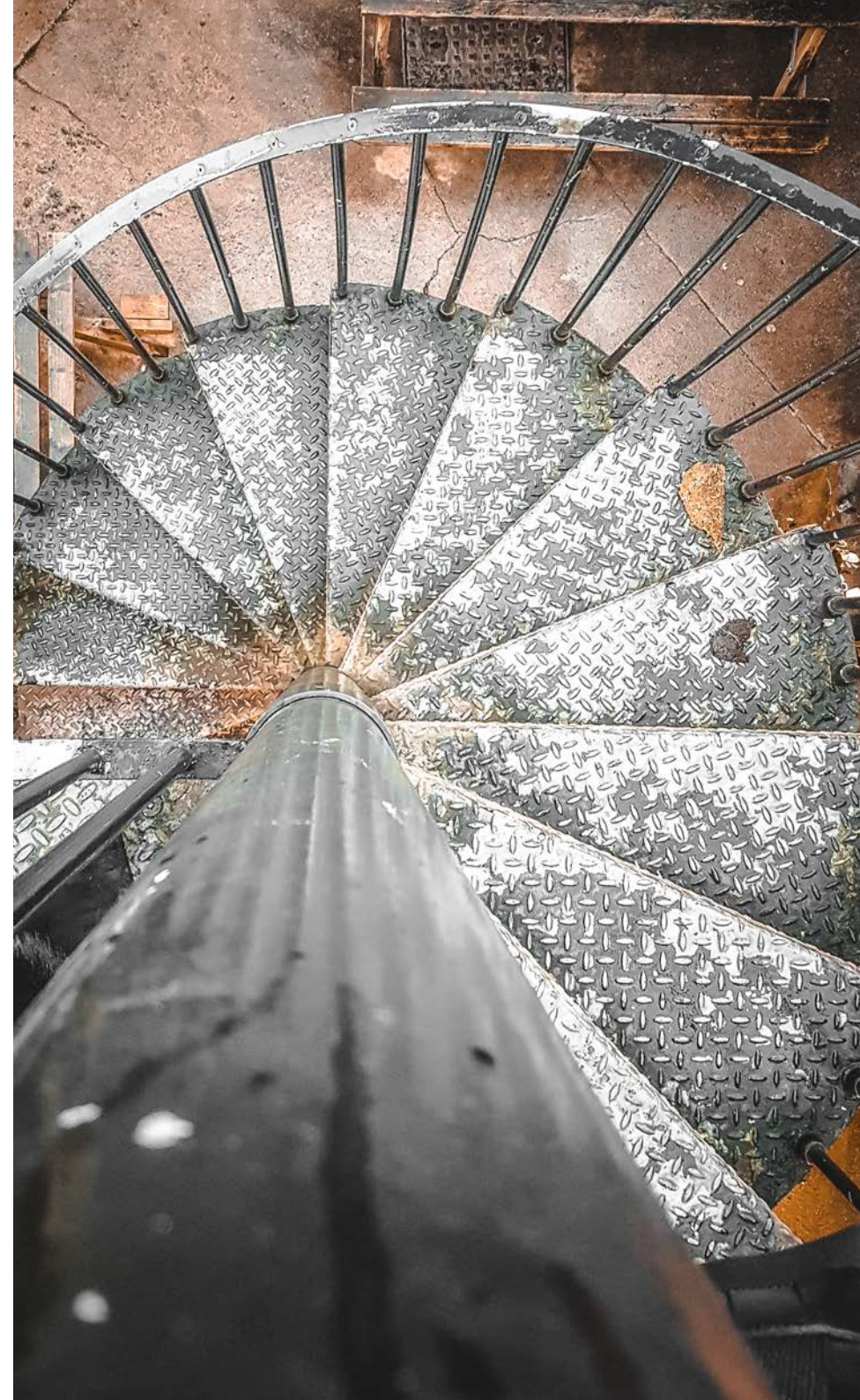


Why A Community Pub?

The Cardigan Arms is ideal for community ownership.

- It has a great history. Our partnership with Mood Pubs will guarantee the protection of its heritage status in the long term, and Mood are giving the co-op the option to buy their half of the business after five years.
- In a world where pubs are either intensely commercial or going bust, we want to create **'real ale local'** which is both friendly and busy.
- It has the five downstairs rooms where different things can be going on at the same time
- The Harmonic room upstairs (and two adjoining rooms) can be brought back to life for music and many other uses
- It can be a venue for non-alcohol daytime activities in an area lacking in community facilities
- There could be a specialist micro-brewery in the brew house
- Sports clubs can be invited back in

We want to create 'real ale local'



The Offer In A Nutshell

Cardigan Arms Community Pub Ltd, **a community benefit society**, needs to raise £300,000 by the end of May 2017 through a community share issue.

Mood Pubs will match that amount and the £600,000 will be evenly split for the purposes of purchase and refurbishment of the Cardigan Arms.

The sale of the pub will not be concluded until June, but Greene King has called for a close of unconditional offers by April 25th. We need to evidence a weight of pledges by that date.





*We will raise our £300,000
through two classes of shares*

Class A Shares. The Cardigan Angels.

Investments of between £5,000 and £10,000. **These will bear interest of 4% if trading circumstances allow**, with the first payment at the end of the first full financial year (likely March 2019 with interest accruing from Jan 18). Shares will not be withdrawable until the end of the third year of trading and then on approval of the Board.

There will be a maximum of 40 Cardigan Angels and we are seeking commitment from Angels by April 25th when offers for the Cardigan close and we meet with Greene King to discuss purchase.

Class B Shares.

Investments between £100 (minimum investment) and £5,000. These will not bear interest payments. Shares will not be withdrawable until the end of the third year of trading and then on approval of the Board.

All investors will be eligible for discounts for the first three years (to be finalised with tenant) and will be celebrated in a piece of art that etches investors names in some material

Investments should not be made until details in the business plan have been read. Both the business plan and the Share Offer document are available on the web site and on the Crowdfunder site.

www.cardiganarms.coop

Community shares are fully at risk. You could lose some or all of the money you invest. You have no right to compensation from the Financial Services Compensation Scheme, nor any right of complaint to the Financial Ombudsman Service.

Why You Should Invest

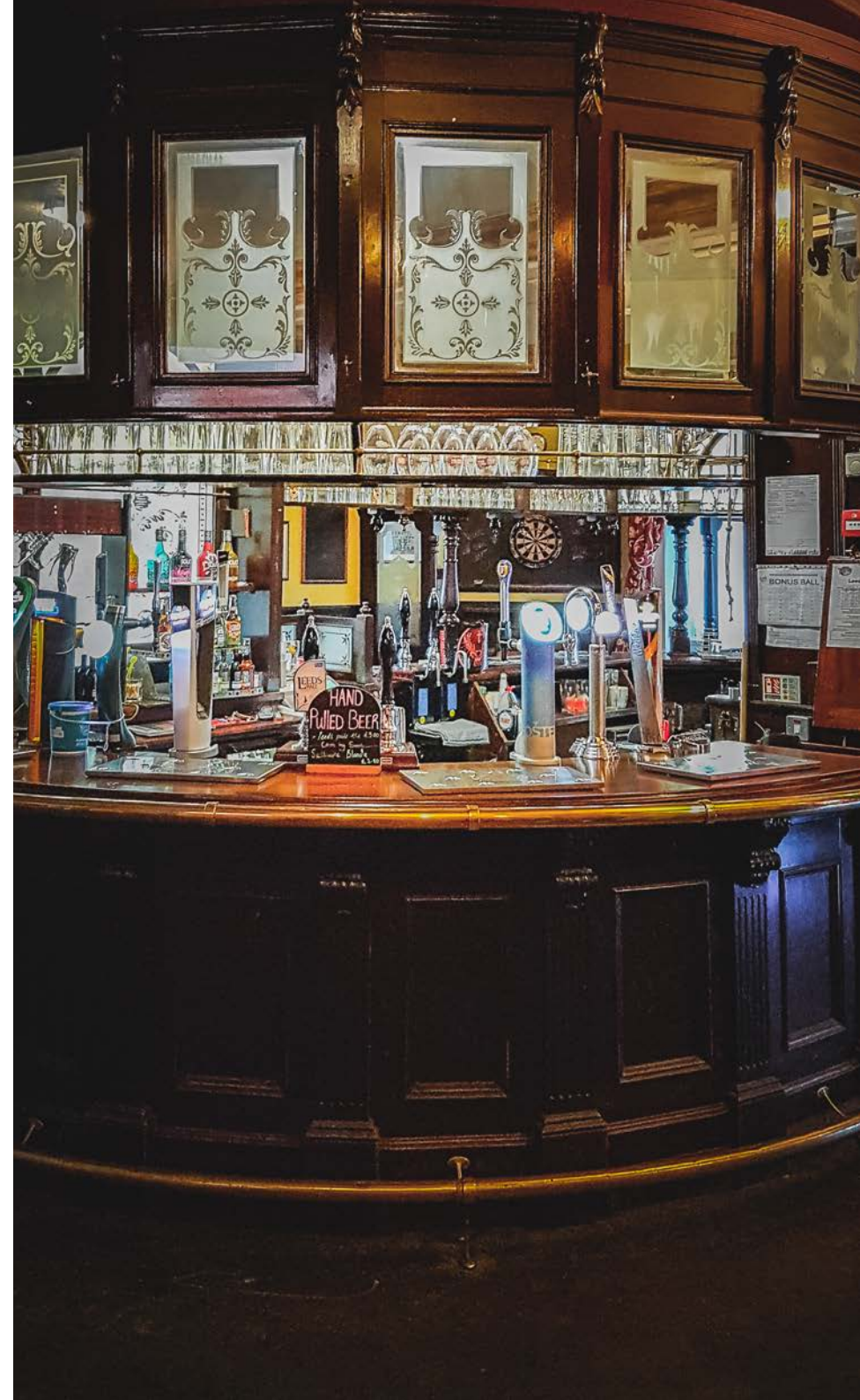
Critical to achieving our £300,000 are the larger investors, the Cardigan Angels. We want to raise £200,000 from that source.

The 4% interest we are offering is affordable from the 50% of the rent payments that go to the co-op after deduction of landlord expenses (the other 50% goes to Mood Pubs). More detail of how the management company and finances will operate is included in the business plan.

It is still possible that the interest will not be paid if the tenant defaults on rental payments, but our estimates of turnover – taking the pub up to £5,000 a week – do not appear excessive when considering the events potential and location of the pub.

This is on top of the real benefit of helping to create Leeds first community pub.

Help create Leeds first community pub



Running the Pub

We will not be directly managing the pub, but with Mood will appoint a tenant sympathetic to our aims on a full repairing lease

Alongside Peter Mason of Mood we will be responsible for the refurbishment of the pub and working with the tenant to make it a success through a regular system of meetings with two representative of the co-op.

Can it still be a community pub when it's in partnership with a private company?

We believe it can be. Mood will bring valuable experience in developing pubs as well as the investment money. Together we will select a tenant sympathetic to our community aims and regular meetings with co-op representatives will make sure it is run for social benefit as, if we make it a success, the tenant will want to renew their lease after five years and not fall out with the co-op.

After any interest payments, all the money from our 50% share of the rent will go into improving the pub, to deliver our social objectives or into reserves.

The pub will be there, not to maximise drinking at the cost of everything else, but to serve the community while making a profit.



The Share Offer

Minimum and Maximum Investment

The minimum investment per person is £100 and the maximum investment is £10,000

Offer Period

The offer opens on Friday April 7th 2017 and closes Monday 29th May 2017

Investment Target

The co-op's share target is £300,000. The Steering Group has decided that if we raise less than £200,000 we will not have demonstrated sufficient enthusiasm for the idea. In these circumstances we will withdraw our offer and no money will be drawn down from shareholder accounts.

If we raise more than £200,000 (i.e. a total of £400,000 combined with Mood's investment), but are outbid for the pub by a competitor, **you will still not have to pay anything.**

The process will be that Crowdfunder will never take the money off you. They are prepared to wait two months after the close of the share offer to see whether the partnership has achieved purchase from Greene King prior to charging anything to you debit / credit card. **If you have paid by cheque, your money will be returned.**

*Offer period ends
Monday 29th May*

Type of Share

Community shares are withdrawable shares in our community benefit society that has an asset lock (any surplus from the assets has to be used for social benefit). Shares are withdrawable i.e. you can withdraw your initial investment and any interest that might have accrued, but only if the organisation is in a financial position to allow you to. Community shares are not transferable, so they cannot be sold or given to anyone else, except in the event of your death or bankruptcy.

However to give the Society time to reach profitability the withdrawal of shares will be suspended until the end of the third financial year of trading once the pub has re-opened. This will be subject to the discretion of the Directors, especially if there are insufficient funds to make repayments.

Tax Relief

As the pub will be tenanted, the co-op will not be undertaking a trade as far as HMRC are concerned, and so your investment is not eligible for any of the various tax reliefs available for investment.

Buy as a Gift

Shares can be bought for other people if we are informed of their name and address for the share certificate + age and email address. However, those people will not become shareholders until and unless they consent in writing to become shareholders. We will write to everyone for whom a payment has been in order to secure that consent, and if they do not respond within 6 months with that consent, any payment made on their behalf will be deemed as a donation.

The Risk

MAIN RISKS CAN BE IDENTIFIED AS:

Risk *We fail to find a tenant at the rent we are asking*

Mitigation Enquiries have already been made and we have interest. If the tenant proves unable to pay the rent they can be removed.

Risk *Failure to raise sufficient capital to buy the pub*

Mitigation No pledges made by shareholders will be drawn down. You will keep all your money.

Risk *Raising sufficient capital to buy the pub but finding that the costs of bringing the pub up to standard are prohibitive.*

Mitigation There are no guarantees but we are undertaking timber, roof, structural and general surveys prior to the closing date for unconditional offers.

Risk *Failure to reach the turnover suggested in the business plan, thereby threatening the tenant's ability to pay rent and shareholders to receive interest payments.*

Mitigation The business plan lays out the reasons we are optimistic of driving trade to the pub. Unlike a PubCo we will have the focus, human and financial resources to market the pub effectively to reach modest targets.



We would hope in the event of financial failure, the decision to sell the pub would be made jointly by Mood and the co-op. We will always have the option of selling our share of the pub either to Mood or a third party if Mood does not wish to buy our share.

The value of that sale could be less than the value of shareholders investment. Any surplus remaining after the winding up of the society would go to pay creditors and then pay investors the investment value of their shares and no more. If there is not enough to cover creditors, the investors would get nothing.

If for some reason the co-op chooses to sell its holding at a profit, investors will only get the value of their investment back. Any surplus will go to support the social aims of the co-operative.

Democratic Rights Of Members And Eligibility

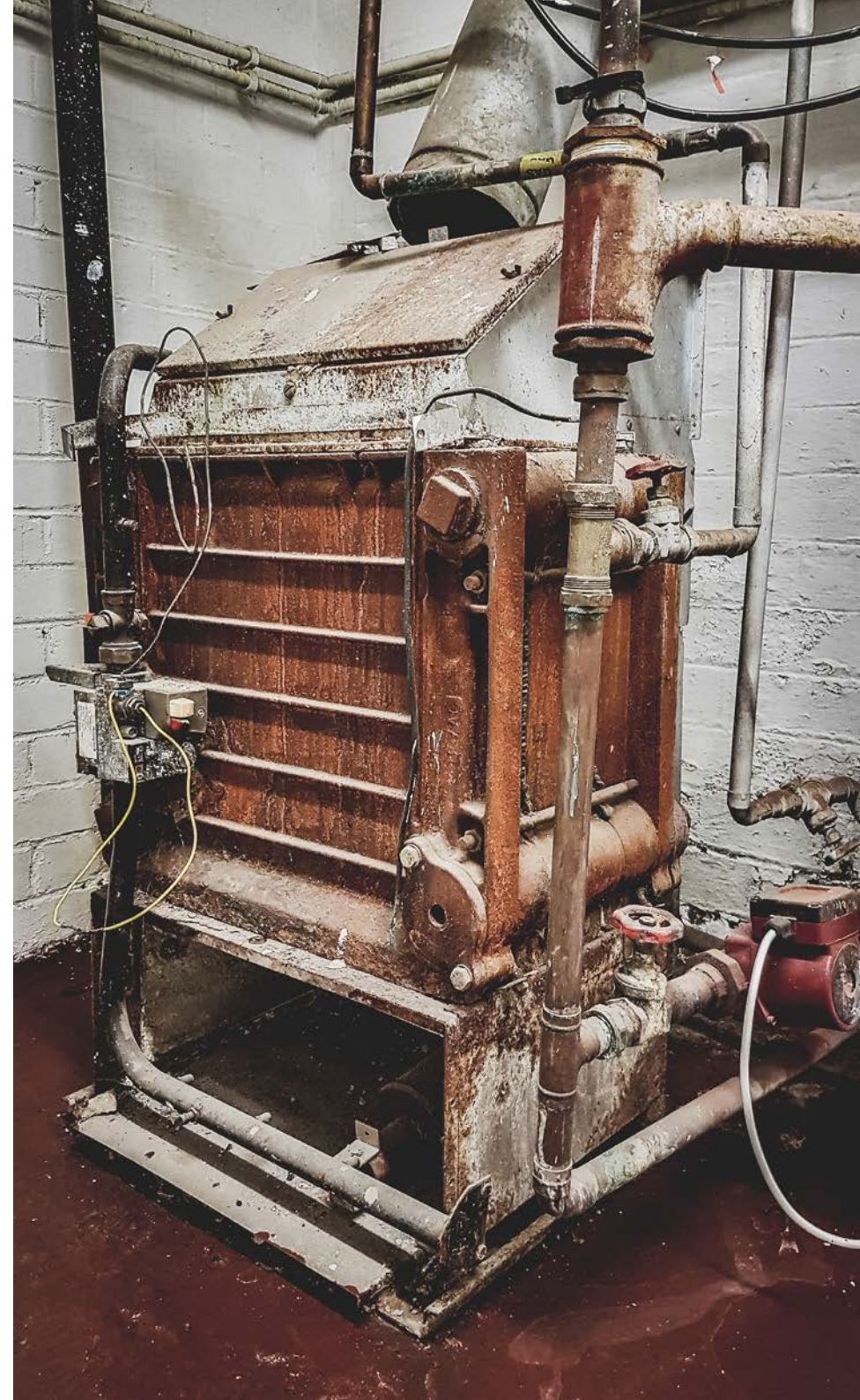
Any UK based individual over 16 years of age or organisation can apply to join the Society, subject to the approval of the Board.

All shareholders are members and all members shareholders. The Society is run on the basis of one member, one vote (irrespective of how many shares you hold) and members are responsible for electing up to ten Board members at the annual general meeting.

The rules of the Society are available on www.cardiganarms.coop

We aim to provide all communications with members by electronic means. Please give your agreement to electronic communications on the share application form.

Find out more at www.cardiganarms.coop





How to Apply

Money will be taken in through Crowdfunder

www.crowdfunder.co.uk/cardigan-arms-community-pub

This is a crowdfunding site that specialises in community share offers.

A link is provided from our web site **www.cardiganarms.coop**

Money will only be taken from your account at the end of the offer period and only if the minimum target of £200,000 has been achieved and Greene King have agreed to sell the pub to the partnership. No monies will be taken from your card or bank account if the project is unsuccessful.

Crowdfunder charges are 5% + VAT of funds invested via the platform; 1.4% for payments made using credit or debit cards, 1.4% plus 20p via STRIPE or 0.5% for payments made via Direct Debits through

Find out more at www.cardiganarms.coop

GoCardless. Investors will make this payment, and the society will receive the funds less these charges. The investor's capital account with the society will reflect the sums they have paid before charges, so the society can account for the charges as expenditure for the year in which the investment is made.

Crowdfunder will inform you when the money is being drawn down and you will subsequently be sent a share certificate by Cardigan Arms Community Pub Limited.

Paying by cheque

Investors that do not have access / choose not to use Crowdfunder may invest by cheque after completing the application form below.

Application Form

- Each share costs £ 1.
- Minimum Investment is £100.
- You can buy shares in batches of 100.
- Maximum investment is £10,000.
- Shareholders must be aged 16 or over.
- By investing you are applying for Society membership.

To invest via cheque please make out to
Cardigan Arms Community Pub Limited and return this form to:

**Cardigan Arms Community Pub,
c/o ODI, 3rd Flr, Munro House,
Duke St, Leeds LS9 8AE.**

Those wanting to pay by bank transfer can email
chris.hill@cardiganarms.coop for account details.

Cardigan Arms Community Pub **APPLICATION FOR SHARES**

Contact Details

Full name (inc Middle Name).....

Address

.....

Postcode.....

Date of Birth

Email

Telephone.....

Mobile

I agree to the terms of this share offer as set out in the prospectus
and to the rules of the society. I also accept that communication
will be by email (*Please refer to the website or request a copy*)

Signed.....

Date

I, as signed above, wish to buy the following number of £1 shares
(minimum £100, batches of 100)

