



## The Red Lion, Little Tingewick

# SHARE PROSPECTUS

Issue 2.1 – 9<sup>th</sup> April 2025

**Offer closes 30<sup>th</sup> April 2025**



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## INVITATION

You are invited to buy shares and/or give a donation towards the purchase of **The Red Lion**, Little Tingewick. You will be investing in a community enterprise whose sole objective is to secure the long-term future of the building and surrounding land as a pub. We expect most shareholders to come from the local communities, but welcome investors from further afield.

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## PURPOSE

This share issue is designed to give you the opportunity to contribute financially, on a long-term basis, to the purchase of **The Red Lion**. The goal is to secure sufficient funds to cover both the purchase costs as well as the cost of essential refurbishment already identified, thereby facilitating the revival and long-term operation of the pub.

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## THE MONEY WE NEED TO RAISE

The anticipated capital and start-up costs are estimated at £460,000 as follows:

Source of Funds	Estimated Costs	
	<b>Pre-Purchase</b>	
<b>Share Offer &amp; Donations</b>	Plunkett membership, CBS rules	£310
	Parish survey, meetings, promotion	£500
	Full Building Survey	£3,000
	<b>Post-Purchase</b>	
<b>Share Offer &amp; Donations / Grants</b>	Acquisition cost (inc. VAT)	£360,000
	Legal Fees, Searches, etc (inc. VAT)	£3,000
	Stamp Duty	£17,500
	Immediate interior refurb and repairs	£30,000
	Thatch repairs	£7,000
	New equipment	£35,000
	Non-rechargeable insurance and utilities	£2,500
	Contingency / working capital	£1,190
	<b>TOTAL COSTS</b>	<b>£460,000</b>

## THE SHARE OFFER

Price per share	£50
Individual (or corporate) share limits	£250 Minimum (5 shares)
	£50,000 Maximum (1,000 shares)
Funding target	£460,000
Share Offer/Donation Targets	£300,000 Minimum
	£460,000 Maximum

To apply, please refer to the **RLCG Membership Application Form** at Appendix I to this **Prospectus**.

## DONATIONS

If you would like to give a donation towards the capital cost of purchasing **The Red Lion**, as well as, or instead of purchasing shares, this will be most welcome. Unlike shares, there is no maximum for individual or corporate donations. However, donations on their own do not result in membership of the Society and therefore do not result in any membership rights.

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## IMPORTANT INFORMATION FOR POTENTIAL INVESTORS

### Membership of Red Lion Community Group Limited (RLCG)

The purchase of at least FIVE shares entitles you to full membership of **Red Lion Community Group**.

### Share membership rights

One member, one vote, irrespective of the amount invested.

### Membership eligibility

This share offer is open to any individual over the age of eighteen and to any corporate entity. However, corporate entities purchasing shares must nominate an individual over the age of eighteen as its voting representative.

### Shares

The shares in **Red Lion Community Group Limited** are interest bearing and withdrawable community shares (terms and conditions apply).

### Interest

Interest is forecast to be paid from Year 4 at a rate to be decided up by the Management Committee following the end of Year 3.

### UK bank account

All applicants for shares must have a UK bank account.

### Return of investor funds

Should the Minimum Funding Target of £300,000 not be reached, either through the share issue alone, or through donations, or through a combination of the two, all monies received will be returned to investors. If the Minimum Funding Target is reached but, for reasons beyond our control, the purchase of **The Red Lion** does not complete, the Steering Group will hold a meeting with investors to discuss options and decide how best to proceed. If agreement is reached to dissolve **RLCG** and return investor funds, any start-up costs incurred to that point (e.g. survey and legal costs) will be deducted from the capital sum held in **RLCG's** bank account before the remainder is returned to shareholders and/or donors.

### Funding of future capital projects

It is envisaged that future share issues will facilitate capital projects such as the development of the adjacent barn, the addition of outside "pods" and landscaping improvements.

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## INTEREST & WITHDRAWAL OF SHARES

### Interest

Providing trading is in line with our forecasts, we would hope to pay share interest after three years of trading. The Management Committee will be charged with considering what is affordable and present its recommendations to the Annual Members' Meeting for approval. Community Benefit Society Rules limit the amount of interest that can be paid. Interest shall not exceed 5%, or 2% above the base rate of the Bank of England, whichever is the greater.

### Withdrawal of Shares

A **Share Withdrawal Policy** will, in keeping with CBS rules, be ratified by RLCG's inaugural Management Committee as will its **Reserves & Distribution Policy**. Both documents will be downloadable from the new website in development and shall be kept under regular review. Share withdrawal will not be permitted within the first three years of trading, apart from in certain circumstances such as death or bankruptcy. Withdrawal of shareholdings can be funded from surpluses from rental income and/or an open Share Issue to raise funds from new investors. The limited withdrawal of shareholdings is anticipated from Year 4 of RLCG's trading. The Management Committee will review the situation during Year 3 and will keep Members informed of progress.

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## ADVISORIES

Whilst we believe that **The Red Lion** can once again become a profitable and sustainable business, RLCG's ownership of its primary asset (the land and buildings) should provide potential investors with an additional level of security. However, as with any business, there are risks. In a spirit of openness, the primary ones are outlined below:

### Risk 1: Share illiquidity

Your shares will be highly illiquid. 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. A total of £8,000 per annum has been projected for share withdrawals from Year 4. It is recommended that these shares as seen as being highly illiquid and that no-one invest money that may be needed in the immediate or foreseeable future.

### Risk 2: No interest paid

Interest will be paid based upon RLCG's profitability, as in when some surpluses are generated, which we estimate to be in Year 4. The Management Committee can, when elected, hasten this eventuality by selecting a professional and entrepreneurial tenant that is highly incentivised by the initially low rent on offer, thereby ensuring that increasing rents from Year 4 (which will, in turn, ensure a greater surplus for RLCG) can be absorbed by what should be a successful, thriving and profitable pub operation. The committed support of residents and RLCG Members to use **The Red Lion** on a regular business will also mitigate this risk.

### **Risk 3: The costs of refurbishment are higher than forecast**

The costs of refurbishing a Grade II listed building that has now been empty for over a year are understandably difficult to predict. The Steering Committee has sought to be realistic in its cost estimates which are presented here without benefit of a structural survey. Should the funding requirement for refurbishment exceed the sum projected in our numbers, all available community grants and subsidies will be aggressively pursued to make up any shortfall.

### **Risk 4: The tenant fails**

If, for any reason, the tenant fails and should no replacement tenant be found, **RLCG's** Management Committee will consult shareholders on what to do with the building asset.

Depending upon the state of the property market at the time, the value of any residual assets (after debts and other liabilities have been paid) can repay shares while anything over and above that must be transferred to another asset locked organisation. In this scenario, and if property values have also stalled or fallen, it is possible that the net funds from the sale of assets may result in the return to investors being less than the original sum paid for shares.

The **Financial Services Compensation Scheme**, which applies to bank accounts, does not apply in this case. As a CBS, and unlike banks and building societies, **RLCG** is not subject to prudential supervision by the Financial Conduct Authority. Investors have no recourse to the Financial Ombudsman Service.

### **Risk 5: No capital growth**

Potential investors must understand they will not generate any capital growth from their shares.

In the extreme event of **The Red Lion** failing and the pub being sold, under the **RLCG** Rules any capital uplift will accrue to the community. The value of the shares will, therefore, never go up but may go down.

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## QUESTIONS AND ANSWERS

### 1. Why should I buy community shares?

To invest in the purchase of our local pub and ensure it is there for this and future generations. This share offer will thrive with the participation of many.

### 2. Who will benefit from this project?

Residents and friends of the community surrounding Finmere who will benefit directly from having a vital village amenity preserved for future generations. **The Red Lion** will play a part in making our community stronger, more vibrant, and more cohesive.

### 3. How do I buy shares?

Simply complete the **RLCG** Member Application form attached to the Share Prospectus. This form can also be obtained from the Secretary and will, in time, be downloadable from the website.

### 4. When do I pay for my shares?

You must enclose a cheque or make a bank transfer, equal to the value of the shares applied for, at the time you submit the application form.

### 5. Will details on my shareholding or donation be published?

No. The number and total value of shares held, or donations made, by any Member, individual or corporate, will remain confidential within the Membership Register held exclusively by the Secretary.

### 6. Is this a good business proposition?

The Steering Group has carefully evaluated the strengths and weaknesses of this project, to include drawing up a Business Plan that also incorporates a projection on viability from a prospective tenant's point of view. These confirm our belief that, with the community working in step with the right tenant, **The Red Lion** can be re-launched as a successful long-term business. There are now almost two hundred community-owned pubs across the UK only one of which has ever failed.

### 7. Will we be paying a fair price for The Red Lion premises?

We have negotiated with the current owners and agreed on a purchase price of £300,000 (plus VAT), subject to contract and survey, which is substantially less than the asking price. We believe the offer we have tabled is fair for both parties.

## 8. Is the building structurally sound?

The a.m. survey should provide comfort in this area, but as things stand and although it some remedial repairs and redecoration will be required before the pub can be opened for trading, the building appears to be structurally sound. A recent inspection of the thatch by *Russell & Buckingham* - Master Thatcher confirmed that the evident moss discolouring and instances of straw removal by birds are largely cosmetic. The thatch itself still has a reasonable shelf life that could be further extended by the addition of more protective wire mesh. The cost of the identified repairs and improvements has been factored into the negotiated purchase price and the financial forecasts.

## 9. How dependent is the success of the business on volunteers?

Volunteers will not be required to staff the pub. The Business Plan assumes full commercial viability based on engaging an experienced tenant. There might be a need immediately following acquisition for volunteers from the community to help ready the pub for the tenant's arrival. Indeed significant savings would be made on the current expenditure forecast if suitably skilled volunteers from the community are able to provide their expertise on a *pro bono* basis. Provided all those who have, thus far, declared an interest in the pub being saved, both patronise it on a regular basis and "spread the word" to other potential patrons, there is every chance that **The Red Lion** will thrive.

## 10. Who will run The Red Lion and make the day-to-day decisions about the business?

The tenant, not the community or **RLCG**, will have complete control of the day-to-day operations of the pub. However, the tenant's lease will include the stipulation that he or she must hold regular review meetings during each year of the tenancy with what will be a sub-group of the Management Committee. The tenant will also be required to share financial information. A further stipulation will be that the tenant must adopt those community values and aspirations about the pub's offer that may be pre-agreed prior to the tenant's appointment. **RLCG** Members may also provide feedback on past performance and present fresh ideas for discussion at the annual Members' Meeting.

## 11. Do my shares give me voting rights?

Yes, they do. Every member has an equal voice and equal vote, regardless of the size of his/her investment.

## 12. How do I get my money back?

You will be unable to withdraw your shares in the first THREE (3) years of **RLCG's** trading. After that, you can apply to withdraw shares giving at least three months' prior notice. The Management Committee may suspend withdrawals depending on the long-term interests of **RLCG**, the need to maintain adequate reserves, and the commitment to the community. Withdrawals of shareholdings need to be funded from income surpluses generated through the tenancy agreement and/or further Share Issues to raise funds from new investors.

### 13. Will I get my money back if the business fails?

If the tenant leaves at the end of the tenancy agreement - or sooner (e.g. for health reasons or on the grounds of non-performance), we will look for another experienced tenant. In the unlikely event that this is not achievable, and the RLCG Management Committee decides that the pub can no longer trade, the pub would be sold. The proceeds of that sale, after the deduction of sale-related agency fees and legal costs and the settling any outstanding loans or debts, would be used to pay the shareholders up to the value of their shares. If, following this distribution of available funds, there is a surplus then, as per the **RLCG** Rules and the Asset Lock clause, this will be used for the benefit of the community. Though property prices increase over time, you may, in theory, get back less than you invested.

### 14. What is my liability if I invest?

Your liability does not exceed the value of your shares. At the very worst, you could lose all your investment.

### 15. Will I receive interest on my shares?

Yes, when profitability allows. Community Benefit Society "Rules" allow for interest to be paid at a rate "which shall not exceed 5%, or 2% above the base rate of the Bank of England, whichever is the greater". We are not expecting to pay interest in the first three years of trading, but our financial forecasts assume 2% interest to be paid in Year 4 based on the RLCG's trading figures in Year 3. It should be stated, however, that, as a CBS, the RLCG Ltd is under no obligation to pay interest.

### 16. I do not want to buy shares; can I just give you a donation?

Of course, we welcome donations. If you would prefer to give a donation towards purchasing **The Red Lion**, please complete the appropriate section of the Share Application form or, alternatively, contact the Secretary. Please note, donations do not result in membership of RLCG Ltd or give voting rights. If the pub should be sold sometime in the future, any donations will not be eligible for reimbursement.

### 17. Can I give a donation and purchase shares?

Yes, you can. As mentioned above (Q.16) you can give a donation of any amount by completing the appropriate section of the **Share Application** form. On the same form, you may purchase between from 5 up to a maximum of 1,000 shares. The advantage of donating and purchasing shares, as opposed to donating only, is that you become a member of **RLCG** and have voting rights.

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

The current **RLCG** Steering Group consists of four residents who care passionately about the future of **The Red Lion** (see Business Plan / *Red Lion Community Group Limited* section for full details). They have worked tirelessly since last August to progress the project whilst liaising with professionals offering advice and financial support. They do not and will not have any financial interest in the project, above and beyond their own investment in community shares. As is the case with members

of the Management Committee that will supersede it, the members of the Steering Group have agreed to abide by a Code of Conduct which covers potential conflicts of interests.

#### **19. Are joint share applications allowed?**

Yes, shares can be held in joint names, but only the first named is eligible to vote. Of course, individual household members can each apply for shares in their own names provided they are aged 18 and over. The minimum (5 shares £250) and maximum (1,000 shares £50,000) apply to each member.

#### **20. Can I transfer or sell my shares to someone else?**

No, shares cannot be transferred, except on death (see Q22 below), and they cannot be sold to others.

#### **21. If I give a donation or apply for shares, is the money safe before the pub is purchased?**

Yes, it is. All monies will be held in **Red Lion Community Group Limited's** account with the Co-operative Bank. Any payments out of this account require authorisations from any two of **RLCG's** principal officers (currently those on the Steering Group).

#### **22. Can I leave my shares to someone when I die?**

Yes, you can nominate one or more individual(s) to inherit your shares when you die by completing a nomination form (for amounts up to £5,000) and/or including the bequest in your will (for any proportion over £5,000). Everyone must be over 18 years of age on inheritance and, if already a member, the additional shares cannot increase the individual's shareholding above the maximum amount set by the Society. You can also bequeath some or all of your shares to **Red Lion Community Group**.

#### **23. What happens if the purchase the pub does not go ahead?**

If the minimum funding target set out in the Share Offer documentation is not achieved, all monies paid up to that date will be returned. If targets **are** achieved but the purchase does not complete, **RLCG** Members (aka shareholders) will be asked at a Members' Meeting how they wish to proceed.

#### **24. Will my investment get tax relief?**

No. The proposed operating model is a tenancy agreement. The tenant will have full financial operational responsibility for day-to-day running of **The Red Lion** and its success. Therefore, this share offer will not fall under the HMRC rules for tax relief for investors.

**25. Interest amounts could be small, can I just let RLCG keep it?**

We understand that you may not be concerned about receiving interest on your share capital, either because the amounts are small or because of any tax implications. There is the opportunity on the application form to indicate if you wish to donate any future interest to **RLCG**. You can contact the Secretary at any time and revise your decision.

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**TOGETHER, WE CAN BUY *THE RED LION***  
**INVEST NOW !**

RLCG Membership/Share Application Forms available for  
download here:

[www.redlionlittletingewick.co.uk](http://www.redlionlittletingewick.co.uk)



**Thank You!**