

Second Share Offer

to renovate the Hop Pole Inn, Limpley Stoke

Offer opens 18th October 2023
Offer closes 30th June 2024
or 31st January 2024 if the minimum has not been achieved by then
although the Management Group reserve the right to extend these deadlines by up to four weeks

Share Offer Target £300,000
Minimum £150,000
Maximum £400,000

Minimum individual investment £200
Aged 35-and-under minimum individual investment £20
Maximum individual investment £50,000

Limpley Stoke Community Benefit Society Limited

A Community Benefit Society registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014, Registration number 8721

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

- The offer document and application form are easy to understand.
- You are provided with all the facts you need to make an informed decision.
- The facts are supported by the business plan.
- Nothing in the documents is purposefully incorrect, confusing or misleading.



What our villagers say:

Once it's gone.... It's gone! and with it a unique and welcome feature of country life.

A village pub is everything worth fighting for.

It's the beating heart of this quintessential English rural village.

It's the historic fulcrum of the village.

It would be terrible if our generation was the one which lost it.

Its centrality provides the outstanding focal point in a village otherwise fragmented by its parallel roadways.

It would be great to have a meeting point in the village to promote a sense of community

It would be a tragedy to lose it. After all, we have already lost the Rose and Crown.

We all need someplace to gossip over a pint and I believe it's good for communities' mental health.

We used the Hop Pole Inn for Freshford Football Club and went with 15 to 20 people most Saturdays and other events and times.

Important to keep community spirit alive with lots of positive spillovers economically as well as socially.

Now that it is closed one realises how good it once was and could be again.

This could be a focal point to help us all reduce our carbon footprint.

It's the place where established residents, newcomers and visitors to the village have connected and established friendships that have lasted for years.

It's an important local employment opportunity, especially for the late teens and young adults.

If another asset is lost, we will be slipping towards being merely a group of houses as opposed to a community.

Share Offer Document
to Renovate the Hop Pole Inn, Limpley Stoke

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LIMPLEY STOKE

COMMUNITY BENEFIT SOCIETY

1.0 Purpose

Limpley Stoke Community Benefit Society Limited (the Society in this document) successfully raised the funds to purchase the closed and dilapidated Hop Pole Inn in February 2022 through its initial share offer. The Society then successfully applied for and was awarded a Community Ownership Fund grant to repair the structure of the Hop Pole Inn and to start the refurbishment (see Appendix A for photos of the existing building) to allow it to reopen as a village pub and hub.

We are now seeking additional investment to complete the refurbishment through a combination of community shares, grants and private donations. This prospectus outlines the details of this share offer and how to invest.

Our vision is:

To 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 and hub

To restore the heart of the village with a hub that supports the local economy, enhances village life and helps alleviate loneliness and isolation.

Our priorities are:

To open a community pub and hub in Limpley Stoke that is inclusive and welcoming, serving reasonably priced, good quality food and drink in a friendly setting.

To build a sustainable business that is owned by the community and run for the benefit of the community it serves.

The Hop Pole Inn has great potential to be much more than a local pub, drawing in visitors from the local hotel, the surrounding villages and the many users of the Kennet and Avon Canal.

1.1 Summary of Share Offer

1.1.1 Target £300,000

This Share Offer Target level has been set as the basis of the financing plan in our business case.

The sources of funding received to date and the budgeted level of expenditure together with the amounts spent are outlined in the table below together. £330,000 of grants have been awarded from seven grant-giving bodies, including £300,000 from the government's Community Ownership Fund. Another thirty grant applications have been turned down as a result of the cost of living crisis and the Management Committee believe there are little-to-no opportunities for further grant funding.

The move from a fully costed to a cost-plus contract with the contractor, Ken Biggs Contractors Ltd, is estimated to save costs of around £500,000. As a consequence, a conservative contingency of £193,000 has been included, equivalent to of the outstanding costs.

The funding deficit is £300,000 which, because the grant funding opportunities have been exhausted, will need to be raised from shareholders.

£	Total	Expended	Remaining
Sources of funds received			
Shareholders	£570,000		
Grants	£330,000		
Total sources of funds	**£900,000**	**£480,000**	**£420,000**
Uses of funds			
Purchase of Hop Pole	£300,000	-£300,000	£0
Phase 1 works	£174,000	-£80,000	£94,000
Phase 2 works	£231,000	£0	£231,000
Phase 3 works	£137,000	£0	£137,000
Professional fees	£165,000	-£100,000	£65,000
Contingency	£193,000	£0	£193,000
Total uses of funds	**£1,200,000**	**-£480,000**	**£720,000**
Funding deficit			**-£300,000**

1.1.2 Minimum £150,000

By extending the deadline for opening, using more volunteer time and resources and, if necessary, taking out £50,000 of loans, the Management Committee believes the project can be completed for this minimum level of funding.

The deadline for reaching this minimum has been predicated by an estimate on when the existing funding will run out.

The Management Committee also believes that without this minimum level of funding the project cannot proceed and the asset will need to be realised to repay grants and any overage with the remainder being repaid to shareholders.

1.1.3 Maximum £400,000

£400,000 will allow us to completely renovate the pub and hub and allows for an extra £100,000 of funding towards the internal fit-out and garden landscaping.

Please note however that once the share offer reaches £300,000, shareholders will be required to approve the additional £100,000 increase in share capital.

2.0 The Hop Pole Inn – a Building with a Rich History

The Hop Pole Inn is at the centre of Limpley Stoke and its history. It gets its name from a hop plant at the front of the pub which has grown and been cut down repeatedly over the years but is thought to date back many centuries.

Before about 1580, when most of the present building was built, there is said to have been a Monk's Wine House on the same site, possibly dating back as early as 1300. There is supposed to have been a 'culprit' or secret tunnel which goes down to the Avon from the Hop Pole Inn, meeting the river between the mill and bridge, which the monks used to get down to the river, secretly and safely, at night.

The building was extensively refurbished around 1900 when the front porch was added together with the distinctive red lettering of the **HOP POLE INN** above.



Hop Pole Inn 1890s, with the new first floor and roof and before the arrival of the lettering in the wall and the porch. *Freshford.com*

The Hop Pole Inn today has retained much of its historic character. Its attractive and unspoilt appearance led to it being used in the filming of The Remains of the Day with Anthony Hopkins.

The pub was listed in 1988 by Historic England as a Grade II Listed Building because of its architectural and historical importance.

2.1 The Need to Retain the Hop Pole Inn

In recent years, the rural community of Limpley Stoke has seen the closure of its Post Office and general store, the restaurant by the River Bridge (formerly Nightingales) and the Cliffe Hotel and Restaurant. All of these have been redeveloped as residential properties. In addition, the Rose and Crown Pub closed in 2015 and has been redeveloped as a nursery and offices.

Despite being a busy and popular pub in the quite recent past, the Hop Pole Inn has now been closed for more than five years after suffering from bad management and falling into disrepair. It remains, however, the only potential 'pub and hub' in Limpley Stoke and, apart from the Village Hall on Middle Stoke, there are no other meeting places or shops within the village.

The Hop Pole Inn has always been at the heart of Limpley Stoke and its demise has been a significant loss to the social fabric of this community.

A series of newsletters have been distributed in Limpley Stoke and the surrounding areas. These have received an amazing response in terms of both offers of help and interest in buying shares. At the end of September 2023, more than 570 people had invested in excess of £570,000 in LSCBS. Responses to the community questionnaire demonstrate that there is significant and enthusiastic support for the proposals to create a community-owned pub and hub that would meet local needs and turnout at shareholder meetings has been high.

The Hop Pole Inn has traded successfully and profitably in the past and a considerable fund of goodwill towards the pub remains in the village and in the local catchment area. The pub has in the past been well used as a village and destination pub.

To develop this proposal there was a community survey to gauge opinions and views. We received responses from over 500 people with 98% supporting this initiative to reopen the Hop Pole Inn and 89% saying it is essential or very important that Limpley Stoke retains its own pub. We have 570 investors and more than 100 people who have volunteered their time and skills. The level of interest shown demonstrates there is demand for the services that we aim to offer at the revitalised Hop Pole Inn. The feedback from the questionnaire has been used to develop a business plan and this prospectus. A summary of the questionnaire responses is included as Appendix A of the Business Plan.

3.0 Limpley Stoke Community Benefit Society Limited

The Limpley Stoke Community Benefit Society Limited was registered in September 2021. This Society is the legal entity through which we raised the funds necessary to purchase the Hop Pole Inn and to start to undertake refurbishment work before we appoint a tenant to run the business. The Society is launching this additional share offer to raise money to complete the renovation, giving locals and the wider community the opportunity to purchase a stake in this social resource

and thereby make a tangible contribution to restoring an historical landmark at the heart of Limpley Stoke.

Community Benefit Societies are individually approved and regulated by the Financial Conduct Authority on the Mutuals Register. 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 purchase of the Hop Pole Inn by the Society created an Asset Lock. This means that if at any time in the future the Hop Pole Inn is sold, any residual assets, after repaying loans and creditors and allowing members to withdraw the initial cost of their shares, can only be passed on to another asset-locked community organisation or charity.

We have been advised by the Plunkett Foundation regarding the registration of the Society and have developed our Society Rules from their templates for community pubs. Our constitution rules can be viewed via our website or at: https://mutuals.fca.org.uk/Search/Society/30992. If you follow this link, click on the "Documents" tab and download the "Registration of a new Society" document which contains the full rules that govern the Limpley Stoke Community Benefit Society Limited.

The following rule changes for this share issue were approved by shareholders at a Special Members' Meeting held on 30th June 2023 and subsequently approved by the FCA:

1. The minimum age for membership is reduced from 18 to 16 years which brings the Society in line with standard rules.
2. The minimum share purchase is reduced from £200 to £20. (Although the minimum investment in this offer remains £200 except for people aged 35-and-under)

Each of these rule changes are explained later in this document.

3.1 Membership

The two major factors in the success of community pubs are the commitment of the members of the community to a pub in which they have a stake and a relatively low-cost funding model.

It will be vitally important for the community to organise and support events at the pub and hub (although the day-to-day running of the pub will be the responsibility of the tenant).

Building on the goodwill expressed so far, we continue to need help with the pub and hub development following its purchase. This will involve refurbishing the premises, decorating, gardening, cleaning and publicising the grand re-opening!

Organisations may also become members and must give a named person as their representative at members' meetings etc.

The Society is owned and controlled by its members and members can help steer the future direction of the Hop Pole Inn at the AGM. Every member has one vote, irrespective of shareholding. Where shares have been applied for in joint names, only the first-named will be entitled to vote. All members will be provided with an Annual Report which sets out how the enterprise has developed its activities over the previous year and will include audited accounts. Members will also be invited to the Annual General Meeting at which the report will be presented and discussed. At each AGM, members of the Management Committee will retire and may be re-elected or replaced by new Management Committee elected from amongst the membership. The rules anticipate that at least one-third of the Management Committee will retire at each AGM (and are eligible to stand for re-election) and all members have the right to stand for election to the Management Committee

The rules of the Society also provide for several other ways in which the membership may hold the Management Committee accountable for the running of the Society, including the calling of a special general meeting if this is required.

Crucially, members will be encouraged to provide feedback via the Management Committee, be ambassadors for the pub as repeat customers and encourage others to ensure the pub is a success.

3.2 Buying Shares

Each share costs £1 and the minimum purchase is 200 shares except for those aged 35-and-under (see below). More shares can then be purchased, in any quantity, up to a maximum holding of 50,000 shares.

Once the share offer has reached its minimum £150,000 target, we will admit any new members and issue new shares. Thereafter, shares will be issued on an ongoing basis once the completed share application form and funds have been received. If the share offer does not raise the minimum £150,000 target, no new shares will be issued, and all funds received pursuant to this offer will be returned.

Membership is open to any person (whether an individual, a corporate body or the nominee of an unincorporated organisation) who completes an application for membership and is 16 years of age or over. Where shares are registered in joint names, only one person, normally the first named, is entitled to vote. Couples and families planning to invest more than £400 should therefore consider separate memberships.

In order to encourage more participation among younger age groups where the current cost-of-living crisis may make an investment of £200 unaffordable, we have made a new rule allowing those aged between 16 and 35 years of age (ie anyone over 16 at the time of purchase and born on or after 19th October 1987) to buy shares in multiples of 20 shares. This is not restricted to a one-off purchase and it is hoped that these members will add to their shareholdings over time. All investors will have full voting rights.

All prospective investors are advised to read the full terms which are set out in this document and in the Model Rules which act as the constitution for the Society.

The Business Plan for this project is detailed in a separate document issued with this Share Offer. The Business Plan is essential reading for anyone considering investing in our project.

Shareholders can expect to receive a modest return on their investment in the form of interest, with zero capital growth on the share value. When the business is profitable, the shares will become interest bearing. The appropriate rate of interest rate will be proposed by the Management Committee to the members at the AGM and interest will be paid to members in the financial year after that to which it relates. Interest is paid gross of tax to UK residents and net of tax to non-UK residents. Please note however that we do not expect that the Society will be in a position to pay interest before the fourth year of ownership (see 5-year financial projections in Section 4).

This share offer is not covered by the Financial Services Compensation Scheme and investors have no recourse to an ombudsman. Your shares are to an extent underwritten by the value of the building, but they are highly illiquid, and you could lose some or all of the money you invest.

3.3 Withdrawing Shares

The Rules of the Society require investors to commit to keep their investment in the Society for a minimum of three years. After three years members will be required to give three months' notice if they wish to withdraw all or some of their shares. **However, we cannot guarantee we will be able to redeem the shares and we strongly recommend that members regard these shares as highly illiquid and view their shares as a long-term investment in this community pub.**

All withdrawals must be funded from trading profits, reserves or new share capital raised from Members, and are at the absolute discretion of the Management Committee having regard to the long-term interests of the Society, the need to maintain prudent reserves, and the Society's commitment to community benefit.

Withdrawals will be paid out in the order in which the requests are received, up to a maximum total withdrawal specified for the financial year (projected in normal circumstances at around £5,000). We will endeavour to return capital to investors when requested but the Society rules give the Management Committee the power to refuse a request to withdraw funds if it would endanger the business.

Once the target investment has been obtained, we hope there will be a waiting list of new members ready to invest in new shares to replace investors who wish to withdraw funds.

The shares that members buy are potentially withdrawable but are not transferable (ie members' shares cannot be transferred to anyone else except in the case of bankruptcy or death of the shareholder). This arrangement allows the Society to be exempt from the Financial Services and Markets Act for Society share issues. The exemption specifically enables a share offer to the public for a social return rather than a financial one.

3.4 Management Committee

A Management Committee comprising not less than three and not more than twelve members will manage the Society. They will be accountable to the membership and will report to them via a

newsletter and an AGM. Up to one quarter of the Management Committee may be co-opted. All members of the Management Committee must be paid-up shareholders in the Society.

The first members of the Society were those who signed the application for FCA registration, and these members appointed the first Management Committee that served until the first Annual Members Meeting when all were reappointed by unanimous vote. Management Committee members will normally be elected for a three-year term.

The current Management Committee all live in Limpley Stoke and come from a wide variety of backgrounds. This team has a broad range of skills and experience to draw on, including expertise in strategic business development, architecture and historical buildings renovation, budgeting, finance, marketing and other community committees. The Management Committee is supported by The Plunkett Foundation (one of the sponsoring organisations approved by the FCA). The Committee is also in contact with advisors with experience in community assets.

Other than their determination that the Hop Pole Inn is reopened as a community pub and hub, the members of the management committee have no other vested interests in the Hop Pole Inn. This is a group of people who are passionate about saving the village pub and creating a community asset for all to enjoy.

Simon Coombe – Chairman
Simon had a career in investment banking and is the chairman of FLiSCA, a local community charity, a governor of King Edward's school, Bath and is the ex-chairman of Dorothy House Hospice Care and the Limpley Stoke Parish Council.

Lucy Poloniecka - Finance Director
Lucy qualified as a Chartered Accountant and is the ex-head of HR services for an investment bank. She volunteered with Citizens Advice, managed administration of several companies and charity groups and is a member of the Limpley Stoke Parish Council.

Sally Humpston - Company Secretary
Sally is a recently retired solicitor. She has been on the Parish Council and was Chair of Governors at a local school.

James Sibson RIBA AABC - Project Manager
James is an Architect specialising in the Historic Environment and Conservation at Feilden Clegg Bradley Studios. He is also a producer for TEDxBath.

Tim Tuckey - Head of Building Team
Tim had a career in the Royal Navy before becoming an airline pilot. He is the ex-Chairman of the Limpley Stoke Events Committee.

Jessica Lloyd Smith - Head of Marketing & Communications
Jessica worked in financial services marketing before setting up her own online art gallery and consultancy.

4.0 Business Case

The Business Plan is outlined in detail in the separate accompanying document but, in summary, the Management Committee believe the Hop Pole Inn can be run as a long term sustainable and profitable business with the revenues of the pub being used to support the activities of the community hub. The table on the next page summarises the financial projections for the first five years of trading based on an opening date of late summer 2024.

4.1 Refurbishment

After almost seven years of being unoccupied, this Grade II listed property is in a very poor state of repair and a full schedule of works is planned to bring the existing building up to standard. To ensure a delivery of works consistent with the demands of the Community Ownership Fund, the work has been split into three phases:

4.1.1 Phase 1

Phase 1 works, which are almost complete, is focused on securing the outer shell of the building.

Phase 1 is expected to be completed within the budgeted cost £175,000 and the work involves:

- Removing the roof, replacing rotten timber battens and facia boards, and installing roof insulation
- Strengthening the roof joists and installing eco-ventilation equipment
- Undertaking masonry repairs including the complete rebuilding of two chimneys and the repair of the third
- Repairing/replacing the windows.

4.1.2 Phase 2

Phase 2 works, for which we are awaiting planning permission Imminently is focused on refurbishing the interior of the existing building and groundworks at the rear in preparation for Phase 3. Phase 2 plans are illustrated in Appendix B.

Phase 2 works are planned to commence as soon as the much delayed planning permission has been received. This work will include:

- Ground works to the rear
- Damp proofing the old dining area on the ground floor
- Replacing the rotten and failed first floor structure
- Installing wall & floor insulation at ground floor
- Replastering the ground floor walls
- Upgrading utilities
- Rewiring the building
- Replumbing the building
- Installing air source heat pumps
- Redecorating
- Furnish the bar, pub and eating areas
- Refurbishing the upstairs apartment to accommodate the tenant

To reduce costs, in phase 2 the contact with Ken Biggs Contractors Ltd will be changed to a cost-plus arrangement. The Management Committee believes this will save several hundred thousand pounds of costs but a contingency of £193,000 (equivalent of 33% of outstanding costs) has been included to take into account the greater risk being incurred.

4.1.3 Phase 3

Phase 3 works, the provisional drawings for which are given below, is focused on works at the rear including new toilet block, kitchen, storage and improved access to the garden.

The draft design for phase 3 is shown in Appendix C and we are in pre-planning negotiations with Wiltshire planners in preparation to submit the application as soon as possible.

Subject to achieving funding targets and obtaining planning approval and Listed Building Consent, Phase 3 is planned to commence in early 2024 once planning permission has been received. This work will include:

- Knocking down the obsolete structures at the rear
- Remaining ground works and substructure
- Erecting a new toilet block with improved accessibility
- Rebuilding the kitchen in line with the business model
- Restore garden and outside areas
- Provide additional seating in a temporary structure at the rear of the building

During all three phases, we will be working closely with our consultant team to prepare proposals that can be delivered with appreciation for our desire to minimise capital expenditure and the maximisation of use of our community skills. We recognise the potential to get us all involved in this project be it in the form of gardening, labouring, plumbing, plastering, and many other trades and activities that are common as part of our building tradition. Based on the experience of other local community pubs, the use of volunteer labour and gifts of equipment will help significantly reduce our costs.

It is intended that the building will be refurbished to a standard such that a tenant can focus on running the pub without concerns about the condition of the building when taking on a fully repairing and maintenance lease.

4.2 Limpley Stoke CBS's 5 year Profit & Loss forecasts

£'000	2022	2023	2024	2025	2026	2027	2028	2029
Turnover	0	0	50	250	350	400	425	450
Rent as % of turnover	-	-	8%	10%	10%	10%	10%	10%
Interest payments	0.0%	0.0%	0.0%	1.0%	2.0%	2.5%	3.0%	3.0%
Income								
Rental from tenancy	0	0	4	25	35	40	43	45
Other income	2	2	2	3	3	4	4	5
Total income	2	2	6	28	38	44	47	50
Expenditure								
Repairs			10	10	10	10	10	10
Insurance	3	3	3	3	3	3	3	3
Council tax	2	2						
Ancillary costs	1	1	1	1	1	1	1	1
Village grants						2	2	2
Interest payments (shares)	0	0	0	9	17	21	26	26
Total expenditure	6	6	14	23	31	37	42	42
Profit/ loss	-4	-4	-8	5	7	7	5	8
Tax rate	19%	19%	22%	22%	22%	22%	22%	22%
Tax	0	0	0	0	0	0	1	2
Net profit	-4	-4	-8	5	7	7	4	6

Note that some of the numbers are affected by rounding

Observations:

a) It is assumed the value of the property is greater than the carrying charge and there is, therefore, no depreciation charge.
b) LSCBS will be profitable in 2025, its first full year of trading.
c) The first year rent will be reduced to 8% of turnover, rising to 10% thereafter.
d) Other income will be generated by donations, community events and activities.
e) Members will receive a modest 1% interest payment in 2025 rising to 3% in 2029.
f) A modest amount of tax will first be paid in 2028.
g) LSCBS will offer small grants for local community projects starting in 2027.

4.3 Limpley Stoke CBS's 5 year Cash Flow forecasts

£'000	2022	2023	2024	2025	2026	2027	2028	2029
Starting cash position	0	236	311	3	8	9	8	7
Cash in								
First share issue	550	20						
Second share issue		250	50					
Grants received	10	320						
Donations		4	4					
Loans								
Rental from tenancy	0	0	4	25	35	40	43	45
Other income	2	2	3	3	3	5	7	8
Total cash in	562	832	372	31	46	54	57	60
Cash out								
Purchase of Hop Pole	300							
Phase 1 work		174						
Phase 2 work		231						
Phase 3 work			137					
Professional fees	20	110	35					
Contingency			193					
Repairs	0	0	0	10	10	10	10	10
Insurance	3	3	3	3	3	3	3	3
Council tax	2	2						
Ancillary costs	1	1	1	1	1	1	1	1
Share withdrawals					4	9	9	9
Village grants				0	2	2	2	2
Interest (shares)	0	0	0	9	17	21	26	26
Tax	0	0	0	0	0	0	0	1
Total cash out	326	521	369	23	38	46	50	51
Cash balance	236	311	3	8	9	8	7	8

Observations:

a) LSCBS's cash flow is positive at all times.
b) £4,000 of donations will be generated in 2023 and 2024.
c) A £193,000 contingency to the building costs has been included following the move to cost-plus accounting with the contractor
d) Share withdrawals start in 2026.

4.4 Limpley Stoke CBS's 5 year Balance Sheet forecasts

£'000	2022	2023	2024	2025	2026	2027	2028	2029
Assets								
Fixed assets								
Freehold property	300	300	300	300	300	300	300	300
Improvements	20	535	707	707	707	707	707	707
Total	320	835	1007	1007	1007	1007	1007	1007
Current assets								
Cash	236	311	3	8	9	8	7	8
Total assets	556	1146	1010	1015	1016	1015	1014	1015
Shareholder funds								
Shares	550	820	870	870	866	857	857	857
Reserves	6	326	140	145	150	158	157	158
Total liabilities	556	1146	1010	1015	1016	1015	1014	1015

Observations:

It is assumed the value of the property is greater than the carrying charge and there is, therefore, no depreciation charge.

5.0 Risks for Potential Investors

Whilst we believe that the business will be profitable, the ownership of the asset (the land and buildings) provides members with an additional level of security. However, with any business there are risks. These are outlined below:

5.1 Share illiquidity

As stated above, 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. We have projected just £4,000 per annum for share withdrawals from 2026 rising to £9,000 in 2027. **You must treat these shares as highly illiquid and should not invest any money you may need to draw upon in the foreseeable future**.

5.2 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 case). Once the business is sufficiently profitable, the Management Committee are committed to use surplus profits to pay interest on the shares up to a maximum of 3% however **if no surplus profits are generated, then no interest will be able to be paid.**

The Management Committee intend 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 local residents and shareholders to use the Hop Pole Inn on a regular business will also mitigate this risk.

5.3 The costs of refurbishment are higher than forecast

The costs of refurbishing a dilapidated 16th Century building are notoriously difficult to predict. The Management Committee have taken professional opinion and been realistic in our cost estimates but building costs have risen very steeply in the 24 months since we made our initial estimates. We have already trimmed back the project significantly and included a contingency reserve of £193,000 (equivalent to 37% of outstanding costs). We are also being advised by an experienced building developer but there is no guarantee this will be sufficient.

Under this scenario, the Management Committee will seek further sources of funding and, in extremis, extend the renovation period to allow more work to be carried out by volunteers.

5.4 The business fails

If the business fails and the Society is unable to meet its debts and other liabilities and becomes insolvent the land and building would have to be sold to cover those liabilities. Under this scenario, the grants will need to be repaid together with overage payments to the Wellington Pub Group with the balance being repaid to shareholders. It is likely that the sale of assets will fail to cover the liabilities and **you would lose some or all of your investment**.

The Management Committee will use all reasonable endeavours to ensure that the business does not become insolvent.

The Financial Services Compensation Scheme, which applies to bank accounts, does not apply to your share account. The Society, unlike banks and building societies, is not subject to prudential supervision by the Financial Conduct Authority. Under the Society rules any dispute may be the subject of arbitration by the Chief Executive of the Plunkett Foundation.

Should the business irredeemably fail, the 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 and then has to be transferred to another asset locked organisation as per the Society's Rules.

5.5 No capital growth

All shareholders must understand they will not generate any capital growth from their shares. In the extreme event of the business failing and the pub being sold, under the rules of the Society, any capital uplift will accrue to the community. The value of the shares will, therefore, never go up but may go down.

Further detail on the risks and mitigations is set out in the Business Plan.

6.0 Management Committee's 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 Hop Pole Inn under community ownership and wish to share in our vision:

> To open a community pub in Limpley Stoke that is inclusive and welcoming, serving reasonably priced, good quality food and drink in a friendly setting.
>
> To be a community hub that welcomes a diverse range of local groups and societies such as young parents and toddlers, book clubs, art groups and knitting circles.
>
> To build a sustainable business that is owned by the community and run for the benefit of the community it serves.

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

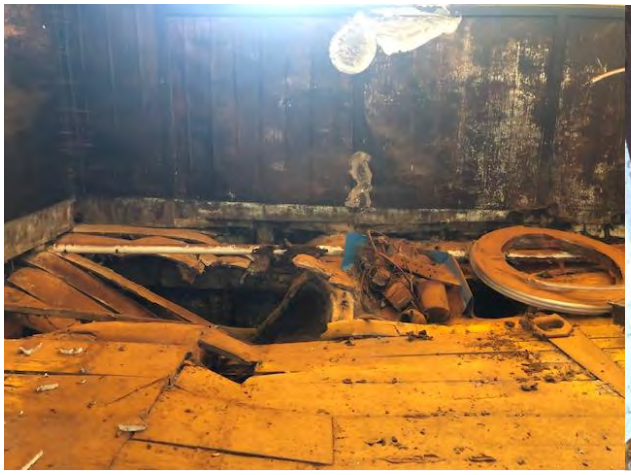
We look forward to welcoming you as a shareholder!

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

- The offer document and application form are easy to understand.
- You are provided with all the facts you need to make an informed decision.
- The facts are supported by the business plan.
- Nothing in the documents is purposefully incorrect, confusing or misleading.

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

APPENDIX A: PHOTOS OF THE ORIGINAL BUILDING



A1: Flooring (rotten)



A2: Walls (extreme mould)



A3: Electrics (obsolete)



A4: Kitchen (obsolete)



A5: Ceiling (collapsed





A6: Structural beams (unsupported & unsafe)



A7 Flooring (rodent damage)



A8 Rodent (droppings)



A9 Lounge bar (ripped out)



A10 Lounge bar (damaged flooring and walls)



A11 Saloon bar (ripped out)



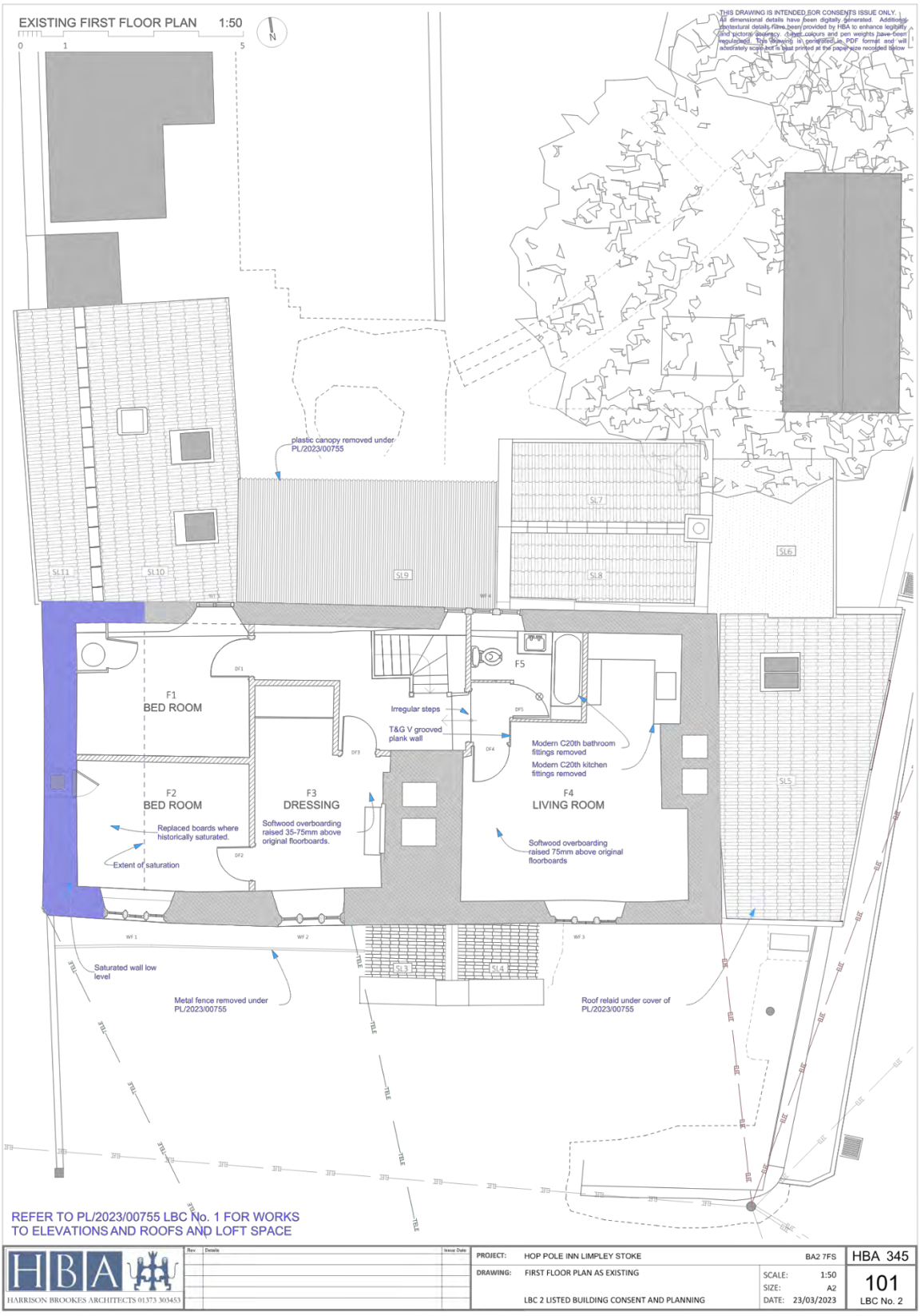
A12 Fireplace (damaged)

APPENDIX B: EXISTING PLANS

Existing ground floor plan

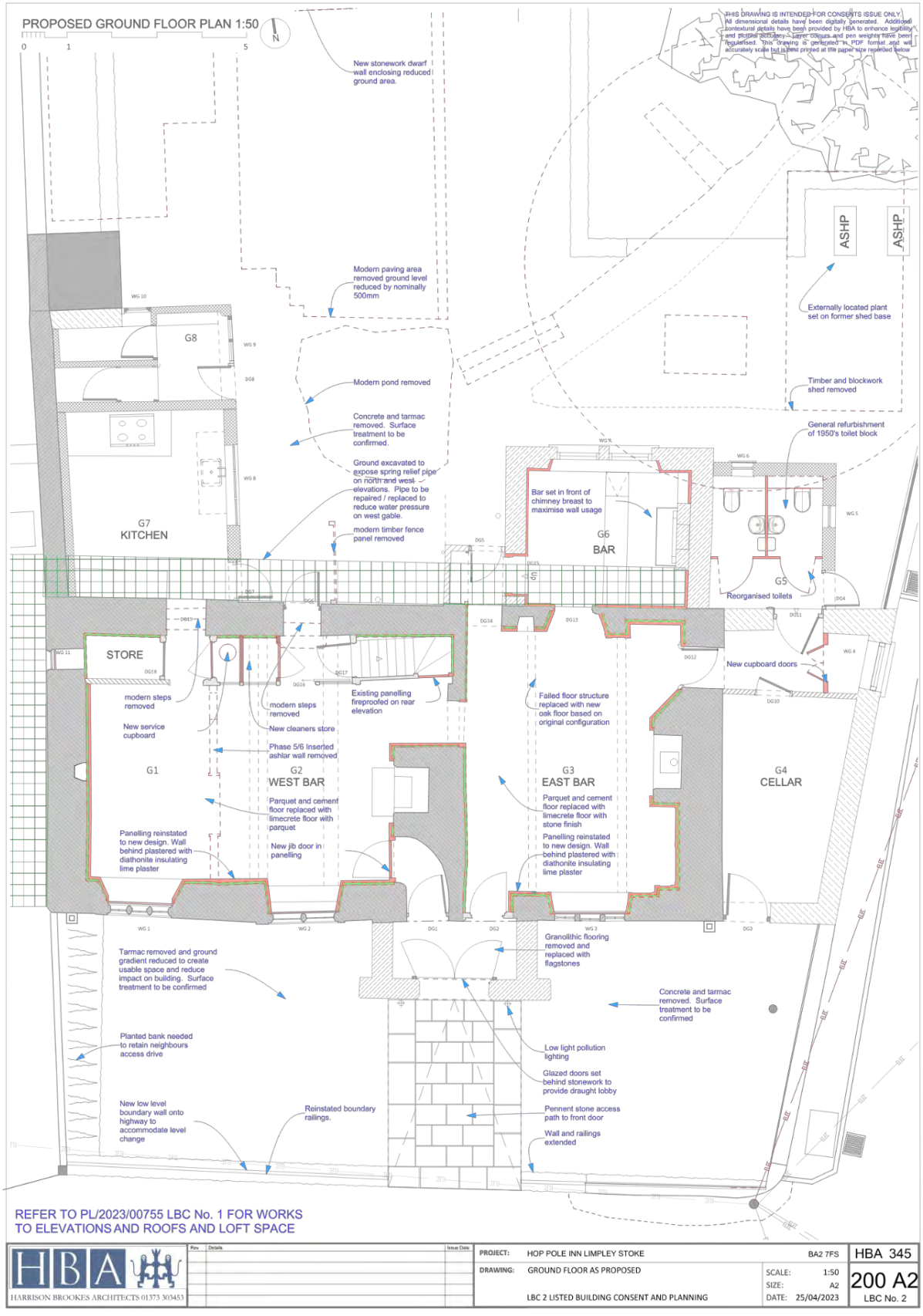


Existing first floor plan

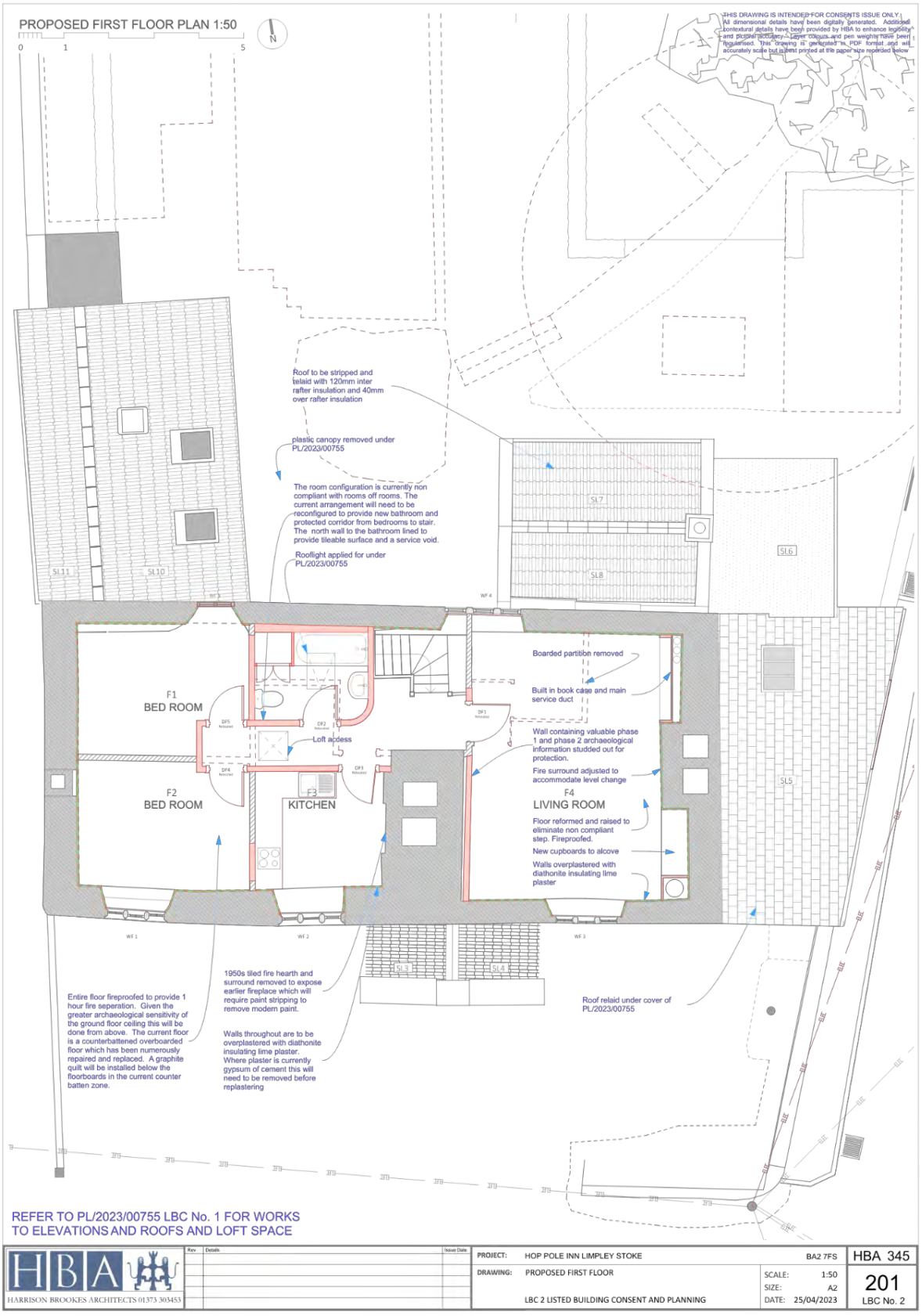


APPENDIX C: PHASE 2 PLANS

Proposed ground floor plan



Proposed first floor plan



APPENDIX D: PHASE 3 PLANS

