



May 2022 Update

to the 2020 Stonesfield Community Pub Limited (SCPL) Share Offer

This update should be read in conjunction with the Stonesfield Community Pub Ltd (SCPL) Share Offer document available at www.backthewhitehorse.com/the-share-offer



The History

In 2020, the SCPL undertook a share issue to support a bid to acquire The White Horse. We raised a total of £488,350 and despite offering over the asking price (and in excess of the price paid by the person it was sold to), we were unsuccessful. We fully understand that the owner, John Lloyd, was at liberty to sell to a bidder of his choice, nevertheless we were extremely disappointed that we did not manage to bring The White Horse into community ownership at that point.

After the bid was rejected, we asked our investors whether they wanted to have their money back, or whether they viewed – as we did – that things might well not be cut and dried with respect to the pub. 862 of them agreed to leave their investments with us, and became members of the Society, giving us £321,350 of cash to support a purchase should the opportunity arise.

According to Land Registry records the pub was acquired by Mr Jonathon Bowers on 29th January 2021 for £385k. We have tried repeatedly to build a relationship with him offering our expertise, strong links in the community and any other support that would encourage him to open the pub. Almost all our communications have been unanswered, so we have been unable to ascertain his intentions for the pub.

In January 2021 the pub was relisted as an Asset of Community Value (ACV) by West Oxfordshire District Council (WODC) following a successful nomination under The Localism Act 2011 by Stonesfield Parish Council.

On 31st August 2021, John Lloyd surrendered the license. Mr Bowers then applied to transfer the license

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but did not meet the requirements set out by WODC and so the pub is not currently licensed.

In December 2021 Mr Bowers advertised for a tenant, quoting a rent of £39,000 p.a. for a three-year full repairing lease. We are aware that this generated some interest, - some of the prospective tenants spoke to us -, but to date the pub remains closed. Our background research suggests the rent proposed was significantly above the market norms and this possibly explains why a tenant has not been secured.

What has changed

We have been informed by Mr Bowers that he has accepted an 'unsolicited' offer for the pub from a London-based Investment Company. He has also informed us that he has signed a non-disclosure agreement with this company and is not at liberty to tell us any more about the offer.

On 26th April 2022, in accordance with the ACV requirements, Mr Bowers notified the District Council that he is intending to dispose, with vacant possession, of his interest in The White Horse. He is selling the freehold interest.

Financial Information

Whereas, with the previous sale, the pub was on the open market and there was a published asking price, that is not currently the case with the new sale. We do have some indicative figures of what it may be worth taking into consideration that it is closed and has no trading accounts.

At the time of the previous sale, we were permitted access to the pub to carry out a survey and so we had a good understanding of its condition. We understand some works have been carried out, however, we do not know the extent of that work, plus it has now been empty for two years. Therefore, we are making some assumptions on how much we will need to spend to acquire it and get it up and running.

We continue to be advised by Mike Hughes, Chartered Surveyor, and currently see no reason to materially alter the figures in our previous analysis. We have appointed Jim Astle of Knights Plc as our legal advisor.

So, our projected business plan remains the same as laid out in the share offer document, which forms the basis of the current offer. The main difference is that since we already have £346,460 (this figure includes donations) in cash, we are seeking to raise £173,540 to reach our maximum target of £520,000. This total will fund the purchase and repairs/renovations we anticipate will be required.

What happens next

At this stage we are keen that Mr Bowers is made aware that we are interested in buying. We have triggered the full six-month moratorium period (ending Thursday, 26th October 2022) permitted by the ACV, which gives the community time to put a bid together. During this period, no sale of the property can take place to anyone except a community interest group such as ourselves.

We will reopen the original share offer to raise the finance we need to buy and carry out any necessary repairs/refurbishment to reopen the pub. The offer will open on the 6th June 2022 and remain open until the 26th October 2022. Until the closing date we will continue to pursue public funding, where available, to support our fundraising, as well as other grant schemes and potentially loans or mortgages to give the pub the investment it needs to reopen and be successful for the long-term.

We are intending to make a formal bid for The White Horse. Mr Bowers is under no obligation to accept any offer we make, and beyond this period he is free to sell the pub to anyone he chooses during the next 12 months. If he doesn't sell in this time period, the ACV requirements are reset.

There are a number of potential outcomes:

- 1 **We raise sufficient funds to make an offer for the pub and Mr Bowers accepts our offer.** The purchase goes ahead and The White Horse is brought in to community ownership.
- 2 **We raise sufficient funds to make an offer for the pub, but our offer is rejected by Mr Bowers.** This will show that there is sufficient community support for the endeavour, but that

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our offer is insufficient or there is another buyer that is willing to pay more or who is preferable to the seller.

- i We continue our fundraising efforts and make a further offer if time/opportunity permits.
- ii The purchase does not go ahead, all collected share monies will be returned and the Society will be dissolved.

The Management Committee will decide which option to follow in consultation with members as soon as possible after this situation has arisen.

- 3 **We raise sufficient funds to make an offer for the pub, but fall short of the required amount to complete the refurbishment/fit-out.** The White Horse had been successfully operating as a pub up until its closure in March 2020. Whilst the current economic situation makes the operation more challenging we would still seek a tenant to operate the pub as it is while more funds are secured. The funding options in this situation are:

- i Apply for additional grants as they become available, a later second share offer or a combination of the two.
- ii A business loan, but recognising this may place a charge over the property in order to give them a voice in whether anything can be salvaged should the business become insolvent.

Under this scenario the Management Committee in consultation with the members would make the decision on which of the options to follow.

- 4 **We fail to raise sufficient funds to make an offer for the pub.** The purchase will not go ahead, all collected share monies will be returned and the Society will be dissolved. The future of the building and its land will be a matter for whoever buys the pub.

Investors in this current share offering will become Members of the Society at the point of subscription. If our bid is unsuccessful, we will hold a meeting of the Members to decide on next steps. Our preference as a board would be to retain any monies raised so that we can move quickly if another opportunity arises to bring the pub into community ownership, but we will have to make that call once the situation is clearer.

We will keep our membership informed on the progress of our negotiations and the outcome of our bid. It is possible that we will have to wait until after Thursday 26th October to know what our next steps are. If the pub is sold to another individual or company, we are committed to continue all our efforts to try to bring the pub into community ownership. This is potentially a long-term ambition but we are heartened by the continuing support of the village and look forward to raising a glass in our community pub The White Horse in the future.

When and how can I buy shares?

The Share Offer will reopen on Monday, 6th June and will initially be open until the 26th October, though we may extend the period if we feel that doing so gives us a realistic chance of securing our maximum targets.

If you wish to invest, please read the Stonesfield Community Pub Ltd (SCPL) Share Offer Document and The Stonesfield Community Pub Limited Business Plan. These documents are on our website at:

www.backthewhitehorse.com/the-share-offer