



THE HOLLYBUSH DRAETHEN LIMITED

Community Benefit Society

Community Share Offer

To purchase The Hollybush and to refurbish the Ground Floor Bars and External Accommodation

Community Share Offer opens April 2025 and closes June 2025

Minimum Target £453,000

Optimum Target £605,000

Maximum Target £729,000

The Hollybush Draethen Limited Community Benefit Society (Registered Number 9506)

Registered Office: Dragonfly House, Draethen, Newport NP10 8GA

Introduction

The Hollybush Draethen Limited is a Community Benefit Society (“the Society”) which has been created by local people as an entity through which to secure and protect the future of The Hollybush. We want to turn it into a genuine Community Hub for the benefit of Draethen, local communities, the wider area and visitors.

The aim is for the Society to purchase and subsequently over a period of a number of years to fully restore the pub, bringing it back to the heart of Draethen where it will once again become a true local - with the range of facilities expected from a Community Hub - that enriches the lives of people within its community while extending a warm welcome to all visitors.

As a consequence of the way in which The Hollybush has been marketed for sale by its current owners, opportunities for wide-scale community engagement, fundraising and other community activities have been severely limited. However, the primary objective of this Share Offer is to raise sufficient funds as speedily as possible for the Society to undertake initially *The Project*, which is, as briefly described below, to:

- purchase The Hollybush
- carry out emergency repairs to the building to make it wind and watertight and make safe the remainder of the site
- refurbish the Ground Floor Bars and toilets to enable them to be reopened, initially, on a limited hours basis
- refurbish the separate building containing two short term lettable rooms to provide the Society with an alternative income stream

The estimated total cost of the purchase, related costs and proposed works anticipated in *The Project* is in the region of £605,000.

Following purchase, grants and other funding will be sought both in connection with *The Project* and renovation of the remainder of the site – referred to as *Future Works*. Discussion and ideas for such renovation will be developed with Members and the community.

Buying shares makes you a Member of the Society and gives you a say in how it is run, enabling you to shape the future of The Hollybush. Each Member has one vote, regardless of how many shares are bought. For this share offer the minimum shareholding is £1,000 and the maximum is £100,000.

The Community Share Offer opens in April 2025 and closes in June 2025, unless extended or reduced at the discretion of the Management Committee.

This document:

- describes *The Project* and its benefits to Members, the community and the wider public
- explains the nature of the Society and how the Community Share Offer will work
- contains information on how to apply for shares

More detailed information is contained in our Business Plan that we recommend you read in conjunction with this Community Share Offer prospectus.

We believe this investment opportunity will be of interest to a variety of groups:

- residents of Draethen and surrounding villages wishing to see The Hollybush restored to its former glory
- ex-residents that share the same desire to see The Hollybush as they remember it, as a focal point and destination
- members of various walking, cycling and hiking groups that are looking for a base location or destination

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- supporters of Ruperra Castle Preservation Trust and Ruperra Conservation Trust that are looking to collaborate with the pub/hub
- any person or organisations wishing to see key heritage sites like The Hollybush

secured and protected for the benefit of all.

It is, however, important to note that this is not just about buying a pub; it is primarily about helping to sustain the community.

Hefin David MS

Aelod o'r Senedd dros Caerffili
Member of the Senedd for Caerphilly

Dyddiad | Date: 8th April 2025


Pwnc | Subject: The Hollybush

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Dear Sir/Madam,

I am writing to share my concerns about the future of the Hollybush Pub, which is located in my constituency of Caerphilly. The Hollybush has long been a special place for local residents and there has been a feeling of great loss, since its closure during the early days of the Coronavirus pandemic.

I was delighted to hear that there is an appetite amongst locals to take the building over as a community pub. I am regularly in contact with the Ruperra Castle Preservation Trust on a separate issue, but they have also mentioned they would love to see the pub back open and would use it as a base for walks around the historical Ruperra Castle, which is nearby. Both sites are rich in local history and hold many memories of the past in Draethen, Machen and Rudry.

The area is now predominantly residential, with The Hollybush the only remaining commercial property. The pub is the only community asset residents have and if it were to be lost to an alternative use it would be a very great loss indeed.

I urge you to support the community on this and work with them to protect the future of the pub, as well as the treasured history that comes with it.

Yours sincerely,



Hefin David MS

Risk Warning

The Hollybush Draethen Limited Community Benefit Society is registered as a society with the Financial Conduct Authority (“FCA”), but the sale of community shares is not regulated by the FCA. Like many investments community shares are at risk and you could lose some or all of the money you invest. Unlike deposits with Banks, community shares are not covered by the Financial Services Compensation Scheme, nor is there any right of complaint to the Financial Ombudsman Service. If you are considering investing a significant amount, then you may wish to seek independent financial advice before doing so.

“The Hollybush pub has very romantic connotations for us. We got married in Caerphilly in 1977 and following that had our delightful wedding reception in the newly built restaurant at The Hollybush pub. We even can recall the meal which had some 1970’s predictability of including a prawn cocktail starter & a Black Forest gâteau for dessert.

After two years in Papúa New Guinea, an around the world trip and landing back home with a baby, we spent five years rotating between Cardiff and Nottingham. Eventually we bought in Cefn Mably and once the children were older, discovered we could now walk from Cefn Mably, through Ruperra along the ridge and drop down to Draethen and order fish & chips in our romantic venue.

We did this for years and years and we were so disappointed when it closed. It even has been our polling station in elections when we would pop in for a drink!

We really hope that it can reopen given how aesthetically pleasing the building is and its value culturally.”

John & Sheila Fairclough

Our Aims, Means, Methods and Values

Our Core Aim

To enrich the lives of individuals and of the community by bringing people together in a way which celebrates and sustains our heritage.

Our Means

Purchasing, refurbishing, adapting and sustaining The Hollybush as a community owned hub.

Our Methods

We will:

- provide a location and resource which is flexible, attractive and welcoming to every member of the community
- celebrate our heritage, both visually and through the activities that we promote
- proactively encourage wide ranging participation
- provide food, drink and a place to stay of attractive quality at a fair price
- ensure availability and accessibility that meets the community's needs
- celebrate the skills within our communities by engaging local trades and enterprises
- create opportunities for volunteering
- be a fair employer
- create opportunities for work experience, training and skills development
- recognise and create local supply chains
- respect and complement the surrounding natural and built environments
- be mindful of sustainability
- protect the architectural heritage
- promote the Welsh Language
- run an efficient and competitive business

Our Values

We will be:

- welcoming - both in terms of the Community Hub and its people
- inclusive – our doors are open to all
- hard working and thorough - in all that we do
- straightforward and true – in word and deed
- fair - in our dealings with each other and with all those we engage with

A Community Enterprise

A Community Benefit Society is a unique kind of corporate business which is owned by and run for the benefit of the local community rather than for private gain. It has a membership that is open to anyone that supports its purpose and does not give any preferential right or benefit to any individual or group of members. There is, however, limited financial reward.

When buying The Hollybush in the name of the Society an “asset lock” will be placed on it so that it cannot be sold for profit – only for the benefit of the community.

Our aim is to see The Hollybush realising in full the vision of being a pub, cafe, restaurant and functional hub for all kinds of services and community activities. In doing so we will seek to reduce feelings of loneliness and isolation and create a dynamic hub for community interaction of all kinds.

The Benefits

Benefits will include the following:

- providing a range of services, including a pub, cafe and restaurant to the village of Draethen and to visitors
- providing a place to meet friends and neighbours
- promoting health and well-being through creating opportunities to bring people together
- offering a central hub for information for community events and local issues
- protecting and safeguarding our unique history and heritage
- offering a memorable experience of local and Welsh heritage for every visitor
- offering facilities for special interest groups of all kinds
- promoting and protecting the Welsh language
- promoting tourism and boosting the local economy
- supporting local businesses and promoting entrepreneurship
- promoting sustainability and protecting the environment; sympathetically preserving an historic building and ensuring its efficiency
- creating volunteering opportunities
- promoting training and skills development
- creating employment opportunities for local people
- promoting inter-generational work
- working in partnership with local organisations
- inspiring others to take ownership of and regenerate local assets
- providing a destination for the many walkers and cyclists who visit the area

A Brief History

The Hollybush Inn in Draethen is a historic stone-built village pub with origins dating back over 200 years.

It has long served as a social hub for locals, travelers, and workers from nearby industries, including Machen Forge and Ruperra Castle, as well as poachers on the Ruperra estate.

Exact dates on its construction are uncertain but it is clearly recorded on Ordnance Survey maps from 1898 and anecdotal tales involving The Hollybush go back to the early 19th century.

Its traditional charm and riverside setting make it a great gathering place, and being the only community asset in Draethen, it is in our view essential to purchase and to reopen this important part of Draethen's heritage. With your help we can do it!

The Background to this Offer

In the Autumn of 2024, having been closed for four and a half years and having deteriorated in its condition during that period, The Hollybush was put on the market for sale by its owners.

Following an initial public meeting, a small group of volunteers decided to explore further the possibility of purchasing The Hollybush for use as a pub and community hub. Indicative offers of potential funding to make that purchase and to carry out initial repair work were sought from the community in Draethen. As word of the proposal spread, offers of financial support were received from Lower Machen, Machen, Michaelston-y-Fedw and from wider locations - including overseas! The response was very favourable with over 50 supportive replies being received equating to the overwhelming majority of the target figure referred to in the first communication. So positive was the reaction that it was decided to engage with the selling agent and to register the community's interest as a prospective purchaser.

To date, the view has been taken that the community would be a purchaser of last resort. If an experienced operator wanted to purchase The Hollybush for a pub etc. use, the community of Draethen would be very happy for that to take place and would offer its support and assistance to such a buyer as required. Unfortunately all interest in and offers to acquire The Hollybush for hospitality use have fallen away. The time has now come for the community to step forward itself to secure The Hollybush.

In view of the way in which The Hollybush is being marketed, time is very much of the essence. In Wales, unfortunately, we do not have the benefit of community right to bid legislation that applies in other parts of the UK and we have not been given any preference by the current owner. That has in no small way dictated the way in which the initial volunteer group has operated to date, but if The Hollybush is purchased that situation will change rapidly. There will be countless opportunities for Members and others to volunteer and to assist in a very wide range of areas.

An indication of the current internal state



The small bar



The main bar



The cellar



The Restaurant

The Business Plan

Our detailed Business Plan outlining the first five years of activity from purchase of The Hollybush to completion of *The Project* can be viewed and/or downloaded via our website <https://thehollybushdraethen.co.uk> or you can request a copy by e-mailing thehollybushdraethen@gmail.com and we'll e-mail the document out to you. We recommend that you read it in conjunction with this Community Share Offer prospectus.

Decisions on future renovation and/or development of the remainder of the site will be taken by the Members, in consultation with the wider community as preferences and plans for that emerge and the Business Plan will then be updated as necessary.

Given The Hollybush has been closed for almost five years we have been unable to use previous trading figures to drive our plan. Turnover figures for drinks and light bites have therefore been calculated on the basis of best estimates. Comparisons have been made with the business models of other community pubs and our reviews indicate that our assumptions are reasonable and, if anything, conservative.

As outlined above, our plan is to raise sufficient funds to allow for *The Project* to be carried out and completed. In brief, we currently see this involving:

- the purchase of The Hollybush
- the carrying out of emergency repairs to the building to make it wind and watertight and to make safe the remainder of the site
- refurbishment of the Ground Floor Bars and toilets to enable them to be reopened, initially, on a limited hours basis
- refurbishment of the separate building containing 2 short term lettable rooms to

provide the Society with an alternative income stream

The estimated total cost of the purchase, related costs and proposed works anticipated in *The Project* - the Optimum Target - is in the region of £500,000. The breakdown of this is as follows:

Acquisition Costs

Purchase price	£295,000
VAT (on 90% of Purchase Price)	£53,100
Land Transaction Tax	£5,155
Land Registry Fee	£150
Legal costs	£0
Search fees	£500

Total **£353,905**

Notes:

1. The anticipated Purchase Price reflects the Seller's marketing material. There have been and, until we can demonstrate proof of funding, there can be no negotiations with the seller's agent in relation to the Purchase Price actually to be paid
2. It is understood that VAT is payable on the non-residential parts of The Hollybush. Any VAT paid will be recoverable from HMRC, but there will be a short term, negative effect on the Society's cash flow until recovery is achieved
3. The Land Registry fee assumes an electronic application will be made attracting a reduced fee
4. An offer to the Society of legal services on a pro bono basis has been secured
5. The search fee figure is an estimate

Operational Costs

Estimated at £28,684 per annum for the first year following purchase.

For a detailed breakdown please see the Business Plan.

Capital Costs

Priority repairs	£90,000
Small Bar refurbishment (including furnishings and equipment)	£16,071

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Lettings accommodation refurbishment	£20,185
Large Bar refurbishment (including toilets, furnishings and equipment)	£51,090
Eaves, soffits, rainwater goods, timber replacement	10,725
Main roof	£70,000
Contingency	£10,940
VAT recoverable	-£53,100
Total	£259,011

Notes:

Figures assume Optimum Target is achieved. If only the Minimum Target is achieved, priority of works to be included in *The Project* will be reviewed and revised accordingly, likely just the small bar refurbishment. Any amount over the Optimum Target will allow us to progress beyond *The Project* and be less dependent on grant funding.

Further information relating to anticipated costs is set out in the Business Plan.

The proposed business will be licensed and all regulations will be adhered to.

As the bars become established and as the lettable rooms become available, they will generate a small reliable income. The Hollybush will initially be a wet bar, but will include sales of coffee and other hot drinks and light bites/snacks/cakes all of which will keep overhead costs to a minimum. During this initial phase the business will be staffed by volunteers until the cash flow allows for the employment of bar and other staff and/or a manager.

Estimated timescales for repairs and refurbishment works will necessarily be dictated by the timescale for purchase of The Hollybush, but the Business Plan contains projections for these matters. It is very much hoped that some

elements of The Hollybush can be open, if only on a temporary basis, for pre-Christmas trading 2025.

Key to this will be the response from people willing to volunteer at all stages of *The Project*. This volunteer ethos will be central to the success of the Society and ultimately the success of The Hollybush as it will enable external and third party costs to be controlled to a great degree and for the Society to achieve what prospective commercial operators cannot. We further believe that opportunities to volunteer will increase once the pub has been purchased by the community. Please let us know if you would wish your name to be put forward for a volunteering role. Our Volunteering Form can be found under Documents on our website <https://thehollybushdraethen.co.uk>.

Future decision making on and approval of any major expenditure, other than in the purchase of The Hollybush and preliminary work on the items identified in *The Project* will be the responsibility of the Management Committee and the Members.

It is anticipated that any surplus generated from trading will be used to pay for the following, in order of priority:

- any corporation tax and value added tax liabilities
- maintenance of the building
- improvement and development of facilities
- interest payments to shareholders in the timescale envisaged by the Business Plan
- facilitation of occasional share repurchases

It is also planned to create a reserve fund to provide for long-term repairs and maintenance and from which to meet unforeseen expenses.

The five year financial model and cash flow forecast can be found at Appendix 2 in the Business Plan. Key financial trading forecasts for year one and the next four years are:

Trading Forecast	Year 1 2025/26 £	Year 2 2026/27 £	Year 3 2027/28 £	Year 4 2028/29 £	Year 5 2029/30 £
Total sales	10,700	89,830	239,840	484,000	565,720
Cost of sales	-5,735	-38,696	-104,963	-213,660	-250,020
Profit before Interest and Tax	-36,350	-9,093	11,015	58,288	101,735
Retained Profit	-36,350	-45,442	-34,428	5,860	90,135

"I grew up in the neighbouring village of Machen and Draethen was always regarded as a very special place to us. Walking there via Rhydygwern or Cefn Coed Pwll Du, was always an adventure ... Nant Draethen and the magical bridge at The Hollybush to watch the trout snatching tit bits in the current or the flowering of wild snowdrops, primroses, bluebells and cowslips in the changing seasons. No wonder people came from far and wide to wander and wonder!"

I lived in Draethen for over 15 years and appreciated even more the quality and strength of the local community - not to mention how much The Hollybush Inn was a venue valued, not only by me, but other locals and visitors alike. I think it true to say that the quality of The Hollybush as a "local" contributed so much to the sense of the village as a local community with a strong identity and unique ambience.

I am pleased to give my 100% support to this local initiative. I have no doubt that, with continuing public support, The Hollybush can become an important asset for the village and the wider local community - as well as the walkers, cyclists and other visitors who come to appreciate what this beautiful valley of Nant Draethen has to offer.

I am confident that the campaign to revitalise this rural part of Caerphilly with The Hollybush as its focus can succeed. I send you my full support and look forward to joining you as a paying customer in the not-too-distant future."

Rt Hon Ron Davies (MP for Caerphilly 1983 - 2001)

What might happen when?

The following provides a summary of key activities and when they may happen.

What	When
Share Offer opens	April 2025
Public Meeting, Rudry Parish Hall	8pm 30 th April 2025
Negotiations to purchase The Hollybush will commence as soon as sufficient funds have been deposited in the bank account with the Co-Op Bank.	May/ June 2025
Initial Members Meeting will be held once contracts have been exchanged	
Anticipated completion of purchase	July/August 2025
Holly Day 1– Members informal meeting and social get together	Sat 6 th September 2025
Holly Day 2– Members informal meeting and social get together	Sat 4 th October 2025
Holly Day 3– Members informal meeting and social get together	Sat 1 th November 2025
Holly Day 4– Small Bar Re-opening; Members informal meeting and social get together	Sat 29 th November 2025
Village Christmas Tree Lights Switch-on (a Draethen Community Group event that we want to support in some way)	Sun 30 th November 2025
First Annual General Meeting	June 2026
Letting Accommodation re-opens	June 2026
Large bar re-opens	December 2026
Upstairs restaurant & bar re-opens	December 2027*

At the Initial Members Meeting the plan for *The Project* will be reviewed and adjusted as agreed by the Members, based on the funding available.

*The *Future Works* Upstairs restaurant and bar refurbishment is dependent on grant funding. Work on grant applications will commence once The Hollybush has been secured and the Business Plan assumes this will be received in 2027, but the timing of receipt of any grants is dependent on the grants available and when they are payable; the current situation is not clear.

“The community buy-out proposal from residents shows there is a passion to retain this historic venue. I wish them well in their efforts”

Cllr James Pritchard
Deputy Leader And Cabinet Member For Prosperity, Regeneration And Climate Change
Caerphilly County Borough Council

How does The Hollybush Community Share Offer work?

As already stated above, it is our view that this is not just about buying a pub - it is primarily about helping to sustain the community. There will be limited financial reward; you may earn interest and your liability will be limited to the value of the shares you purchase, but you will be investing in the long-term future of The Hollybush.

One Member, one vote

A key rule is that each Member has one vote, regardless of how many shares they own.

Shares can be bought through individual membership and corporate membership. For groups of individuals that buy shares together they are then held in one person's name and that person votes for the group of individuals. Corporate membership involves nominating someone to act on behalf of the corporate body.

Rules and Governance

The Society has adopted the model rules for community benefit societies drawn up by Co-Operatives UK. These Rules outline how the Society is owned, organized and governed and can be found in the Business Plan. This can be found under Documents on our website <https://thehollybushdraethen.co.uk>.

It is the responsibility of the Management Committee to manage all the Society's affairs and the members of the committee are legally responsible for everything done in the name of the Society.

The current members of the Management Committee will retire at the first Annual Members Meeting in accordance with the Society's Rules but may offer themselves for re-election.

The Members of the Society elect the members of the Management Committee. All Members have the right to attend the Annual Members' Meeting and to stand for election to the Management Committee.

The Management Committee elects its officers. The elected members of the Management Committee will hold their positions for a period of three years retiring gradually over the three years in accordance with the Society's Rules. This ensures that new blood and new energy are brought into the team preventing volunteer fatigue and burnout.

In addition to the Management Committee, volunteers are welcome to contribute to the work of running the venture and there will be different groups set up following purchase focusing on areas such as buildings, finance, food and drink, activities and marketing and the garden etc.

Number of Shares

The minimum shareholding is 1000 shares. Each share has a value of £1. The maximum number of shares that can be held is 100,000. Members must be aged 16 and over, although shares can be purchased on behalf of someone who is aged 16 and under. In all cases shares must be paid for in full on application.

The Community Share Offer may be extended by the Management Committee.

Interest Payments

After completion of four full years of trading, and if the business is running successfully and has sufficient surpluses, then, as anticipated by the Business Plan, we hope to be able to pay annual interest on members shares of around 3%. The Management Committee will each year submit a recommendation regarding interest payments on shares for the approval of the Annual Members' Meeting.

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The Business Plan demonstrates the ability for the Society to pay interest from year five.

Repurchase of Shares

Your shares cannot be sold or transferred except on death or bankruptcy and their value cannot be realised except on application to the Society itself for their original value.

The Society's Rules allow for the possibility of withdrawal of share capital, but it is anticipated that there will be an initial lock-in period of three years. This not only ensures that the new business has an initial period of financial stability, but is also a requirement of HMRC for shares to qualify for tax relief.

Withdrawals must be funded from surpluses or from new capital raised from Members. You will need to give at least three months' notice of your wish to withdraw. We do not anticipate being able to allow any withdrawals before year four.

When it is possible to consider share repurchase, the Management Committee will set out appropriate criteria and annual limits. The Management Committee may suspend withdrawals depending on the long term interests of the Society, the need to maintain adequate reserves and the commitment to the community.

Nomination on Death

Shareholders are permitted to nominate a person (aged 16 and over) or an organisation to become entitled to their shares in the event of their death. This will apply to the first £5,000 of share capital only. If a Member chooses not to nominate anyone, or, if a nomination is made, then for any proportion of shares over £5,000, the shares will be handled by executors or administrators as part of the probate process.

A form for this purpose can be found under Documents on our temporary website <https://thehollybushdraethen.co.uk> These can be completed at any time during the Member's lifetime.

The Society will respect a Member's wishes insofar as the law, our Rules and policies permit.

Asset Lock

The Society's Rules include an irrevocable legally binding asset lock. This ensures that any surplus earnings remaining after it has paid interest to its shareholders and repaid any capital which is withdrawn must either be re-invested in the business or used for the benefit of the local community or for another charitable or community cause.

This means that if The Hollybush should close, but The Hollybush has appreciated in value, it would be possible to sell the assets and return capital to members up to the value of the original investments but not to distribute any surplus value in that way. Any such surplus must again be used for the benefit of the local community or for another charitable or community cause.

Remuneration

The Management Committee and Members will not benefit financially in any way from the activities of the Society other than through participation in the Society's Community Share Offer.

Members of the Management Committee are not entitled to any remuneration, but they may be reimbursed for reasonable expenses, if any, incurred in connection with the Society's business.

Tax Benefits

You may be able to save tax by investing.

The Society has commenced the process of requesting Advance Assurance from HMRC that individual investments through this Community Share Offer will qualify for:

- Seed Enterprise Investment Scheme ("SEIS") tax relief. This is a UK

Government initiative that encourages investment and early start-up businesses by offering tax relief to individual investors who buy new shares in the Society. If this assurance is received and you pay tax you may be eligible to apply to receive a credit from HMRC of up to 50% of your investment, depending on the rate at which the investor pays tax. SEIS will be allocated to the first £250,000 of investment received, based on the time of arrival of the monies in the Society's bank account, as recorded by the Co-Op Bank, where the Member has indicated a desire to claim tax relief.

- Enterprise Investment Scheme ("EIS") tax relief. Again this is a UK Government initiative that offers tax relief to individual investors who buy new shares in the Society. In this instance, if the assurance is received and you pay tax, you may be eligible to apply to receive a credit from HMRC of up to 30% of your investment, depending on the rate at which the investor pays tax.

Four months after starting to trade (i.e. early 2026) the Society will enter a claim providing HMRC with details of investments made by individuals who have indicated they want to claim relief. HMRC will issue the Society with a letter confirming tax relief will be available, together with a compliance certificate for each Member. The Society will send this certificate to each Member, who must then claim their tax relief either through their annual tax return or by requesting a new PAYE code from HMRC.

To qualify, the shares must be held by an investor for a minimum of three years. Investors thinking of investing jointly should consider whether there would be tax advantages in allocating the greater part of the investment to the person best able to take advantage of the tax relief available.

The granting of these reliefs will ultimately rest with HMRC, but we believe that the Society has taken the necessary steps to ensure that nothing in this Community Share Offer or the way in which

proceeds will be used is in contravention of the HMRC rules.

Your investment in the Society's shares may also qualify for business relief under inheritance tax rules.

The Society has no responsibility and cannot accept any liability for advice in relation to an investor's tax position; the investor is responsible for seeking its own independent tax advice.

Following closure of the Community Share Offer

Once the Community Share Offer closes members of the community will not be able to buy shares or become Members of the Society and vote on the future development of The Hollybush until, if at all, another share offer is launched.

The Management Committee will consider further Community Share Offers if funding or match funding is required for the development of the remainder of the site.

What are the risks?

The Society wants to be fully open and transparent with its potential investors about the risks as well as the benefits of investing in community shares. It is important to understand the following:

- as a Member of and shareholder in the Society you will have a stake in the Society. If the Society is unable to meet its debts and other liabilities, you could, in principle, lose some or all your investment held in shares. You will have no other financial liability for *The Project*
- the Financial Services Compensation Scheme, which applies to bank accounts, does not apply to your investment which is exempt from regulation and therefore does not require authorisation from the Financial Conduct Authority
- your investment in your share account is withdrawable without penalty at the

discretion of the Management Committee in accordance with the requirements of the Society's Rules

- the Financial Ombudsman Service does not apply to your share account or your relationship with the Society, but any dispute may be the subject of arbitration as set out in the Society's Rules
- your investment in your share account does not enjoy any capital growth but may receive interest
- the return on your investment will be through a “social dividend” i.e. the preservation of a local asset servicing the community and potentially through payment of modest interest on your shareholding
- any surplus profits arising from the business will be used for the benefit of the community

Will The Project make any money?

Hospitality is a notoriously difficult sector, particularly in the current market, with very tight margins. However community owned businesses have some advantages over a traditional business model. As no commercial owner will be seeking to make a profit, all income can be used for operation of the business, development of the remainder of the site and for community projects. The following three points support this:

- grant finance is available for community assets. We intend, once The Hollybush has been purchased, actively to apply for such grant funding for both *The Project* and future proposals
- those who invest will be inclined to use and support the venture. We intend to garner practical support from local community tradespeople and businesses during the repair and refurbishment phase, working with, and prioritising, contractors who support community owner projects and volunteer input. These works and volunteers will, it is hoped, be managed by the contractor

- lastly, by adopting a phased approach, it may take longer to develop the business. However this also means that the business can remain financially secure throughout. If we need to slow phases to allow consolidation of the business we would do so.

What happens if we don't raise the Minimum Target?

As mentioned above, if, after any extension to the Community Share Offer period that may be determined by the Management Committee, the minimum target for this Community Share Offer is still not met a Members' Meeting will be held to decide the next steps.

If the Society is unable to move forward with the purchase of The Hollybush due to insufficient funds any funds raised from the Community Share Offer will be returned to the investors with minimal administration costs, if any are actually incurred, deducted. To date responses from the community and potential investors make us confident that we will succeed.

What happens if the Maximum Target is achieved?

If the Maximum Target is exceeded before the closing date for the Community Share Offer, then the share offer will be closed early.

How do I buy Shares?

The investment application form is at the end of this document. An acknowledgment of your application for shares will be made by email or posted within six working days.

Share monies will, until the Community Share Offer closes and they are used for the purchase of The Hollybush and subsequent works etc., be held in the Society's account with The Co-Operative Bank.

The Management Committee

The initial Management Committee made up of the Founding Members of the Society comprises:

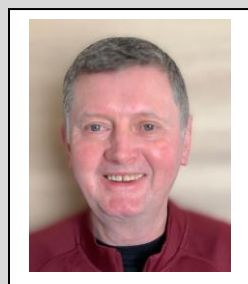
Rich Belbin (Chair)



A resident of Draethen since 2020, Rich is a part-retired IT Delivery Leader. Rich has worked in financial services, mobile telco, facilities management and latterly UK Government, specialising in rapid

/agile delivery methodologies. As a senior Army Reserve Officer Rich has been a Squadron Commander and whilst on active duty in Iraq, responsible for Divisional-level civil reconstruction projects.

Kevin Booth (Secretary)



A resident of Draethen since 2015, Kevin is a (mostly) retired solicitor. Prior to retirement Kevin was a Partner in one of the UK's leading law firms specialising in real estate

development work acting for UK Government, Welsh Government, PLCs, Housing Associations and other property developers. Since moving into Draethen Kevin has participated in DCG and other community activities.

Lee Cecil



A long-time resident of Draethen, Lee previously worked in the financial sector in the City of London, specialising in facilities management, acquisitions and

disposals. After 17 years Lee returned to his native Wales to provide specialist independent advice to Governments, local authorities, housing associations and the third sector regarding policy and regulations in the private rented sector. Lee is the current Chair of Draethen, Waterloo and Machen Community Council and involved in many community volunteering schemes.

John Middlemist



John moved to South Wales in 1989 from Yorkshire and has been living in Draethen since 1999. He is now retired from a career in IT and finance, working both for large insurance

companies and as a freelance contractor. John is a keen outdoor enthusiast whose climbing skills help install the village Christmas tree lights, and his passion for the community and environment sees him out walking every day or organising a community river clean.

It is anticipated that following the closing of the Community Share Offer and purchase of The Hollybush, the Management Committee will appoint additional members to the Management Committee to fulfil specific, identified roles.

How to apply for Community Shares

We strongly recommend that you read both this prospectus and the Business Plan before buying shares. The investment application form is at the end of this document and can be completed and:

- e-mailed to thehollybushdraethen@gmail.com or
- sent by post or hand delivered to The Hollybush Draethen Limited, Dragonfly House, Draethen, Newport NP10 8GA

You can also request a copy of the investment application form to be sent to you by e-mailing thehollybushdraethen@gmail.com and we'll e-mail the document out to you.

An acknowledgment of your application to buy shares will be made by e-mail or posted within six working days.

Please note the following key points before proceeding:

- buying shares is an investment for the community, intended to create a secure and lasting asset for everyone - a pub and community hub in the village
- the ambition is to build on our social infrastructure and help create a thriving, sustainable Society. This is not a conventional investment and you should not expect high or direct financial returns. Our Rules provide further information on this
- please complete one form per person, group of persons or organisation
- the share offer may be extended if so determined by the Management Committee
- the value of shares cannot increase beyond their original value. The value of your shares may be reduced in the unlikely event that the business is unsuccessful
- as an investor your liability is restricted to the value of your shares. In the unlikely event that the business fails, you would have no further liability
- interest payments on shares may be available after four full years of trading, dependent on business success and availability of sufficient surpluses. The rate of interest has been forecast at 3%. A detailed financial forecast can be found in the Business Plan
- the only way in which your investment can be recovered, other than interest payments or general reimbursements, is to give the Society notice of withdrawal. Share withdrawal is anticipated from year four. Three months' notice is required to withdraw shares
- the specific conditions for share withdrawals are that they must be funded from trading surpluses or from new share capital and are discretionary, subject to the Management Committee's satisfaction that withdrawal is consistent with the long-term interests of the Society
- all funds invested in this Community Share Offer will be held in the Society's bank account The Co-Operative Bank. Withdrawals by the Society to purchase and renovate The Hollybush can be made once it is agreed to proceed with the purchase of the property. The account will also then be used for working capital and administration. Investments will be returned with minimal cost deducted if the Society fails to purchase The Hollybush.



Our thanks go to Cwmpas – formerly known as the Wales Co-operative Centre – a development agency working for positive change, in Wales and across the UK who have supported the work of the Management Committee to reach this point in the purchase and refurbishment of The Hollybush Draethen.

The lettings accommodation building



APPLICATION FORM TO INVEST AND BECOME A MEMBER

Full name(s):.....Title

Name of Representative of joint applicants (if applicable):.....

Full address

.....Postcode.....

Phone number(s):..... E-mail.....

Amount you wish to invest (minimum £1000; maximum £100,000) £.....

Are these shares being purchased on behalf of a corporate body Yes/No

If Yes, corporate body's full name:.....

Name of Representative acting on behalf of the body:.....

Position of the Representative within the corporate body:.....

Are you purchasing these shares on behalf of a minor (under the age of 16) Yes/No

If Yes, Minor's full name:.....

Minor's date of birth:...../...../.....

Please tick to indicate you have read and understood the contents of the Community Share Offer document []

Please tick to indicate you have read and understood the contents of the Business Plan 2025-2030 []

Please tick to indicate if you intend to apply for tax relief []

Please note that by applying for shares in The Hollybush Draethen Limited you are agreeing to the following statement:

I agree to my name, address, phone number(s), e-mail address and the number of shares I wish to purchase being held on a computer database. I understand that this information will be used:

- for the purpose of maintaining a register of members and potential members as required by the rules of the Society
- for communicating with Members (by e-mail, phone, SMS, post); and
- for the posting of notices regarding the activities of The Hollybush Draethen Limited

The sum invested will be confidential. This information otherwise will only be shared with third parties supporting us in the execution of these particular activities in accordance with the Society's Rules.

Signature Date/...../.....

Name.....

Please send this completed form to thehollybushdraethen@gmail.com and preferably make an online bank transfer of the sum you wish to invest to **The Hollybush Draethen Limited Co-operative Bank Sort Code: 08-92-99 Account number 67411768**. Please include your name and postcode as a reference.

OR

Please deliver or send this completed form with a cheque for the correct amount made payable to The Hollybush Draethen Limited, Dragonfly House, Draethen, Newport NP10 8GA

We ask you kindly to send your online payment as soon as possible after submitting your application form. This will greatly facilitate our administration work and will also enable us to show proof of funds to the current owner to allow us to commence negotiations. Receipts will be issued by e-mail wherever possible to reduce administration costs and share certificates will be issued in due course.