

SISTER MIDNIGHT COMMUNITY VENUES LIMITED BUSINESS PLAN



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Sister Midnight's mission is to create an accessible, affordable and inclusive grassroots music venue, where people can come together and enjoy the best of South East London's diverse and cutting edge music culture. The challenges faced by grassroots music venues, most notably the recent COVID-19 Pandemic, have made it clear as day - if we want to protect these culturally important spaces, we need to put them in the ownership of the people who love live music. It's time to protect grassroots music culture and work as a community to preserve venues. This is why we want to save the Ravensbourne Arms, and create Lewisham's first community owned live music pub.

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



1. INTRODUCTION

1.1 OVERVIEW

Sister Midnight began as a grassroots music venue based in Deptford, South East London. We quickly became an important part of our thriving local music scene, and a place where people could come together in celebration of South East London's music culture. However, the challenges presented by the COVID-19 pandemic ultimately led to the decision to leave our space in Deptford, in search of a new home where we can continue to build upon our work showcasing and supporting local music and creative talent.

The pandemic has highlighted a clear need for more security when it comes to the spaces that live music venues operate from. If we want to make sure that there will still be places to experience live music, then the communities that these venues exist in need to have ownership of them. Anything else puts the future of these culturally important spaces in the hands of landlords whose only commitment is to the rent they get paid. This is why we have converted to community ownership, and are working towards creating Lewisham's first community owned live music venue.

The Ravensbourne Arms has stood on Lewisham High Street since 1934, although there has long been a public house on the site, with records dating back to the 1750's.

It is one of twelve locally listed pubs in Lewisham Borough, noted for having architectural and historical interest. The pub has thrived in the past, having previously been a Time Out Pub of the Year finalist. Sadly the pub ceased trading in 2016 after it was sold by Antic Pub Co to developers who intended to convert the site for residential use. Although the upper two floors have now been converted into seven flats, Lewisham Council have declined to grant permission for a change of use for the pub, citing its community importance as a factor. Since this decision, the building has been on the market, with the opportunity to acquire the freehold of the site.

By saving the Ravensbourne Arms and bringing it into community ownership we can preserve an important local asset, creating a thriving community hub that continues Sister Midnight's legacy of supporting the wealth of creative talent that Lewisham Borough is home to. Over the last nine months, we have sought the advice of numerous other community owned venues, pubs and co-operatives, and we have put together a robust plan that presents a viable future for the Ravensbourne Arms as a community owned grassroots live music pub.

1.2 SISTER MIDNIGHT COMMUNITY VENUES LIMITED

Sister Midnight Community Venues Limited is the community benefit society that we have formed in order to continue Sister Midnight's work and establish Lewisham's first community owned live music pub.

A community benefit society is a not-for-profit organisation that is owned and democratically controlled by the community it serves. They operate on the co-operative principles of one member, one vote, which means that voting power can never be bought. Community benefit societies can issue community shares, a type of withdrawable share capital, and anyone who buys a share becomes a member of the society. Investing in community shares provides community businesses with the capital they need to grow. Societies can pay a modest level of interest on shares, and you can withdraw your shares and get your money back, subject to the rules of the society.

By buying a share and becoming a member of Sister Midnight, you will be supporting the creation of Lewisham's first community owned pub & music venue, saving a locally listed 1930's pub, and helping to establish a culturally important space that puts local people and local creative culture at the heart of what we do.

1.3 FINANCIAL OUTLINE

The capital cost of the project is projected to be £3.165M, which we aim to raise through £300K of grant funding, a share offer of £500K, and loan funding of £2.365M.

The biggest cost will be the acquisition of the Ravensbourne Arms, which we have had independently valued at £2.5m. The pub has sadly been stripped out internally, and requires significant internal renovation to restore it's 1930's character and bring it back to a trading standard.

We are grateful to have been awarded £5,000 of funding by Plunkett Foundation and £14,000 of funding and support from the Boosting Community Business London Programme, supported by Power to Change and the Greater London Authority. This support has enabled us to cover the initial costs associated with establishing the society and preparing to launch our share offer.

Allocation of Funds

Building Purchase	2,500,000
Stamp Duty	114,500
Refurbishment	350,000
Surveys / Legal	20,000
Pre-Trading Costs	30,000
Cash Contingency	150,000
Total	3,164,500

2. THE MANIFESTO

Our Vision, Values and Objectives

2.1 OUR VISION

We want to create Lewisham's first community owned live music pub, transforming the Ravensbourne Arms into an accessible, affordable and inclusive space for South East London's music culture to thrive and grow.

Music Culture

Lewisham has a rich cultural and creative history, and is home to some of the most exciting music scenes in the UK. With the borough rapidly gaining a reputation for its Jazz and DIY Punk scenes, it's no wonder that Lewisham has earned status as London Borough of Culture 2022. The Ravensbourne Arms has the potential to become a culturally important space that can offer a vital platform for nurturing the wealth of emerging local talent. Building upon Sister Midnight's work, we will continue to offer diverse and cutting-edge venue programming, with a strong focus on showcasing local talent and championing the trailblazing local music scenes that have cemented Lewisham's cultural status in recent years.

By creating a truly grassroots venue with local music and local people at its heart, we will utilise the socially cohesive potential of live music to bring our community together in celebration of Lewisham's historic and current music culture for generations to come.

Pub Culture

The Ravensbourne Arms will embrace all the hallmarks of a great traditional pub. We'll stock locally produced real ale and craft beers, supporting independent, local breweries like Brockley Brewery. We'll serve a classic Sunday Lunch each week, and our kitchen space will play host to rotating food pop-ups, so we can deliver an exciting and varied food menu.

Community Benefit

The role that live music plays in bringing people together will be even more crucial now as communities recover from the impact of the COVID-19 pandemic. We'll utilise the full potential of the Ravensbourne Arms to benefit, making it a real community hub where people can meet, drink great local beer and listen to great local music. We'll work in collaboration with other local pubs and venues, like our neighbours the Fox & Firkin, to cement Lewisham's reputation as a destination for live music and culture.

We'll also support other local community organisations by providing space for meetings or hosting fundraisers, extending our community benefit beyond the walls of the Ravensbourne and making a real difference to local people by supporting important causes across the borough.

2.2 VALUES

Our core values reflect the principles that we believe a community owned music venue should uphold. These values form the core of our organisational ethics and will inform the choices we make throughout the lifetime of Sister Midnight.

Accessibility

We'll make our venue functional and autonomous for neurodiverse users and users with a disability by integrating accessible design into the fabric of the space. We'll implement measures to widen participation in live music, and we'll always work to meet access requirements.

Affordability

As a not-for-profit organisation our focus will be on keeping prices low for the benefit of the community, not on inflating profit margins for private gain. We'll always strive to keep prices affordable, so that no-one is financially excluded from our space.

Ethics

We'll centre ethical decision making and ensure that our platform is used to further social good. By putting our organisational ethics into practice, we'll ensure that the work we do contributes to the wider change we want to see in the world.

Fair Pay

Fair pay of staff and musicians will be central to our ethos. Staff will be paid London Living Wage, with no zero-hours contracts. We'll be a Fair Play venue, meeting the criteria set by the Musician's Union, ensuring all performers receive a fair cut of ticket sales.

Inclusivity

We are proudly LGBTQ+ inclusive, Anti-racist, and intersectionally feminist, operating a zero tolerance policy towards racism, sexism, ableism, homophobia, transphobia, islamophobia, fatphobia and other forms of discrimination. We'll engage in a continuous process to uphold these values and create a space that celebrates Lewisham's diverse communities.

Ownership

Grassroots music venues are community assets, and the best way to protect them is to put their ownership in the hands of the communities they exist within. Community owned businesses are statistically more likely to succeed because they give their members a genuine say in how they are run, making them better able to serve the needs of the community.

Sustainability

We'll build a strong sustainability plan and work to reduce our environmental impact, working with local breweries and suppliers to reduce food (and beer) miles, using renewable energy, and reducing waste and single-use plastic. Long term, we'll work towards producing our own green energy on site, and becoming carbon neutral.

2.3 OBJECTIVES

We want the creation of Lewisham's first community owned music venue to incite positive change for the people who use it and the community it exists in. We aim to;

- Celebrate and Strengthen our Local Music Culture by supporting emerging talent.
- Protect live music venues and pubs, ensuring that the people who love live music own the spaces where it happens.
- Improve community and creative networking by providing a cultural hub where people can meet, exchange ideas and share in a love of music and creativity.
- Improve community cohesion and reduce social isolation by offering a space that welcomes everyone and encourages people to come together.
- Increase Employability and Skills locally by offering volunteer opportunities, work placements and skills training workshops.
- Support the Local economy by working closely with other local businesses.



Great Dad at Sister Midnight // © Chiara Gambuto

3. PROJECT BACKGROUND

3.1 BACKGROUND

Sister Midnight began as a grassroots music venue, record shop and cafe based in Deptford. Established in 2018, taking over the site from a previous venue to save it from closure, our mission was to create a space that championed local music culture and offered a crucial platform for musicians in the early stages of their careers. We quickly grew a strong community around the venue, and became an important part of our local music scene.

The COVID-19 pandemic, and the long closure of music venues, has served as a reminder of the important role live music plays in our collective culture. Small grassroots venues that support emerging artists are essential to the wider live music industry, acting as a seedbed for talent. The issues that venues faced before COVID-19 (the threat of redevelopment, landlord issues, noise complaints and ever increasing rents) have now been compounded by the effects of the pandemic, putting venues like Sister Midnight at even greater risk. In order to keep delivering great live music safely and sustainably long term we need to find a new space; one that we own as a community. We want to ensure that the future of our venue is in our hands, not in the hands of landlords whose only commitment is to the rent they get paid.

This is why, in January 2021, we launched our initial community consultation on our plans to

bring the Ravensbourne Arms into community ownership and establish Lewisham's first live music pub. The overwhelmingly positive response from 800+ members of the local community evidenced a clear appetite for the project. In April 2021 we formally registered Sister Midnight Community Venues Limited with the FCA as a community benefit society.

3.2 CURRENT POSITION

The Ravensbourne Arms ceased trading in 2016 after it was sold to a private property development company, 'The Ravensbourne Arms Ltd', who have converted the upper two floors of the building into 5 one-bed, and 2 two-bed residential flats. We understand that the developers also intended to convert the pub on the ground floor and basement for residential use, but Lewisham Council have declined to grant planning permission for a change of use, citing the community importance of the pub as a factor in their decision. Despite this, much of the interior of the pub has been stripped out, so it requires internal renovation to bring it back up to a trading standard. The Ravensbourne Arms is now on the market, with the opportunity to acquire the freehold, including the seven flats above.



3.3 LOCATION

The Ravensbourne Arms is situated on Lewisham High Street, just south of the bustling Lewisham Centre. Opposite the historic Church of St Mary the Virgin, and north of Lewisham Hospital, the Ravensbourne Arms is a 1930's detached public house, occupying the space between Legge Street and Romborough Way. Although the current construction dates to 1934, there has been a public house on this site since the 1750's.

The Ravensbourne Arms is a 6 minute walk from Ladywell Station, and a 20 minute walk from Lewisham Station, with regular services to London Bridge, Cannon Street and DLR services. It has the additional benefit of being well connected by bus routes, and ample cycle parking out front.

3.4 LOCAL COMMUNITY

Lewisham Borough comprises 18 wards and has a population of 275,885, a figure which is expected to rise to 344,500 in the next 10 years. The borough has long been home to creative

communities, and has gained a reputation for its thriving creative industries. Lewisham was recently awarded status as 'London Borough of Culture' for 2022, and a £1.3m in funding to support cultural activity in the borough. Lewisham has also been granted the title of 'Borough of Sanctuary' in recognition of the council's continuing work supporting refugees and migrants, and campaigning for changes to national policy that limits the ability of local authorities to support refugees, asylum seekers and migrants.

There are large Caribbean, African, Irish, Eastern European and South East Asian communities in Lewisham. The borough is comprised of 53.6% White residents, 9.3% Asian or Asian British residents, 27.2% Black or Black British Residents, and 10% of residents are of Mixed, Multiple or Other ethnicities. 14.5% of Lewisham residents are living with a long term condition which limits their daily activities. This is slightly below the England average of 17.6%, however this is likely to be due to a younger population bias in the borough. Although data on sexual and gender identity is not readily available at a borough wide level, there is an active and diverse LGBTQ+ community locally.

The Ravensbourne Arms is situated in one of the most deprived decile areas according to the Index of Multiple Deprivation 2019, however is located nearby to the relatively affluent areas of Ladywell, Brockley, Blackheath, and Lee.

4. STRUCTURE & GOVERNANCE

4.1 LEGAL STRUCTURE

Sister Midnight Community Venues Limited is the Community Benefit Society that we have formed in order to continue Sister Midnight's work and establish Lewisham's first community owned live music pub.

We registered with the Financial Conduct Authority on the 19th of April 2021, incorporated under The Co-operative and Community Benefit Societies Act 2014 with the registration number 8598. No assets or liabilities have transferred to the society from the unincorporated partnership that operated the previous venue in Deptford.

The stated objects of the society are to carry on any business for the benefit of the community by;

(a) nurturing and supporting existing and emerging creative talent and connecting new and existing audiences by introducing them to a variety of creative arts and music

(b) purchasing and operating facilities as affordable and inclusive live music venues & cultural community hubs

The community benefit society structure is particularly appropriate for Sister Midnight Community Venues because:

- *The society can issue community shares, a form of withdrawable share capital. Anyone who buys shares in Sister Midnight becomes a member*
- *It will be run democratically on the basis of one member, one vote. This gives the community a genuine say, and ensures that voting power can't be bought*
- *It's not-for-profit, so we will always be motivated by the desire to deliver a great venue and pub, not by private gain*
- *It will encourage community involvement and support, ensuring that the pub continually adapts to meet the needs of the community it exists in and is sustainable long term*

4.2 SHAREHOLDERS

A successful purchase of shares makes you a member of Sister Midnight Community Venues Limited. The benefits of being a member are:

- *Being part of a local pub at the heart of the community that supports our boroughs thriving music and creative culture*
- *Playing a part in ensuring the long term survival of the Ravensbourne Arms*
- *Being part of a space that is inclusive of everyone in the community, tackling isolation and loneliness and promoting community cohesion through live music*

- *Being eligible to become an elected member of the Board of Directors*
- *Being part of a local pub at the heart of the community that supports our boroughs thriving music and creative culture*
- *Participating in our Annual General Meetings and further meetings throughout the year to discuss the progress and plans for the future*

We want to give our members a real and tangible sense of ownership by giving them involvement in making decisions wherever that's possible (recognising that sometimes, key staff need to make decisions quickly or on the basis of the skills and experience we're paying them to use in running the venue).

This isn't only something we think is the right thing to do, but something that will also cement our reputation as a different type of venue, which will in turn help us establish our brand and our position in the marketplace of pubs in SE London and venues in London.

4.3 OPERATIONAL MODEL

We have spoken to a number of community owned venues, pubs and co-operatives to help us understand what model works best when it comes to running our venue. Sister Midnight Community Venues Limited will directly employ staff to oversee the operation of the venue. We will provide a high level of training to all staff, enabling them to rotate between roles within the pub, which will increase workforce agility and build an efficient and resilient team. The training we provide will broaden the experience that working at the

Ravensbourne Arms can offer, helping us to meet our goals of increasing employability locally, enabling upwards progression for staff both within the pub and beyond. During peak times, we will be supported by volunteers, which will offer a chance for members of the community to get involved whilst also supporting our staff during busy events.

4.4 GOVERNANCE

An interim Board of Directors will be appointed to serve for the first 18 months, after which new board members will be elected. Any shareholder, including the members of the interim board can stand for election.

The Board of Directors will follow a policy governance model, acting in an advisory capacity to support the general manager in meeting the overarching operational goals of the pub. This is a model that has been pioneered in the US and is used successfully in community retail outlets from shops to brewpubs. In order to successfully govern the society, the board develop and monitor 2 key policies: identifying what the 'point' of the society is - what change are we trying to make in the next 12 months given our available resources, and secondly, stipulating what the staff team can't do to achieve those outcomes; everything else not on that list is acceptable, and the Board get out of the way in letting the staff get on with making a success of the venue (these policies are currently under development).

THE SISTER MIDNIGHT STEERING GROUP

Our group is comprised of our founding members and steering group volunteers; people who are engaged with the communities we exist in and who have the skills needed to successfully govern the society.

Lenny Watson



I founded Sister Midnight in 2018, driven by my long standing love for grassroots live music and the people and venues that contribute to it. I have experience in building a business from the ground up, and all the work that entails; be it DIY construction, accounting, live music programming or pouring pints. Having worked in music venues, record shops, events management and pubs, I've become increasingly concerned for the future of grassroots music in the UK, particularly in London. My determination to protect these crucial spaces has led me to believe that community ownership presents the most viable option for the survival of venue spaces, which is why I decided to convert Sister Midnight to a community benefit society, and work towards establishing Lewisham's first ever community owned live music pub.

Sophie Farrell



I have been immersed in the music scene of south London since attending the BRIT School in Croydon and then subsequently at Goldsmiths University in Lewisham where I founded Social Records Society, a community vinyl collective that hosted events at Sister Midnight Records as well as numerous venues across South East London. As a freelance videographer and editor working specifically in documentary film, I believe that the arts sector should be protected at all costs along with the environments that nourish them. We must fight to save cultural, creative and community spaces due to the abundance of value that they can socially provide.

Verity Hobbs



Born in Camberwell in the late 90s, I remember watching gigs at the Crystal Palace Bowl with my family, soaking up live music without realising it's impact on me. I founded Social Records Society in 2019 - a project which initiated the collaboration of local artists and grassroots music venues. Sister Midnight Community Venues stands as a not-for-profit cousin to this concept; saving the Ravensbourne Arms through community ownership, to foster and support local musical creativity.

Sam Dabb



I have been working in and managing Newport venue Le Pub for 22 years. Under my guardianship it became a top venue on the UK touring circuit and has been nominated for many awards including NME Small Venue Of The Year, in which it finished third overall and first in Wales. In 2016, when faced with closure due to the sale of the building I set up a community benefit society and launched a community share offer, enabling Le Pub to move to much bigger premises and become a multi use artspace as well as a venue. I am also the Welsh Co-ordinator for the Music Venues Trust, and have been part of the #SaveOurVenues campaign during the pandemic.

Lionel Openshaw



I am an elected local councillor for the London Borough of Lewisham. I have lived in Lewisham for 30 years and my daughter attends a local primary school. I'm a graduate of Goldsmiths; and hold an MA from UAL. I have participated in various arts events – as a designer, artist, performer and promoter. I served as Chair of SE London Community Access Theatre; and was Co-Director of Bombay Mix, a British-Asian arts organisation. I am a member of the Board of Trustees for The Albany theatre in Deptford; and also works full-time for the UCL Social Research Institute.

Claire Pritchard



Joining Greenwich Co-operative Development Agency in 2002, I am now the CEO and have grown their work to include public health programmes, training, sustainable food cities partnerships, managing community buildings, food growing, restaurants, production kitchens, cookery clubs, wholesale fruit and vegetable, street trading, new markets and ready meals. In 2016 I became a trustee of borough Market and have been on the London Food Board since its beginning in 2005, becoming chair in 2018. I have also managed restaurants at the Royal Festival Hall and my own restaurants in Ireland and a pub in Deptford which hosted nightly arts events. I am passionate about protecting pubs for community use and particularly as accessible, local music and arts venues.

Alastair Howard



I am an architectural designer from Manchester, now living in South London. I'm currently finishing a master's in architecture, alongside my day job at a structural engineering firm. As well as a love for London's nightlife and music scenes, I also have a keen interest in housing politics, both of which drew me to the Ravensbourne Project. I value the social and technical aspects of design, and enjoy reading, writing and DIY attempts at woodwork.

Toby Evans-Jesra



I'm Toby, I've been living in Lewisham in for the past three years dividing my time between working as a self taught artist and immersing myself in the local music scene by playing in bands, promoting gigs and running a small fundraising label. My interest in music and illustration have always been intertwined and the majority of the art I make is closely linked to music, whether it be for music magazines, record artwork and gig posters. Before the pandemic I used regularly play and volunteer at Sister Midnight's previous Tanner's Hill space, it was such an important spot in the music scene and was truly loved; I am so excited for The Ravensbourne to continue that legacy and provide a safe, accessible space for music, art and community to thrive.

Henry de Vroome



I'm Henry, a chartered accountant with over fifteen years' professional experience, mainly in the music industry, and I'm currently the financial director at a music venues group. I'm also a lifelong record collector and occasional DJ. I love pubs and pub culture and am concerned about the loss of these unique places in recent times, hence why I was drawn to the project. Originally from West London, I've lived in the borough for the past six years.

Arran Thomas



I'm Arran, a Lewisham resident for 2 years and counting, living just down the road from Ravensbourne Arms. I love going to gigs and as a Deaf person, watching the band and singers is half the music for me. This is part of what I bring to the project, advocacy for accessibility; a desire to make live gigs and their venues more accessible to all, with captioning, braille, wheelchair friendly design and disability aware staff. Before my current career in mental health, I trained in architecture so I will also bring keen attention to detail with the design and restoration process.

Ryan Holt



When Sister Midnight shared their plans to turn the Ravensbourne Arms back into a pub and live music venue, I immediately knew that I wanted to get involved with the project and felt that my experience in managing hospitality venues as well as a passion for music and the arts would be useful in supporting the core team in making it happen. I spent five years working at Voodoo Ray's a late-night pizza bar where I worked from the opening day as a bar server, growing to General Manager before moving on to open its third venue in Peckham so therefore have experienced managing teams, communicating with customers, suppliers, neighbours and local council, as well as opening a new site and engaging the local community with it. I feel that there is a real need for both pubs and live music venues in the area and feel that the community spirit that has been emboldened by this pandemic has made people want to invest in their local area and the people who live within it.

Naomi Wright



My name is Naomi, I've lived in south London for 10 years after relocating from the north east. One of the reasons I chose the area is because of the range and diversity of music and arts. I got involved with the project because over the years I've experienced the benefits of pubs that have a sense of family and community to them, and being involved in helping to set up a community pub in fullest sense is really exciting. I have a decade of experience in public sector strategy, (things like identifying customer needs, helping organisations develop vision and mission statements, running workshops and working with executive teams and senior decision makers).

5. FINANCIAL DETAILS & ASSUMPTIONS

5.1 CAPITAL

The total capital required for the project is £3,164,500, which will cover the purchase cost and renovation of the pub, a cash contingency to support cashflow, and our pre-trading costs. We expect to meet the capital requirements through £300,000 of grant funding from the Government Community Purchase match funding scheme, a community share offer of £500,000 and loan funding of £2,364,500.

Although the current projected debt financing makes up just under 75% of the overall capital requirements, our financial modelling shows that there will be sufficient profits to cover monthly repayments and maintain the commercial viability of the business. We have set a minimum target of £500K for our share offer, but we will aim to raise as much as possible, as this will allow us to decrease the level of debt funding we take on.

As funding for community purchases, particularly within urban areas, has been made more commonly available by local authorities and government in 2020/2021, it is possible that further grant funding opportunities could arise, and therefore any further success in this regard would strengthen our business case.

5.2 PROFIT & LOSS AND CASH FLOW FORECASTS

We have developed a detailed financial model which demonstrates the viability of the business, using trading accounts from other similar venues and pubs, as well as the British Beer & Pub Association's guide on standard industry costs, to estimate our income and expenditure. Our full financial model is available on request.

We are predicting a turnover of approximately £530K in Year 1, taking into account that we will not trade for an initial period of 3 months after purchasing the pub whilst renovation works and pre-trading preparation takes place. In Year 2, our first full year of trading, we estimate a turnover of approximately £705K which rises steadily year on year, levelling out in Year 5 at £775K once we have reached a steady-state and developed a solid customer base. After deduction of costs, this leaves an EBITDA in Y1 of £106K rising to £192K in Y5.

Our financial model allows for interest payments on shares to commence in Year 2 at a rate of 3%, as well as making around 7.5% of total share capital available for withdrawal each year, commencing in Year 3.

PROFIT & LOSS

	Year 1	Year 2	Year 3	Year 4	Year 5
	£	£	£	£	£
Turnover					
Sales	431,138	601,466	635,050	654,550	668,633
Rental Income	97,900	103,100	105,266	106,133	107,000
	529,038	704,566	740,316	760,683	775,633
Less Cost Of Sales					
Cost of Sales	(184,039)	(258,787)	(275,145)	(284,733)	(291,503)
Rental Voids	(4,440)	(4,440)	(4,440)	(4,440)	(4,440)
	(188,479)	(263,227)	(279,585)	(289,172)	(295,943)
Gross Profit	340,559	441,340	460,731	471,511	479,690
Less Overheads					
Overheads	-233,905	(268,968)	(275,971)	(281,908)	(287,526)
EBITDA	106,653	172,372	184,760	189,603	192,164
Less					
Share Interest	-	(15,000)	(15,000)	(15,000)	(13,875)
Mortgage Interest	(60,758)	(61,558)	(65,918)	(69,916)	(73,542)
Loan Arrangement Fees	(22,152)				
Depreciation	(57,690)	(57,690)	(57,690)	(57,690)	(57,690)
Extra-Ordinary Day one Costs	(14,000)				
Plus					
Revenue Grants	50,000				
Capital Grants Released to the P&L	5,000	5,000	5,000	5,000	5,000
Profit before Tax	7,054	43,124	51,152	51,997	52,057
Less Corporation Tax	-	-	-	(571)	(19,902)
Profit transferred to reserves	7,054	43,124	51,152	51,426	32,155

CASH FLOW

	Year 1	Year 2	Year 3	Year 4	Year 5
	£	£	£	£	£
Operating Cash Flows					
Net Profit	7,054	43,124	51,152	51,997	52,057
Plus					
Depreciation	57,690	57,690	57,690	57,690	57,690
Share Interest	-	15,000	15,000	15,000	13,875
Changes in A/P	27,607	1,844	1,749	(1,340)	685
VAT Charged (Input Tax)	88,048	123,153	130,303	134,377	137,367
Less					
Grant Income	(55,000)	(5,000)	(5,000)	(5,000)	(5,000)
Changes in A/R	(650)	(72)	(72)	(39)	(36)
Changes in Stock Levels	(7,471)	(299)	(179)	(1,024)	(133)
VAT Paid (Output Tax)	(117,575)	(62,276)	(65,621)	(67,641)	(69,028)
VAT paid to HMRC	44,924	(59,874)	(63,568)	(66,222)	(67,938)
CT paid to HMRC	-	-	-	-	(2,677)
Net Operating Cash Flows	44,627	113,290	121,454	117,797	116,861
Investment Cash Flows					
Purchase of Property, Plant, and Equipment	(2,984,500)				
Disposal of Property, Plant, and Equipment					
Net Investment Cash Flows	(2,984,500)	-	-	-	-
Financing Cash Flows					
Grants received	300,000	-	-	-	-
Loans In	2,215,150				
Loans Repaid	(213,756)	(62,973)	(62,475)	(62,260)	(62,328)
Share Capital Invested	500,000	-	-	-	-
Share Interest Paid	-	-	15,000	15,000	15,000
Shares Withdrawn	-	-	-	(37,500)	(37,500)
Net Financing Cash Flows	2,951,394	(62,973)	(77,475)	(114,760)	(114,828)
Net Cash Flows	59,603	57,651	66,624	35,973	38,599
Cash at start of period	-	11,521	61,839	105,817	108,854
Cash at end of period	11,521	61,839	105,817	108,854	110,888
Less Float	(1,000)	(1,042)	(1,083)	(1,108)	(1,125)
Cash Available	10,521	60,797	104,734	107,746	109,763

5.3 THE SHARE OFFER

Our share offer will open on the 6th of September, running until 31st October. We may extend the share offer by up to 12 weeks if we think it will increase the likelihood of us meeting our target.

Share Investments

- The minimum value of shares that you will be able to apply for is £100.
- The maximum value of shares that you will be able to apply for is £100,000.
- Interest of 3% paid from year 2 onwards.
- Withdrawal of capital targeted from year 3 onwards.

We have chosen to keep the minimum share value relatively low in order to be as inclusive as possible to our local community. We recognise that the minimum cost will not be achievable for some, and so to facilitate society membership for those on lower incomes we will make a limited number of affordable shares available at £25. We believe this is the most ethical way to enable involvement in the society from across our community whilst still ensuring that we can meet our fundraising targets.

Please email us at info@sistermidnight.org if you would like to be considered for an affordable share.

Tax Breaks from the Government

We believe that this share offer will be eligible for Social Investment Tax Relief. SISR allows for 30% income tax relief on the first £1,500,000 of investment in Sister Midnight Community Venues Limited. This means that if you invest in Sister Midnight, you will be able to reduce your income tax liability by 30% of the value of your shares, effectively saving you money on your income tax bill.

Investment in Shares	SISR at 30%
£100.00	£30.00
£500.00	£150.00
£1,000.00	£300.00
£2,500.00	£750.00
£5,000.00	£1,500.00
£10,000.00	£3,000.00
£25,000.00	£7,500.00

We are using the same legal form used by community pubs across the UK who have successfully raised capital using community shares to buy their pubs and have been able to offer SISR to their investors. However, HMRC require that to apply for Advance Assurance, an enterprise needs to have a Unique Tax Reference. Unlike companies, societies are not automatically assigned a UTR upon formation, and so we have to write to HMRC to get a UTR created. This process takes around 4 months, and since we have not yet received the UTR, we have not been able to seek Advance Assurance.

In order to access Sitr, we will create a property-managing subsidiary, wholly owned by the society, which will manage the rental side of the business. This in turn will pay its profits to the society, and thus the income from the rentals will be classed as investment income, not rental income, and we will not be in breach of Sitr eligibility criteria.

Once the share offer has completed, we would notify HMRC, who will then issue certificates for investors to claim tax relief, either in a tax return if self-employed, or by submitting a PAYE reference to an employer. Investors can also defer capital gains tax due on any capital gains they use to make the investment.

What if a Shareholder wants to withdraw their Shares?

We hope that shareholders will buy shares in Sister Midnight Community Venues Limited as a long term investment, supporting our aims of protecting music venues and preserving them for the benefit of the community. However, if shareholders wish to withdraw their money from the society, they will be able to do so, subject to the rules of the society.

Under the rules of the Community Benefit Society shareholders will not be able to withdraw their capital in the first three years. This is to ensure that the Society has time to make a profit and build up some financial reserves. After the first three years

shareholders can apply to the Board to withdraw their money. In our projections we estimate that we will be able to support withdrawals of up to 7.5% per annum.

The Board will always endeavour to meet requests for share capital withdrawal, but are obligated to consider the financial security of the society. If withdrawal of share capital would result in the Community Benefit Society being unable to meet its financial commitments then the application for withdrawal would be considered in the following financial year.

What if the Ravensbourne Arms fails?

In the unlikely event of the pub failing as a viable business and no solution being found, we would be forced to put the building up for sale. Investors would get their money back provided the net value of the sale is sufficient to cover this.

Any shortfall will mean the amount returned to each shareholder will be scaled down pro rata to match the selling price. If the selling price exceeds the share capital value, under the CBS rules the surplus cannot be distributed amongst society members, and it must be used for the benefit of the community.

6. BUILDING & RENOVATION

6.1 THE BUILDING

A Business Buyers report and valuation was completed on the property by MJD Hughes on 6th May 2021.

- Overall workable trade floor space (estimated) in the building is 124m²
- Business Rateable Value: £54,500 (2018 - Present valuation).
- Projected rates payable £27,904 p.a.

The Ravensbourne Arms, previously known as the Coach and Horses, is a classic inter-war pub built in 1934, and is locally listed due to its architectural importance. Records show that there has been a public house on this site for over 250 years, with the current construction believed to have been built after a fire destroyed the original coaching inn.

The building appears to be in good structural condition, with seven newly renovated residential flats on the upper two floors. The pub, on the ground floor and basement, has sadly been stripped out, so it will require significant internal renovation to bring it back up to a trading standard.

We understand that the seven flats above the pub are all currently let on Assured Shorthold Tenancies, and producing a current income of approximately £103K PA.

We intend to offer all the current tenants the option to sign new tenancy agreements with us at below market rates to account for possible disturbance from the pub below. Should any tenants decide to leave, we would look to offer tenancies to local musicians and creatives. We do not anticipate that we will have any problems finding tenants for the flats, as there is a high demand for housing in Lewisham. Offering below market rental prices will also increase the likelihood of us finding and retaining tenants, as there is a demand for more affordable housing in the borough. In our financial modelling, we have allowed for rental voids of 5%, which is equivalent to one flat being empty for 4 months of the year.

There is an existing premises license in place which is held by the current owners. We will look to have the existing license transferred to Sister Midnight Community Venues Limited as part of the agreement for sale. The licence allows for the sale of alcohol during the following hours:

10.00 - 01.00 Monday
10.00 – 01.00 Tuesday
10.00 – 01.00 Wednesday
10.00 – 01.00 Thursday
10.00 - 02.00 Friday
10.00 – 02.00 Saturday
12.00 - 00.30 Sunday

6.2 THE RENOVATION

We plan to carry out a sympathetic renovation, restoring key features of the pub's architectural heritage and bringing back its original 1930's character. We have recieved a quote from Fairland Contractors, who are experienced in carrying out pub renovations and have worked with a number of Pub Co's.

To reduce the overall costs of renovation, we will engage volunteer support to help us with decorating and furnishing, and where possible we will use second-hand or reclaimed materials.

As we move forward a structural engineer's survey will be completed along with other assessments and reports done to a level that satisfies current statutory requirements.

Renovation Work	Cost
Site establishment and strip out	£9,500.00
Preliminaries	£22,000.00
Joinery (wall panels and doors)	£22,000.00
New bar counter and backfitting	£15,500.00
Structural alterations	£7,500.00
Electrical installation	£22,800.00
Water and plumbing installation	£12,000.00
Heating (including a new boiler)	£15,000.00
Restoration of the parquet floor	£18,500.00
Toilets	£25,000.00
Trade kitchen	£10,000.00
Acoustic treatment	£35,000.00
Fittings and decorations	£11,000.00
Signage	£6,500.00
External repairs	£3,000.00
External glazed Tiling	£8,000.00
External lighting	£1,500.00
Cellar doors	£3,000.00
Furnishing and equipment	£40,000.00
VAT	£57,560.00
TOTAL	£345,360.00



Visualisation Sketch of the Ravensbourne Arms // © Alastair Howard

7. RESEARCH & ANALYSIS

7.1 COMMUNITY CONSULTATION

We announced our plans for a community owned venue on the 18th January 2021, alongside launching our initial community consultation survey. Within 10 days we gathered 800+ responses, and over £90,000 in provisional share pledges.

It was shared widely across social media and local press, with an overwhelmingly positive response from the local community. 96% of respondents said that they thought having a community owned live music pub in Lewisham was very important.

Having generated significant public support for the project, with a large number of offers to help with fundraising, volunteering and campaigning, we feel confident that we have sufficient support in the plans to proceed with our share offer.

39.8% of people who completed our community consultation survey stated that they had not visited Sister Midnight before, demonstrating that there is a clear appetite for the project in the wider community.

46% of respondents who stated that they had previously visited Sister Midnight said that they would visit the Ravensbourne Arms at least once a week, whilst 34% of respondents who had not visited Sister Midnight before said they would visit the Ravensbourne Arms once a week.

This shows us that not only do Sister Midnight's existing community of customers strongly support our plans for the future of our venue, but also demonstrates that there will be opportunity for significant growth in our customer base, providing a positive outlook for future patronage of the business.

800+

SURVEY RESPONSES

96%

**OF RESPONDENTS FEEL IT IS IMPORTANT
TO HAVE A COMMUNITY OWNED LIVE MUSIC
PUB IN LEWISHAM.**

£90,000+ OF PROVISIONAL SHARE PLEDGES

7.2 RISKS

There is a risk that you could lose some or all of the money you invest. We have detailed the risks associated with the project below, along with our mitigation strategies which demonstrate why we are well placed to overcome the possible challenges that we might face. Please ensure that you understand the risks associated with investment, and don't invest any money you can't afford to lose. All investors will have the protection of limited liability, so you will never lose more than you invest.

WHAT COULD GO WRONG?

The pub could receive noise complaints.

COVID-19 restrictions force the pub to temporarily close.

We fail to raise the capital funds required.

WHY IT SHOULDN'T

We have made extensive plans around noise mitigation, including acoustic treatment of the venue space, restricting the hours in which live music takes place and considerate events management. We are looking to purchase the entire building, including the flats above the pub. This means we can ensure that residents enter a tenancy agreement with full understanding of the fact that there may be noise generated from the venue. We will price rents at below market rates to reflect the possibility of noise disturbance.

In the event that further COVID-19 restrictions force the pub to temporarily close, we will continue to have a significant income stream from the rental of the seven flats above the pub which will help us to cover our overheads. Funding for the cultural sector has seen a huge increase throughout the pandemic, and the Department for Digital, Culture, Media and Sport delivered a £1.57 billion Cultural Recovery Fund to support areas of the sector that had been disproportionately affected by the pandemic, such as the music industry. Our constitution as a community benefit society will make it easier for us to access future rounds of similar funding and other support measures, which would help to sustain the business.

When we launched our initial consultation on the project in January 2021, we garnered £90,000 in provisional share pledges over the course of 10 days. This demonstrates that the local community is committed to the project, and with a comprehensive and co-ordinated campaign we are confident that our share offer will attract sufficient investment to meet our minimum target. In the event that we don't meet our share offer target or other expected sources of funding fall through, we will extend our share offer to allow for more time to seek investment.

WHAT COULD GO WRONG?

The capital requirements of the project are higher than expected.

The pub fails to achieve the forecasted levels of turnover

Changes to the economic environment impact the business

A manager suddenly leaves

The business cannot trade profitably on a sustainable basis

WHY IT SHOULDN'T

Our estimates for the capital requirements of the project are based on a valuation report carried out by MJD Hughes, and renovation quotes carried out by Fairland Contractors. We are confident that the experience of both these companies in the pub sector make them well placed to provide accurate and realistic estimates for the required costs. Nonetheless, we have built in a cash contingency to allow for any additional costs that may arise.

We have carried out a high level of research, drawing on the experience and trading accounts of other similar pubs to build a comprehensive financial model, and our buyers valuation report carried out by MJD Hughes confirms that these forecasts are conservative and achievable. If however, the pub should fail to achieve the forecasted levels of turnover, our community ownership structure will put us in a good position to adjust our business model and grow our income. Giving the community a say in how we are run will enable us to adapt to better serve their needs, which means we are more likely to have their support.

The COVID-19 pandemic has shown us that we cannot always control the broader economic events that could impact our business. The community ownership model means that we are better placed to survive economic challenges, as our non-profit structure and higher level of community involvement will support adaptability within our operational model and make us more resilient as a business.

If a manager were to suddenly leave, we would be able to offer a competitive salary and quickly attract a competent manager with the skills and experience to take over running the pub. Additionally, our operational model will give staff at all levels the opportunity to rotate between a variety of roles, and gain experience across all aspects of running the pub, preparing them for upwards progression. As such, junior managers or general staff could be considered to take over a managerial role.

Given the extensive planning that has been done, we are confident that the business will be able to maintain profitable trade, however there is an element of risk present in any commercial venture. In the extreme circumstance that the business is not profitable and is forced to close, the society would sell the property, pay off outstanding debts and use surplus funds to repay shareholders.

8. MARKETING PLAN

We have developed a comprehensive marketing strategy for promoting the share offer. A well coordinated campaign with clear messaging and themes that highlight the uniqueness of the project will be key to engaging potential investors.

The Story of Sister Midnight

It will be key to communicate the story of Sister Midnight, having started as a small independent venue, and overcoming the challenges presented by the pandemic with a new community initiative. It will be important too, to highlight the story of the founding group and the uniqueness of the project in being female led.



Building Our Brand

Developing a continuation of the aesthetic of the former Sister Midnight branding will make us recognisable to our existing community and encourage their support. Positioning our brand is important to create market differentiation, increase customer recognition, and amplify our messaging. We are developing a separate brand for the Ravensbourne Arms itself, which will establish a strong visual identity that reflects the character of the pub.

Developing Key Messages and Themes

Our campaign will present strong key messages and themes, focusing on

- Our goal of creating Lewisham's first community owned live music pub
- The value of an accessible, affordable and inclusive music venue for Lewisham
- The need to protect grassroots music venues & pubs by bringing them into community ownership

Identifying and Engaging Key Supporters

Building upon Sister Midnight's existing community links, we will work to engage local businesses and community organisations to help amplify our campaign, such as neighbouring pub Fox & Firkin, Brockley Brewery, and Climate Action Lewisham, who have already offered their support to the project. We have already received a number of statements of support from local councillors, our MP Vicky Foxcroft, Night Czar Amy Lamé and local bands and musicians, which will aid us in increasing public confidence in the project.

Methods of Engagement

Utilising both digital and physical vehicles with which to deliver our story and key messaging will be crucial in enabling engagement with the widest possible demographic.

Social media will be the key vehicle that we employ for digital engagement, using targeted advertising, posting regular content and updates throughout the campaign as well as encouraging our supporters (local businesses, musicians and community members) to use their own social media channels to share our campaign video and spread the word. We will also look to hold online Q&A sessions to increase awareness and engagement with our share offer.

Our methods of physical engagement will include distributing flyers locally and canvassing door-to-door, as well as having pop-up stalls at Lewisham & Deptford Markets through the campaign period, where we can speak to members of the community directly to engage them with the project.

We will also be holding regular fundraiser gigs both in the lead up to the campaign and during it, as well as meet & greet events. This will offer an excellent opportunity to showcase the kind of live music and atmosphere we hope to create at the Ravensbourne Arms, as well as helping to raise funds to contribute towards the project.



Porridge Radio at Sister Midnight // © Willow Shields

We are so grateful for the huge amount of support we have received, without which this project would not have been possible.

Thank you to Music Venues Trust for their inspiring work saving the UK's venues, to Dave Boyle for believing in this project and helping us to make it happen, to Sam Dabb & Le Pub for their help and advice, to Co-ops UK for their support, to Plunkett Foundation, Power to Change and the Boosting Community Business London programme for the grant support they have awarded us, and to every person who has contributed their time and skills to help us create Lewisham's first community owned live music pub.

Lastly, and most importantly, thank you to the community of music lovers and makers that have supported Sister Midnight since day one, we couldn't do this without you.



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SISTERMIDNIGHTLDN



INFO@SISTERMIDNIGHT.ORG

Sister Midnight Community Venues Ltd is officially registered with the Financial Conduct Authority as a Community Benefit Society under the Co-operative and Community Benefit Societies Acts 2014.

Our FCA register number is: 8598



**power to
change**

MVT
Music Venue Trust

CO-OPERATIVES UK
COOP

Plunkett
Foundation

**Community
Shares**