



# Share offer: RCMA Market Garden Ltd.

Update December 2011

## Summary

RCMA Market Garden Ltd (trading as Riverside Market Garden) is a new organic horticulture project, located on farmland leased from the Coed Hills estate 10 miles west of Cardiff. We have begun cultivating 5 acres, and will extend it to 10 acres or more. The plan is to create a sustainable model of local food production and distribution – and to make the very best fresh local produce available to more people at affordable prices.

The Market Garden is now in its second year of operation. We are currently producing around 20 crops, including vegetables, saladstuffs and herbs. These are delivered weekly to our veg box customers and to a number of restaurants.

We can now offer you the opportunity to buy a share in this exciting new green initiative.

We have already raised almost £10,000 from more than 100 individual and community investors. We have also received funding from The Waterloo Foundation (£42,000 over 3 years), the Welsh Assembly Government (£129,000 over 2 years), Cardiff Council (a £5,000 capital grant) and The Trusthouse Foundation (a £6,000 grant for a community outreach project).

Additional capital investment of £30,000 is now required to take the project forward. All revenue costs are being met from the above grants combined with income from produce sales. We are looking to raise this money from individual and corporate investors to be spent on the capital items listed below.

## Purpose of the investment

The money raised from share sales will be used to:

- establish protected cropping areas (polytunnels)
- plant windbreaks and orchards
- provide an office, store and space for visitors
- purchase a tractor and associated agricultural equipment and machinery

The Market Garden is a community-owned Industrial Provident Society, a sister project to RCMA Social Enterprise Ltd. (the Riverside Market people) who have an excellent track record in running farmers' markets and other community food and health projects in Cardiff over more than thirteen years. Our business plan, which has been prepared by experts in horticultural enterprise and local food marketing, indicates that the Market Garden will become self-financing within 5 years.

## Projected social returns

Because of its constitutional structure, the enterprise cannot pay a dividend. However, interest on your investment could be paid after five years if the enterprise meets its financial targets. Your money will, however, generate a significant social return. We have established a best practice model for how we will measure and record our progress in this respect, and we will aim to generate social returns in the following areas:



### *Community:*

- inviting local people to become shareholders and participants in a forward looking model of sustainable food supply
- building a stronger community through events and informal networking
- encouraging healthy diets through easy access to fresh organic produce
- offering informal and formal training opportunities in organic horticulture and countryside management
- teaching school-age children about sustainable food systems

### *Economy:*

- creating new jobs - we already have 1 full-time, 2 part-time and 3 volunteer posts
- building a supply chain which keeps money in the local economy
- offering the structure of the project as a model to others, with mentoring support
- collaborating with other small rural businesses on marketing and distribution

### *Environment:*

- managing land to organic principles
- conserving and improving the distinctive features of the rural landscape
- saving energy and the requirement for external horticultural inputs (such as by green manuring rather than importing fertilisers or manures)
- minimising waste through on-site recycling and re-usable packaging

## **Nature of the offer and targets**

Shares are priced at £50 each. We are encouraging local community members to buy shares as:

- an individual (1 share) for £50 - the minimum investment
- household membership – any number of people under the same roof (2 shares) for £100
- community champion (5 shares or more up to a maximum of 400) for £250+

We are also looking now to form partnerships with community organisations having similar values and/or aims, and with corporate sponsors who wish to develop their existing sustainability agenda. Tranches of shares ranging from 10 (£500) to 400 (£20,000) will be made available for this purpose.

## **Withdrawal terms**

Whilst this is an investment which is primarily geared to offering a social dividend, your share(s) can be withdrawn and we will re-imburse you fully, subject to the following restrictions:

- no withdrawals will be allowed until after April 2015 and will be subject to Board approval
- withdrawals in any one year will be capped at 5% of total share capital value at the time
- shares are not transferable and may not be sold to others



## Projected financial returns

The original business plan for the project (formulated with help from consultants ADAS, and used as the basis for the Welsh Assembly Government application) is now being updated and will soon be available for scrutiny. Meanwhile, the current management revenue / profit and loss forecasts for the next four years are summarised below:

		2011-12	2012-13	2013-14	2014-15
<b>Income from sales and contracts</b>		£14,575	£65,500	£127,750	£167,000
<b>Income from grants</b>		£53,500	£62,000	£13,500	Nil
<b>Total income</b>		<b>£68,075</b>	<b>£127,500</b>	<b>£141,250</b>	<b>£167,000</b>
<b>Expenditure</b>		£65,175	£109,000	£112,250	£160,000
<b>Profit (loss)</b>		<b>£2,900</b>	<b>£18,500</b>	<b>£29,000</b>	<b>£7,000</b>

The profit levels reflect both the need to maintain investment in the site infrastructure and to direct any profits to our social objectives. We are confident that the enterprise should be able to offer a modest rate of interest on share capital by the end of year 5. We can credit this to shareholders' share accounts or direct this interest to your chosen project component.

## What being a shareholder means

All shareholders will be welcome to visit to the Market Garden (subject to prior arrangement), and will receive invitations to special events and activities, including picking your own fresh produce, according to the season. Individuals and families will be encouraged to contribute to work on the site and in any other way they choose. We will send regular e-newsletters and run a website to keep shareholders and other supporters updated on activities at the project.

Whilst we expect that Market Garden shareholders may also want to be customers, there would be no requirement for you to buy produce from the enterprise.

The legal structure we have established (an Industrial and Provident Society for Community Benefit, registration no. 30958R) has the following key features:

- each shareholder has one vote, irrespective of the number of shares held, and will be invited to general meetings to vote on key decisions and elect the Board
- the assets of the enterprise are locked for community benefit, meaning that if it is dissolved, any assets would be donated to a local community organisation with similar aims



## Risk factors and financial regulation

Whilst the enterprise has been planned carefully, there are risks involved and your investment could therefore be at risk. We have noted the main risks below, with comments on how we would address the issues as they occur:

<b>Risk</b>	<b>Mitigation</b>
Inclement weather and the windy nature of the site, and waterlogging, making for less than ideal growing conditions.	<i>Whilst extreme weather conditions are likely to be an increasing feature due to climate change, we are planting shelter belts, using protected cropping, and will improve drainage through ditching and green manure crops.</i>
Our marketplace – our income stream depends on selling our produce at top retail prices, with an efficient delivery mechanism.	<i>Our business plan sets out our target sales plan, which focuses on direct sales and is based on good local market knowledge, yet is adaptable if required.</i>

As an Industrial and Provident Society, the activities of RCMA Market Garden Ltd. are regulated by the Financial Services Authority, with whom it is registered and to whom it is obliged to submit annual returns and audited accounts. However, this offer is not covered by any form of compensation scheme. In the unlikely event of the project failing, you could lose some or all of your investment.

## Credentials

RCMA Social Enterprise Ltd has an excellent track record over 12 years, of running innovative food and health projects, backed by sound financial management. The Markets Division has been run profitably without grant aid for the last 6 years and this is the model we are seeking to emulate for the Market Garden. The enterprise has won a succession of national awards for its work. Please see [www.riversidemarket.org.uk](http://www.riversidemarket.org.uk) for more information.

The initial Management Board of the Market Garden enterprise comprises the directors of RCMA Social Enterprise Ltd. (but is independent of it in all respects) and three other non-executive directors elected at the recent Annual General Meeting. In addition, the enterprise will continue to take advice as required from experts who have been involved to date and from other co-opted members.

## How to apply to become a shareholder

To apply for shares, you must confirm that you have read and agree to the terms as defined above. If completing on-line, you can then proceed to the next web-page where you will find a form to complete and a link to pay online. Alternatively you can complete as a hard copy, sign and send to us with a cheque. Hard copy application forms are available (please contact us at 029 20384984 or at 46 Ninian Park Road, Riverside, Cardiff CF11 6JA ).

You must be over 16 years old to apply.



## Application form for shares in RCMA Market Garden Ltd

(for printing and completing as hard-copy, rather than applying online)

I/we apply for shares in RCMA Market Garden Ltd.

name: .....

organisation (for corporate investors): .....

address: .....

.....

email: .....

I am over 16 years of age

I have read the share offer document

I/we understand that I/we could lose some or all of what I/we invest

Signature .....

I/we wish to purchase the following number of shares, as valued:

- individual (1 share) £50 - the minimum investment
- household membership or community organisations (2 shares) £100
- community champion (5 shares) £250, or  
.....(number) of £50 shares valued at ..... (up to a maximum of 400 shares)

When completed (as a hard copy rather than online), please send with your cheque to  
RCMA Social Enterprise Ltd

at

46 Ninian Park Road,  
Riverside,  
Cardiff CF11 6JA.

**Many thanks for your support.**