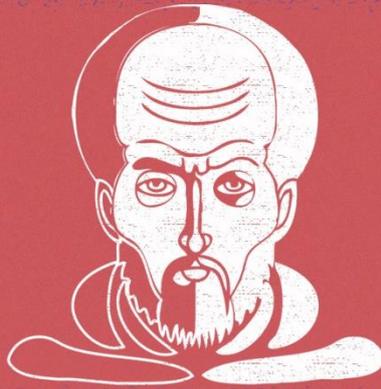


Beer.



The ISLE of
EIGG BREWERY

Community share offer

BEER THAT'S MORE THAN THE
SUM OF ITS
BLURB

Our Island, Our Community, Our Brewery

For the last twenty three years, the Isle of Eigg has successfully pioneered a model for positive Scottish land reform and community ownership.

As the 1st cooperative brewery in Scotland, we're intent on exploring community ownership at a business level.

We want to create a brewery that's dedicated to the people who support us rather than the profit we make, producing seat-of-the-pants tasty beer for social, environmental and sustainable good.

Our mission is to spread this Eiggality, one gorgeous beer at a time.

We're aiming to raise £200, 000 to cover us from foundations to first brew, with a stretch goal of £400, 000.

- The Offer opens on 30th October 2020 and closes on 15th December 2020 unless extended at the discretion of the Directors
- Shares cost £50 each with the minimum investment is 2 shares. The maximum investment for any one person / business is £25, 000
- The total costs of making the offer we estimate to be £5000, so the net proceeds would make £195k with approximately 4000 shares issued if we're fully subscribed
- Our goal is to have the first Isle of Eigg Brewery beer ready-to-sell by summer 2021

The Vision

The Isle of Eigg Brewery will create:

- A socially-minded craft brewery

We'll help stimulate local employment opportunities, employing 3 people on a real living wage by 2024.

Our rent will provide income for the Isle of Eigg Heritage Trust (IEHT), the charity that manages the island for the benefit of all.

We'll support the best local, small-business start-ups and entrepreneurial ideas with The Eiggality Fund that offers a grant to create locally, resilient, cyclical economies. Goodness².

The brewery will be available as a community beer lab, with opportunities to design and create your own beer or order the beer you want made for when you visit. There'll be beer courses, beer holidays and, of course, tours. We're not just saying you can own part of a brewery, you can actually brew your own beer in your brewery.

We cannot be bought-out by larger businesses intent on profit.

- A Carbon Negative Brewery

We'll use PV panels and Tesla technology to create a 100% solar-powered brewery in the summer and be connected to Eigg Electric Limited's renewable grid for those darker Scottish winter months.

We've sourced a brewkit to allow us energy self-sufficiency throughout the brewing and fermenting processes, while an electric van will transport our beer around-and-off-island.

We'll supplement our brews with local botanicals, grow hops in our polytunnel, source Scottish malt and brew them all with glorious Eigg spring water. The spent malt will feed local animals and the used hops we'll compost for the Eigg Tree Nursery. Our labels will be compostable.

We'll establish an On-island Beer Hub that offers reusable bottles, growlers and kegs.

- Uncompromisingly-tasty small-batch beer

We believe that a business owned by its consumers is more likely to drive innovation and reflect changing beer tastes more accurately.

We love the fact that a body of artisans has grown to challenge the mass production of the large brewing companies through craft, taste innovation and product excellence and are proud to be part of the craft beer movement.

We'll handcraft small batches of beer to remain uncompromising in our pursuit of taste. Taking our inspiration from the US and Belgium, we'll brew year-round, seasonal, limited edition and special smaller-batch-longer-fermented ales. In short, it's adventures in beer.

And we can't wait to brew collaboratively with brewery friends.

The Old Eigg Brewery (2014-2019)

Other than making and selling beer, Laig Bay brewing Company was like no other brewery. We learned brewing from small beginnings, buying a 25 litre pan and hiring-out a hob and space to ferment the beer. The brewery was built by hand, cutting down a tree from the local forestry as the central beam. Even the fridge had to be driven-up on the back of a quad and the doors and doorframe of the building removed to fit inside. Perhaps a motto of this island life would be: expect nothing to be easy. However, from this innovation and resilience we sold beer nationally through ALDI and across the pubs and restaurants of Lochaber and Skye areas. We could never make enough beer and the only way to continue was to increase in size. The Isle of Eigg Brewery is the phoenix from Laig Bay Brewing Company.

The New Eigg Brewery (2020+)

First, we need a building. Rather than the highest place on the island (as Laig Bay Brewing Co was), we've opted for a brown field site next to the road in the middle of the island. With the pier already congested, we've seized the opportunity to expand visitors' island experience. A purpose-built building with 120 metre squared footprint will allow us to meet projected demand and offer space to grow into. We'll use Eigg labour to lay the foundations and erect the building. Total cost is estimated at £30 000.

At 150 litres per 12 hour brewday and with multiple labour-intensive stages (6 fermenters, 12 wide-neck secondary fermenters, 19 or 25 litre Cornelius kegs) there wasn't enough time in the week for Laig Bay Brewing Co to make enough beer. However, it's not simply a case of increasing the brewing size to reach the demand we created.

Our main power requirement is from boiling liquid. Eigg Electric (the island's electricity provider) can offer 5kW of power (the energy a washing machine and electric kettle would use). We could use a kerosene powered steam jacket to fuel a larger system, but this would compromise our green credentials. Instead, we'll create our own grid, using PV panels and several Tesla Powerwalls to provide us with the 10kW we require, costing £35, 000. We've sourced a 2bbl (UK) brewhouse from ABUK that would allow us to make 320 litres of beer per brew while retaining the variety and quality of beer we demand.

We'd ferment beer in vessels that would allow us to store 2 brews to help future-proof the brewery. We'd use a bright tank to carbonate the beer for 30 litre kegs and 330ml cans while bottle and cask condition beer in a warm room. The total is estimated at £90, 000.

We'd use a semi-automated can machine capable of canning 500 cans per hour while bottling can be efficiently batched by hand. A cask and keg washer will both reduce the

cleaning time and increase the efficiency and consistency of the cleaning. The total estimated is £25, 000.

We'd use an electric van to transport ingredients and beer around the island and throughout Lochaber, powered primarily by our own green electricity. – Nissan E-NV200 offers 705kg of cargo (2 pallets worth of space – 4.2m sq + 410kg towing capacity -) for £20, 000 – buy on lease hire?.

Building this brewery literally from the ground up, we'll need everything from measuring equipment to filing cabinets, accounting and contactless payment systems. We've accounted £10, 000 to cover this. A further £10 000 will cover the start-up costs envisaged for ingredients and packaging in the first month of brewing and to accommodate the 30 day payment lag from sales.

If the Offer raises more than £200K, we'll...

- Buy the electric van rather than lease hire
- Increase the amount of Fermenting Vessels
- Employ an extra person immediately and increase our initial reach
- Increase the amount of PV panels and Powerwalls to increase energy capacity

However, if we get less...

The Directors have costed the project according to needs and have approached CARES and HIE for further support, specifically the Islands Green Recovery Plan, to make sure the full amount is achieved.

If we get less money we would look for other financial avenues. However, if the Directors feel that the project is too under-funded then the project would finish incomplete and every investor would receive ALL of their investment back.

The First Three Years

Year 1 will be Eigg-centric, with 74% of turnover from on-island sources. We'll have 3 taps at Galmisdale Bay Café, the only restaurant on the island, and sell bottles through The Isle of Eigg Shop. The brewery will have a bar space for tours, tastings and events and we'll offer an island-wide Growler / Reusable bottle Delivery Service. Off-island we'd look to continue the close relationship Laig Bay Brewing Company had with several key pubs and restaurants, working with Calmac's Loch Nevis and Arisaig Marine's Shearwater boats to allow us to remain on-island but deliver off-island. We'll sell bottles through specialist beer shops (Skye's The Misty Bottle sold Laig Bay beers), on Calmac's Loch Nevis, through the Cooperative supermarket and we'd revisit the ALDI Beer Festival.

Based on Laig Bay Brewing Company's sales and on-going market research, we've predicted sales of 11 500 litres of beer. This would require one person to brew twice-a-week, the remaining time spent on packaging, transporting and customer engagement. Break-even point would occur within the first 6 months.

From this Eigg platform, which we'd reach capacity-for in Year 2, we'd look to increase off-island sales to 57% of total turnover, requiring an extra team member to meet this demand. We envisage doubling sales for the ALDI beer festival, while increasing off-island cask and keg sales as our reputation broadens, specifically in the Fort William and Inverness areas, and through collaborations with other craft breweries. We'll also develop our links in London and Edinburgh, specifically in specialist beer shops and restaurants looking for the pure spring-waters of the Eigg wild.

At the start of Year 3 we'd employ a third team member with the specific goal of flattening seasonal curve that defines the west coast of Scotland, part of which would be met through solidifying presence in the local area around winter activities and looking at a broader reach for the winter season. And we'll host Eigg's 1st Beer & Music Festival, which we can't wait for already.

	Year 1	Year 2	Year 3
Project Income	£51, 660	£66 994	£81, 661
Projected Expenditure	£40, 657	£59, 738	£73, 548
Pre-Tax Profit	£11, 003	£7, 607	£8, 113

After Year 3...

Explicitly written-into the planning has been to future-proof the brewery, not as a means for continual growth but rather as a means to support ourselves, to support creative opportunities for our community and to deepen our carbon negative footprint.

We've sourced a building that exceeds initial space capacity and the brewkit allows us increase fermentation capacity as required. Every brewery says after-the-fact that they wish they'd started bigger, so bigger will be written into the plan. We'd like to make Eigg a hub for longer fermented beer styles such as foedre, lambic and gueuze which take longer but offer a greater complexity of flavour. And we're looking at other brewing options: Laig Bay Brewing Co successfully made sake – perhaps it's time for Scotland to enter the sake market the way Japan has with whisky - and Stu has been making kombucha for years, his espresso kombucha a particular favourite.

COVID-19 and the First Three Years

Obviously, the First Three Years is based on the old normal. 2020 has been a different normal. We're hoping that 2021 is a new different normal, much like the old normal.

However, no-one can guarantee this much.

What COVID-19 has highlighted in the craft brewing industry is the importance of community and loyalty. The thriving breweries are the ones that connected with their supporters and with other breweries through on-line sales, during lockdown, and then opened socially-distanced brewery taps as lockdown eased.

We'd follow the model laid-down by craft breweries over 2020 and reach-out to the core of our being, our community. Without the pressure of rental or interest rates we could afford to grow at a slower rate. And we'd prepare for when the gangway on the Loch Nevis comes down again with hundreds of folk readying to walk up the pier.

Here's why you should participate...

By investing in this community-owned venture you'll be part of a growing number of people creating community and modelling locally-sustainable, rural regeneration. And you'll be making a statement, rather than paying lip-service, that says WE matter, that the ENVIRONMENT matters. **You'll also get a return on your investment.**

As a member you'd own the business: each member has one vote. You'll not only have a say in the running of the business but may also share in its fortunes - **you'll receive interest on your investment, with 2% gross p.a.** the target by 2024 and beyond. That doesn't mean you get to say how the brewery is run day to day, but you are in control of the strategic direction of the Society. You choose a team of Directors to oversee the management (which includes, should you be voted-in, the opportunity to lead the business yourself as a director). We don't want to communicate with you just once a year at an AGM - there will be regular newsletters, quarterly members meetings, a Facebook page and website. We want to know what you think about your brewery.

Being a Community Benefit Society ensures as wide an ownership as possible, so no big fish can come along and change the nature of the business. The way the Society is set up means that no one person or investor can take control, nor can anyone make money from selling shares, they all have a fixed value and can only be sold back to the Society. Any profits that the Society makes will either be put back into the business of the Society, offered as grant to local entrepreneurs looking to further invest in the local community or shared amongst members. **This decision will be up to the members.** It is, comparatively, a safe form of share investment, although of course as with any investment there is a risk. Designed to be a longer-term, interest-paying community investment, there is nevertheless the ability to withdraw your share capital from the Society if you want to free up your money after a period of time. For the first three years, the right to withdraw your shares is at the discretion of the Committee, but after that you can withdraw your shares on three months' notice. This form of Society also benefits from exemptions from some Financial Conduct Authority (FCA) regulation (in the shape of exemptions from the Financial Services and Markets Act 2000) and a number of aspects designed to make it attractive, quick and easy to invest for both the business and the shareholder.

(Seed) Enterprise Investment Scheme

As long as you are a UK tax payer, you are eligible for tax relief on your investment subject to HMRC rules on eligibility, as long as you leave your shares in the Society for at least three years.

We have applied for advance assurance from HM Revenues and Customs (HMRC) that the shares in The Dog Inn are eligible for tax relief under the **Seed Enterprise Investment Scheme (SEIS)** and the **Enterprise Investment Scheme (EIS)** which are both government-backed schemes designed to encourage investment in smaller enterprises. Community-managed businesses like The Isle of Eigg Brewery are eligible for this tax relief.

Under the SEIS, the first £150,000 raised by the share issue will attract tax relief at 50% of the sum invested. So, provided you are a UK taxpayer, you will be able to recover up to **one half** of the amount you invest from HMRC in the year after The Isle of Eigg Brewery starts trading, i.e. when the society starts earning revenue.

After £150,000 has been raised, further investment in shares in The Dog Inn will attract EIS tax relief of 30% of the sum invested.

The actual amount of tax relief you can claim will depend on your personal tax circumstances.

For example, Bethan decides to invest £10,000 in the tax year 2015-16 (6 April 2015 to 5 April 2016) in SEIS qualifying shares. The SEIS relief available is £5,000 (50% of £10,000). Her tax liability for the year before SEIS relief is £7,500 which she can reduce to £2,500 (£7,500 less £5,000) as a result of her investment.

Remember applications for tax relief are made to HMRC by you, the investor, not by The Isle of Eigg Brewery, and so we **cannot** give any guarantees. HMRC's information site, www.hmrc.gov.uk/seedeis/ explains the application procedures but, if you are unsure, please seek professional advice.

Join the Adventure

Shares are offered at £1, which is the maximum a share in a cooperative can be offered at.

The minimum shareholding level for non-residents of The Isle of Eigg is £100. For Eigg Residents, the minimum shareholding level is £50.

For this, you get:

£100	Own a chunk of The Isle of Eigg Brewery A Lifetime Discount Card at our Brewery and Online Shop AGM invite (for you and a friend) First Access to Exclusive Merch The Share Certificate A Limited Edition Beer Mat Postcard
£250	All the above + Exclusive Isle of Eigg Brewery t-shirt
£1000	All the above + a brew day at The Isle of Eigg Brewery
£5000	All of the above + a weekend @Glebe Barn Annexe for 2 with unlimited Eigg Brewery beer
£10,000 - £25,000	For this we'd need to chat – get in touch: isleofeiggbrewery@gmail.com

Who we are...

Stu McCarthy has spent the last 5 years brewing with Eigg's nationally successful Laig Bay Brewing Company and has previously worked with Manchester's Runaway Brewery and Harris's Loomshed Brewery. He taught in high schools in Liverpool, Manchester and Kathmandu for a fabulous decade. Since 2013 he's lived and worked on Eigg with his wife and two little people, helping run the Glebe Barn hostel and hindering the building of their house. Previously a Director the Isle of Eigg Heritage Trust, he's determined to create great-tasting beer as a force for environmental and social good.

	<p><u>Ben Cormack</u> is the design powerhouse of the brewery and a real-life Eiggach. He studied graphic design at University before returning to the island in 2007 when broadband internet came to Eigg and made using his degree feasible. As well as creating the identity for the Isle of Eigg Brewery, Ben's design agency Picarus created the identity for Laig Bay Brewing Co and have [other examples?] He's a creative force in The Massacre Cave [add something about the band]. He has three kids who drive him happily insane.</p>
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	<p>For a day job, <u>Paul McCarthy</u> practices humanitarian law as a ... [need something about your legal training / something that tells me you're not just mildly facetious but can be trusted with helping to set up a £200 000 brewery] and</p>
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	<p>more generally is an advocate of all-things craft beer.</p> <p>When not doing these things he looks after a tiny one and bees. The tiny one and the bees are yet to formally meet.</p> <p>He is part of an internationally tolerated ukulele band and helps organise the biannual beer celebration Feasterbush.</p> <p>Paul brews occasionally and visits breweries regularly, especially those on Eigg.</p>
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Important legal and risk information

We have a legal obligation to be very clear to you how the share process works and a moral obligation to be true to the twin aims of safeguarding The Isle of Eigg Brewery for the community and safeguarding your money, so don't skip this part!

The Isle of Eigg Brewery Limited was registered with the Financial Conduct Authority on 7th April 2020 (registered number 8382). Our governing document, the "Rules of the Isle of Eigg Brewery Limited", is available to download at www.eiggbrewery.com and explains member rights as well as the management and constitution. Other relevant background documents can also be found on our website.

1. Shares are priced nominally at £1. The minimum investment is £100 with a maximum investment of £25,000 for an individual or company. Any amount between £250 and £25,000 may be invested.
2. Shareholder members must be at least 16, and must pay for their shares in full at the time of application.
3. Shares are non-transferable. Shares may be withdrawn from the Society after a minimum of three years, subject to terms listed below (see item 7).
4. Nominal share value cannot increase. However the value may fall if liabilities exceed assets e.g. if the business fails. Your investment is fully at risk, before investing you should read the risk factors section of this document above.
5. Your personal liability in all circumstances is restricted to the value of your shares.
6. We are allowed to pay interest on share provided the business' profits allow it. Our aim is to pay at a minimum of 2% interest, but our first priority is to create a viable business and therefore the longevity of your investment. Any payment of interest on shares is dependent on the Society making a profit and is also subject to the approval of the shareholder members.
7. After the minimum three years, you may withdraw your share capital from the Society provided notice of three months is given in writing and the Committee do not block the request for any reason, as they are entitled, legally, to do. (This would be the case, for example, if there was a sudden rush of people wanting to withdraw share capital). The Committee does not expect to use this power as evidence from elsewhere is that new members come forward to replace departing members, keeping the level of shares roughly constant.
8. Before shares are issued all monies will be held in safekeeping in an account in the name of The Isle of Eigg Brewery Limited until the Society's founder members are clear that the minimum amount has been reached to make the purchase viable. The Directors may also

proceed at a slightly lower figure and make appropriate changes to the budget. If we fall significantly short of the target, such that, in the opinion of the Directors, the business would no longer be viable, then we will not proceed and ALL monies raised through this share issue will be returned to potential investors in full as soon as practicable, although no interest will be paid for the period that it has been held. You will be informed online at www.eiggbrewery.com and by email of the status of the share offer and subsequent bid.

9. Once you are issued with your shares you will become a shareholder member of the Society and will be entitled to full voting rights at general meetings and to stand as a director of the society. If your shareholding drops below the minimum amount, you will lose this right. All shareholder members have one vote irrespective of shareholding.

10. In the event of the death or bankruptcy of the member, the value of their shares goes to their estate. Membership is not transferable. **The application form at the end of this document offers the option for you to nominate a recipient for the value of the shares in the event of your death.**

11. The Society has a statutory asset lock designed to safeguard The Isle of Eigg Brewery for the future meaning that if the Society is dissolved, then once shares and other liabilities are paid, residual assets cannot be distributed amongst the shareholder members but must be used to benefit the community of the Isle of Eigg.

12. The Isle of Eigg Brewery Limited is registered with the Financial Conduct Authority. However, special rules apply to Co-operative and Community Benefit Societies and you have no right of complaint to an ombudsman. Nothing in this document constitutes investment, tax, legal or other advice by the Isle of Eigg Brewery, its directors or advisers. See www.fsa.gov.uk/doing/small_firms/msr/societies for full details.

As with any share offer you would be well advised to seek independent financial advice before investing. There are also several online independent sources of advice. Community Shares Scotland has numerous guidance documents and case studies. We particularly recommend that you read their guide aimed at potential community investors, which can be downloaded from the resources section of their web site www.communityshares.org.uk

This is a business venture and as such is liable for both success and failure. We are confident that The Isle of Eigg Brewery will be a success that Eigg, Scotland and Eigg Brewery's members can be proud of.

13. This community share offer closes on **25th November 2020**. However, if the target sum has not been received by that date, but we are very close, the Committee reserves the right to extend the share offer.

14 The Society rules and a copy of our business plan are to be found online at www.eiggbrewery.com

15. Due care has been taken in the preparing of this document, a process which has been overseen by the directors, who can vouch that the information it contains is in accordance with the facts and that there are no omissions likely to affect its import. We are confident that our predictions are realistic. The figures are based on what we believe the current trade to be, taking into account industry standard figures for this size of brew system. Apart from running a brewery from Eigg for 5 years, we have spent months speaking with distributors, other brewers, bars, off licenses, and restaurants to ensure the figures are accurate. We have used actual quotes for operating costs in the Business Plan. Where we don't have true figures we have used industry standard figures for the type of business we are running.

16. Providing that members and directors behave responsibly, reasonably and legally and take out any necessary insurances, incorporation protects the members and directors of the Society from any legal action against them as individuals and any access to their personal finance in the event of the enterprise entering receivership.

17. We encourage prospective members to view their investment as a long-term commitment to the project – a one-off investment to generate a long-term financial benefit to yourself and a lifetime of beer production and social benefit to Lochaber. Shareholders should be prepared to tie up their capital for a number of years. Share capital cannot be withdrawn for the first three years of investment and thereafter only at the directors' discretion. Please note, the directors may resolve at any time to return excess capital to members in the proportions in which they provided it. Also the directors reserve the right to refuse an application for withdrawal to protect the financial position.

How to Invest

Online for UK and international investors

We're running this offer through the Crowdfunder Platform, as they are able to process international payments. The system uses PayPal to accept international payments, and you will need to have or to set up a PayPal account. Paypal charge 3.4% of their share purchase for payment processing on successful share offers to cover the transaction costs (in other words, for every £100 invested, £3.40p goes towards transaction costs).

You can also apply by completing the application form on the rear of this brochure (or downloaded from the website) and returning it with a cheque or proof of your BACS payment for your investment to: The Isle of Eigg Brewery, Isle of Eigg, Small Isles, PH42 4RL BACS payments should be made to The Isle of Eigg Brewery. If you do make a BACS payment, please can you let us know by emailing eiggbrewery@gmail.com or by telephoning 01349 862005. BANK ACCOUNT..... Bank of Scotland SORT CODE..... 80 22 60 ACCOUNT NUMBER.... 13775161 IBAN.....GB74BOFS 8022 6013 7751 61

What happens when I invest?

On the Crowdfunder site, your name, address and bank details will be taken but no money will be transferred until the offer closes. After the offer has closed, the directors will decide a specific time to begin the transfer, and every investor will be given advance notice of when exactly this will be.

Cheques from offline investors will be paid in after the offer closes. Investing online via Crowdfunder is the best way to invest. However, for offline investors, any cheques received will be paid in after the offer closes. For applications supported by BACS or IBAN transfers, the funds will be held separately and will be refunded if the minimal share amounts are not reached.

Investors aged 16 or 17 Anyone over 16 can invest in The Isle of Eigg Brewery.

Data protection

By completing the application for membership you consent to The Isle of Eigg Brewery holding personal data about you in accordance with the Data Protection Act 1998. We do not sell, share or exchange mailing lists.

Terms and conditions

You cannot withdraw your application for shares after we receive your application form.

Your application may not automatically be accepted and it may not be possible to allocate you all or any of the shares that you requested.

Your application will be considered for approval at the first directors' meeting after the share offer has closed. Therefore you should not expect an immediate response.

Minimum investment

The minimum investment for people resident on The Isle of Eigg as per the Isle of Eigg Resident's Association rules, is £50. For investors who live outside Eigg, the minimum investment is £100.

Your payment Payments made via Crowdfunder will be administered according to the terms set out on their website. The directors will acknowledge receipt of your cheque/BACS payment and application within 14 days.

The Isle of Eigg Brewery will hold your money on trust for you until your application is considered. If you are not a UK resident or do not have a UK bank account, applications can be made by BACS.

If your application for shares is unsuccessful, your money will be returned within 28 days of the board of directors' meeting. If fewer are issued to you than you applied for, they will return the balance to you within 28 days of that meeting.

The money will belong to The Isle of Eigg Brewery as soon as The Isle of Eigg Brewery issues shares to you (to the extent that they take it as payment for shares). The Isle of Eigg Brewery will not pay interest on any money it returns to you. The purchase of shares should be seen as a social investment to support the aims of The Isle of Eigg Brewery and not purely as an investment for personal gain or profit.

You promise that:

- Your cheque will be honoured on presentation
- You, as an individual, are at least 16 years of age
- You have authority to sign the application form. If you are signing it for another person, you will provide the directors with evidence of your authority to sign if they ask to see it
- You will supply us with proof of your identity and address if the directors ask for it. We may need to do this to comply with the Money Laundering Regulations 2003. The directors may have to hold back your shares until they see this

- You are not relying on any information or representation which is not included in this document

Consultants

David Hollings – CMS Advice on society Rules and Share Offer document and process

Toby Sandison and Morven Lyon – Community Shares Scotland

Kevin McCarthy – Company? – Marketing and Brand Consultant

Design by Picarus