

## The Alpha Cinema restoration: The Odeon on London Rd. (1<sup>st</sup> Feb 2010)

### Supporting the project

#### Will it make money?

Based on the Rex model, our business plan says it will be profitable. This will depend on how the money is raised. If it is largely through shares in the business, it will become profitable sooner. If most of the finance is raised in other ways including local borrowing or banks (though the latter is looking less and less likely) the road to profitability will be longer.

**The cost:** The site is £1.2 million (inc VAT & Stamp duty). We estimate a further £2.5 million for restoration and refurbishment to opening (Autumn 2012). Our painstaking revision forms the latest business plan. It anticipates raising most funds locally.

Here the funding is broken down into Routes:

#### Route One ~ The Advanced Booking List (ABL) Membership

The ABL is being offered under the following terms:

- One year membership to start on "opening day" will cost £285.00 (750 places)
- Five Years membership to start on "opening day" will cost £2,000 (250 places)  
[you will want know more about this inflationary leap]

(ABL) entitles you to the following:

- A confirmed listing posted to you monthly, first class.
- At least one week's advanced booking, ahead of general release.
- £1.50 off your ticket.
- Up to six seats per show, including your own. (Five at usual prices).
- Up to half the House. No titles will be sold beyond half capacity (250 seats). This is to ensure that nothing sells out before general release.

#### Route Two ~ Sponsorship. [Chairs and any part of the restoration]

**Sponsor a Chair at the new Alpha for £1,000. URGENT!!!**

This is urgent fund raising at its most blatant. With it comes the opportunity to have your name or that of a loved one, on permanent display in the foyer, and that's it!

500 chairs at £1000 a seat will raise half a million immediately. (over 300 left).

Should you choose to pass it on to your family, children or friends, it will always be in your original chosen name. It is a great deal of money to commit to a dream-chair, so please consider it carefully. You can also sponsor any part of the restoration or parts of the building itself - from the curtains to the drains! This is open to imagination. Discuss!

### **Route Three** ~ Donations. *(This category is included by request)*

All will be welcome, however small (as long as you don't attempt to give us anything you don't have). Donations are the unexpected, heartwarming and extraordinary icing. Of all things, they show a different kind of thinking. While such open gestures of trust do not diminish leaps of faith in all the other departments, they are, I think you will agree, a different kind of leap. While I thank you for this best of all 'no-strings' money, I urge you not to give anything you haven't got. We are not a charity. It is a business, albeit not driven by profit, if it works it will make one. It is a limited company and a business all the same.

NB. If you don't mind, we will keep those early cheques sent before the bank account. Some were made out to "St Albans cinema" "Odeon" and "J Armitage". They will never be cashed, but will form part of an archive to be treasured.

### **Route Four** ~ Ordinary Loan Stock

Loan stock is offered in two ways. Each to begin the date the site is secured.

- 5 year fixed term unsecured loan stock accumulating at an equivalent rate of 4% gross per annum and payable at redemption. (ie a loan investment of £10,000 would mature for £12,166.52 after 5 years).
- 10 year fixed term unsecured loan stock accumulating at an equivalent rate of 5% gross per annum and payable at redemption. (ie a loan investment of £10,000 would mature for £16,288.95 after 10 years).

The minimum loan investment is £1,000. You will receive a loan stock certificate. Please beware: interest payments are subject to income tax.

### **Route Five (A)** ~ Loan Stock through Preference Shares

Loan stock at a fixed term Zero dividend Preference Shares to begin the date the site is secured.

- 5 year fixed term shares at an equivalent rate of 4% gross per annum payable at redemption. (ie £10,000 would mature for £12,166.52 after 5 years).
- 10 year fixed term shares at an equivalent rate of 5% gross per annum payable at redemption. (ie £10,000 would mature for £16,288.95 after 10 years).

The minimum loan investment is £1,000. You will receive a Share certificate. Please beware: Capital Gains Tax rules apply and "gains" in excess of your personal allowance will be taxable at the rate applicable at maturity (currently this rate is 18%).

### **Route Five (B)** ~ Ordinary Shares

The cinema will be run as a Private Limited Company. It will oversee the initial development and the eventual running of the cinema. As it is necessary to safeguard the management structure and the essence of the philosophy behind the running of Rex, share holders opinions will be welcome and considered but will hold no voting rights.

## RISKS

Before investing through any of these routes it is important to understand the risks involved:

- You are investing in an unregulated investment. The Alpha Cinema St Albans Ltd is a private limited company formed purely to purchase, restore and then run a cinema.
- Your capital will be at risk, particularly in the early stages because it is by no means certain we will be able to raise all of the capital required to complete the project. Whether we do so or not depends entirely on the response to this document.
- Whilst this is a commercial venture, our prime objective is to restore and operate a cinema on the same lines and under the same management of The Rex Berkhamsted. As such we anticipate a reasonable profit. Our business plan reflects this, but you should not buy shares purely for the dividends they might generate. Our business plan anticipates small dividends becoming payable once loan stock has been repaid. This is not guaranteed.
- As economic conditions change the assumptions we have made in our business plan may be too optimistic.
- You will not have access to your capital.

### What if things go wrong?

If the purchase does not proceed. ALL monies will be repaid in full. All current costs, roughly in the region of £26,000, will be borne by the Rex.

If the purchase is successful but the project then fails for any reason, prior to completion of restoration, the site will have to be sold and money from the sale allocated in accordance with the following priorities:

1. The administrative costs in selling the property and then winding the company up including payment of any taxes due to HMRC.
2. Any secured borrowing. If the company has entered into secured borrowing arrangements then these arrangements must take precedence over other creditors.
3. Advance Memberships & Seat Sponsorships.
4. Unsecured Borrowing / Loan Stock.
5. Zero Dividend Preference Shares.
6. Ordinary Shares (Classes A & B equally)

If the project completes but then fails for any reason, the priorities will be similar except that the ABL and chair/other sponsorships will simply lapse and there will be no return.

### What now?

Everything is in place for us to buy the Odeon site. All we need is the money - from you! It is only your financial commitment that will make it happen and we only have days.

Remember, if we do it this way no venture capital money will have been used to buy it. It will belong to people who want to see it come true and not from money tied to financial constraints, demands and expectations.

*We must advise you to consult advisers before committing to any of this.*

More than anything, you will be for ever part of this moment when people of St Albans helped to buy back their own last-standing cinema.

Call James Hannaway 01442 877999 (please be patient, the Rex box office is not briefed on every detail). Email: [therexberkhamsted@hotmail.co.uk](mailto:therexberkhamsted@hotmail.co.uk).