

Be part of  
**a better way**  
for **football**



[www.fc-utd.co.uk](http://www.fc-utd.co.uk)

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# FC United Limited (‘FC United’) Community Share Offer

This is a landmark opportunity to invest in a club bringing football back to the heart of its communities.

FC United is a member owned football club which is building a stadium and community facility in the heart of Newton Heath, Manchester.

The development will cost £3.5m and we are aiming to raise £1.5m of this through an issue of Community Shares in the club. We are inviting you to join us, be part of this exciting development and help make football history. The offer is open from September 21st 2010 to November 30th 2010.

Raising capital through Community Shares is a unique development in English football. It has been recognised as being of national importance offering a real alternative to the way football is run and financed and offering genuine social benefits to local communities.

We are asking existing members of FC United as well as others of you who share our vision to be part of it. By doing so you will be supporting a better way for football - one that is owned and run by supporters and committed to wider community and social development and financial sustainability.

Please join us in this exciting development and create a positive and lasting legacy in Manchester as well as in sport, for generations to come.

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# FC United Community Share Offer

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The Society and the Board accept responsibility for the information contained in this document. To the best of the knowledge of the Society and the Board (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and contains no omission likely to affect its substance.

Prospective investors should read the whole text of this document and should be aware that the intended outcomes of an investment in the Society are

speculative and involve significant risk. Prospective investors are advised to read in particular, the sections of this document headed “The Community Share Issue” and “Contingencies and Risks” (pages 9 and 12).

Our share offer is exempt from the Financial Services and Markets Act 2000 or subsidiary regulations; this means you have no right of complaint to an ombudsman. A Community Benefit Society is registered with but not authorised by the Financial Services Authority and

therefore the money you pay for your shares is not safeguarded by any depositor protection scheme or dispute resolution scheme.

As the whole of your investment could carry a risk, please consider it carefully in the context of the complete share offer document, and if needed seek independent advice.

## FC United Limited Community Share Offer

LAUNCH DATE: 21 SEPTEMBER 2010

CLOSURE DATE: 30 NOVEMBER 2010

Legal Advisers:  
Cobbetts LLP  
58 Mosley Street  
Manchester  
M2 3HZ

Accountancy Advisers:  
RSM Tenon  
Parsonage Gardens  
Manchester  
M3 2LF



# Who We Are

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FC United of Manchester is a community football club owned and democratically run by its 2,000-plus members. Its corporate structure is a Community Benefit Society and membership is open to all, with everyone an equal co-owner, holding one voting share in the club.

The club was founded in 2005 and is a semi-professional football club, currently playing in the Northern Premier League. The club regularly attracts crowds of more than 2,000 – several times the league average – and boasts many on and off the field achievements including three consecutive promotions and a number of trophies.

It is unique at its level of English football in having its obligations to its fan communities and local communities written into its Club Objects (the constitution is available on our website). The club was awarded Cooperative UK's Cooperative Excellence Award in 2009 for its cutting edge work with local communities.

FC United seeks to change the way that football is owned and run, putting supporters at the heart of everything. It aims to show, by example, how this can work in practice by creating a sustainable, successful, fan-

vital element in that journey.

Many football club developments place their clubs in debt or place the club in the hands of major investors. With your support we can show a better way.



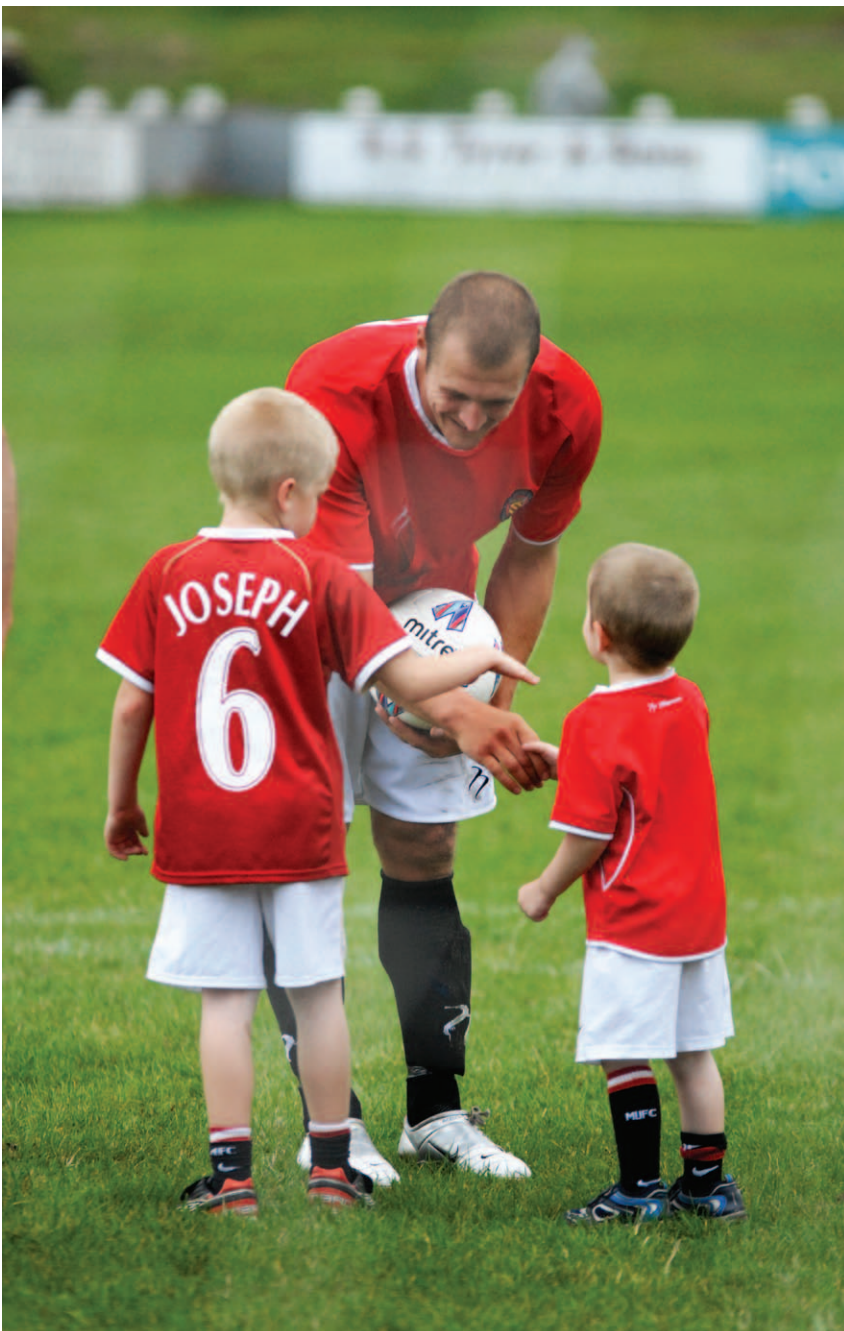
owned, democratic football club that creates real and lasting benefits to its members and local communities.

The development of the Ten Acres Lane community football and sports ground, which we are now asking you to support, is a

The Board believe that your investment will be for long term benefit and will help FC United succeed in its mission, creating social, environmental and financial returns.

# The Development - A Sustainable Home for Us and Our Communities

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FC United has been ‘homeless’ since its formation, but has nevertheless achieved a great deal. We now have ambitious plans to build a new home, in Newton Heath, birthplace of Manchester United.

With our own ground and community facilities we believe that we can achieve much more – making the club sustainable and able to fulfil its ambitions as a beacon of a better way for football, delivering genuine community development.

## **The plans for our new home will include:**

- A 5,000 capacity football stadium designed to reflect the views of fans, with potential to expand
- New and regenerated community sports facilities including a 3G artificial turf pitch and a renovated sports hall
- A club house with multi-functional spaces for use by local communities, fans, young people and other local groups.

# Sustainability and Growth

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The Board believe that the development will help make the club sustainable and allow it to grow whilst maintaining its core principles of democratic fan ownership.

Based on prudent estimates, and subject to local authority scrutiny, our Business Plan (which is

available at [www.fc-utd.co.uk/CommunityShares](http://www.fc-utd.co.uk/CommunityShares)) outlines how the club will develop significant new income streams.

This will mean it is able to reinvest surplus money into its primary purpose as a community football club, enabling it to better develop work with fans

and a range of communities in and around Newton Heath and Manchester. Using sport as a gateway, the Board believe that it will lead to ongoing personal and collective development in education, volunteering and physical activity, helping to underpin community cohesion.

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# The Site and Council Support

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Ten Acres Lane, Newton Heath, is a mile and a half from Manchester city centre, with excellent transport links. It is an area of need, lacking sports, educational and other facilities for local people. The site is just over two hectares and the

ground and community facilities will be owned by FC United, with land leased on a long term basis from Manchester City Council on a peppercorn rent.

We have high level support from Manchester City Council and

the urban regeneration company, New East Manchester Ltd, who are both partners in the project. The Council are also providing both revenue and capital support, further details of which are set out in the Funding Package section of this document.





# Local Benefit

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Newton Heath is among the most deprived areas in the country. Our partnership with Manchester City Council and consultation with local community groups has identified a lack of facilities for community based activities as a key weakness in the social fabric of the area and one which underpins the area's needs in terms of health, physical activity, youth engagement and education. Our Community Use Plan outlines the ways in which the facility will engage local people, create opportunities for their ongoing development and increase participation in both sporting and non-sporting positive activities. It is available at [www.fc-utd.co.uk/CommunityShares](http://www.fc-utd.co.uk/CommunityShares).

The site development represents a significant commitment by FC United to Newton Heath and the people that live in the local area. It will be the first major regeneration around the local disused "Brickworks" site and the Board hope that it will act as a catalyst for ongoing improvements. The development plans include: a capital development of £3.5m, increased footfall of upwards of

2,000 people to the area per home match and delivery of FC United's Community Outreach Programme. The Board believe that the development will result in significant improvements to the Ten Acres Lane site and we are working closely with leading building design consultants to ensure the building is as environmentally friendly as possible. The Board intend to consider low carbon technologies and grey water harvesting alongside a Green Travel Plan which will, so far as possible, encourage use of public transport and other alternatives to private car use.

We are in an ongoing process of community consultation on design and use and are committed to the involvement of communities in the running of the site. Our promises will be underpinned by:

- a lease agreement with Manchester City Council
- grant funding agreements
- regular reports on community use and outcomes to the FC United Board based on a robust monitoring and

evaluation framework

- regular reports to the Board (available to members, including all investing members)
- an annual report to members

We will use sport to lead to ongoing personal and collective development in education, volunteering and physical activity and as an aid to community cohesion. We are committed to building on the award-winning outreach work that the club is renowned for, becoming an integral part of the Newton Heath area, contributing to its ongoing regeneration and helping to change local lives for the better.

Every aspect of the development will be made with our fan and local communities in mind, in order to make a tangible difference to those we engage. Regardless of age, race, gender, sexuality or ability, we will involve people and put their interests at the heart of what we do.

Please join us in creating a positive and lasting legacy in Manchester and sport as a whole for generations to come.



# The Funding Package

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Chartered quantity surveying and project management company, John Austen Associates, has provided turnkey cost estimates for the development of the site of £3,506,800.

In our Business Plan we have identified a provisional funding package of £3.5m as follows:

Source	Amount
Donations (FCUM Development Fund)	£0.5m
FCUM Community Share Issue	£1.5m
Manchester City Council grant	£0.65m
Football Foundation Stadia Improvement Fund	£0.15m
Football Foundation Community Facilities Fund	£0.375m
Sport England Community Sports Hub Funding	£0.2m
Other grant income	£0.125m
<b>Total</b>	<b>£3.5m</b>

Our unique approach as a football club is a significant factor in securing the backing of public bodies for this project and we are asking for your involvement and support in making it happen.

The club's members (co-owners) have already raised £300,000 in donations via the club Development Fund (as at September 2010). They are committed to raising that amount to £500,000 within the year. Capital and revenue

funding has been agreed with Manchester City Council who are important partners in the project; and grant funding will be sought from Football Foundation, Sport England and others.

We are aiming to raise £1.5m from this Community Share issue. Should we fall short in grant funding targets, this amount may be increased or we can supplement it with commercial borrowing (which is provided for in our projections).

We are asking for support from existing members and others of you who share our vision and belief that a football club set up by supporters, owned and run by supporters and committed to wider community development can be both socially successful and financially sustainable. Joining us in this will help to create a legacy in Manchester for future generations and help re-shape how football more broadly is organised and financed.

# The Community Share Issue

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FC United is the first football club to issue 'Community Shares'. Community Shares are shares issued for a community purpose. The concept has been developed through a joint initiative of the Development Trusts Association and Co-operatives UK with support from the Department for Communities and Local Government and the Cabinet Office. We have adopted principles which they have established for share offers of this kind. The words "Community Shares" do not, however, have any legal meaning and your rights if you buy Community Shares in FC United are those set out in this part of our offer document. The Community Shares we are issuing are Capital Funding Shares issued by the Board as permitted by our constitution. The terms which the Board has approved for the shares are as follows:

1. The value of the shares is £1.
2. The shares can only be bought and held by members of FC United who are 16 years of age or over, or are

a corporate body or firm. They are not transferable.

3. No voting rights attach to the shares.
4. The minimum purchase of shares is £200 and the maximum is £20,000.
5. Unless extended by the Board, this offer is open from 21st September 2010 to 30th November 2010.
6. Interest not exceeding 2% per annum above clearing bank base rate may be paid on the shares with effect from the third anniversary of the date on which FC United takes occupancy of the completed stadium site (but not for any period before that date) subject to the following conditions:
  - 6.1. Any payment of interest must be from trading surpluses and is at the discretion of the Board having regard to the long term interests of FC United,

the need to maintain prudent reserves and the Society's primary commitment to community benefit;

- 6.2. The Board may, having regard to the principles set out in the preceding sub-paragraph, pay no interest or interest at a rate lower than 2% per annum above clearing bank base rate;
7. The shares are withdrawable with effect from the third anniversary of the date on which FC United takes occupancy of the completed stadium site subject to the following conditions:
  - 7.1. Applications to withdraw shares will be made on a form to be approved by the Board. The form will set out the timetable and procedure to be adopted by the Board in deciding whether to permit withdrawals and in deciding where necessary which withdrawals to permit;

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7.2. All withdrawals must be funded from trading surpluses and are at the discretion of the Board having regard to the long term interests of FC United, the need to maintain prudent reserves and the Society's primary commitment to

community benefit;  
7.3. The Board will not permit more than 10% of the total value of the shares issued to be redeemed in any financial year.

8. On the solvent dissolution or winding up of FC United, holders of the shares will have no financial entitlement beyond payment of outstanding interest approved by the Board and repayment of paid-up share capital.

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## Membership

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Everyone who has Capital Funding Shares will need to be a member of FC United. Due to the fact that the shares do not carry extra voting rights, the One Member One Vote principle of the club will remain absolutely sacrosanct. Whether investments are small or large, everyone will have an equal say. The full rights, role and responsibilities of members are set out in the Rules of FC United which are available at [www.fc-utd.co.uk](http://www.fc-utd.co.uk) but the following points are drawn to your attention:

- Under the terms which apply

to Capital Funding Shares you must be and remain a member of FC United for so long as you hold the shares;

- If you are an existing member you need to provide your membership details on application;
- If you are not an existing member you need to join at the time of application. The first £1 of the annual membership fee will be used to buy an ordinary share in your name;
- Members are required to pay an annual membership fee which is agreed by a

members' vote and payable by August 31st each year.

- If you fail to pay the fee you may cease to be entitled to member benefits.

The minimum share purchase has been set at what the Board considers to be the minimum amount possible given the administrative costs of the share issue. If you cannot afford the minimum investment you are asked to contact the club as we have established links with mutual credit unions who may be able to assist.

# Membership cont...

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A limited number of residents of Newton Heath may also be able to apply to a fund to help spreading payments. For more details see [www.fc-utd.co.uk/CommunityShares](http://www.fc-utd.co.uk/CommunityShares).

If you would like to invest more than the maximum £20,000, please contact the club to discuss other options we have.

The offer set out in this document is only open to UK residents.

If you live abroad and would like to invest, please contact the club.

A moratorium of three years on interest payments and withdrawals of shares has been set in order to help the important early stages of the development and to ensure the sustainability of the club. The Business Plan envisages that by the fourth year of occupancy of the site, we will have built up the reserves needed

to pay interest and permit the withdrawal of up to 10% of the Capital Funding Shares from Year 4. It is, however, fundamental that, before making payments to shareholders the club delivers the community benefits which are the reason for its existence

The projected surpluses provide ample cover for 10% withdrawal of shares and payments of interest from Year 4 onwards.

	Year 1 in stadium	Year 2 in stadium	Year 3 in stadium
<b>Operating Surplus</b>	<b>£98,000</b>	<b>£154,000</b>	<b>£270,000</b>
Provision for Share repayments (or borrowing)	<b>£90,000</b>	<b>£100,000</b>	<b>£130,000</b>
<b>Surplus</b>	<b>£8,000</b>	<b>£54,000</b>	<b>£140,000</b>





# Asset Lock

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The constitution of FC United contains a statutory asset lock which cannot be removed by members' resolution and which restricts the ability of the Society to use or deal with its assets other than for the benefit of the community. In particular:

- the only payments which can be made to members are the value of withdrawable share capital or interest on withdrawable share capital
- the company's assets cannot be transferred except to another organisation whose assets are similarly protected.

This means that the value of the club's assets, including its interest in the stadium is secured for community benefit and cannot be 'demutualised' or cashed in. This reflects the club's commitment to its purpose and the basis on which the Capital Funding Shares are being issued.

# Tax Relief Benefit

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Subject to personal circumstances, Enterprise Investment Scheme (EIS) tax relief may be available to people who buy community shares. EIS is arranged between the investor and HMRC and the benefit to you will depend

on your tax position. If you are eligible, you may be able to claim back a proportion of your investment against your tax liability. If you are unsure, please seek your own professional advice. (Further information

on EIS is at: [www.hmrc.gov.uk/eis](http://www.hmrc.gov.uk/eis) ; and any updates on the eligibility of our share scheme will be made available on [www.fc-utd.co.uk/communityshares](http://www.fc-utd.co.uk/communityshares))

# Contingencies and Risks

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This document contains certain forward-looking statements that are subject to certain risks and uncertainties, in particular statements regarding the Society's plans, goals and prospects. The Society's actual results and operations could differ materially

from those anticipated in such forward looking statements as a result of many factors including the risks faced by the Society which are described in this section and elsewhere in this document. These statements and the assumptions that underlie

them are based on the current expectations of the Board and are subject to a number of factors, many of which are beyond their control. As a result, there can be no assurance that actual results will not differ materially from those described in this document.

# Offer Timetable

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The initial offer period will be from September 21st 2010 to November 30th 2010. The Board of FC United may close the offer before this date or extend the offer beyond it. The timeline for the development is dependent on funding and the Board has planned for three potential

scenarios for implementation and commencement of trading. These are:

- Scenario 1: Best Possible Case. Funding targets achieved by December 2010; build completed by summer 2011; trading commences August/September 2011.
- Scenario 2: Likely Case.

Funding targets achieved by May 2011; build completed by winter 2011; trading commences January 2012.

- Scenario 3: Worst Case. Funding targets achieved by December 2011; build completed by summer 2012; trading commences August 2012.

# Risks

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There are a number of risks associated with the development, for which we have in place mitigation measures in our business plan:

a) Overrun of costs

b) An inability to raise the entire funding package  
c) The running costs of the stadium being higher than anticipated and in excess of those budgeted

d) The projected uplift in revenue from the stadium project does not materialise  
e) A failure to deliver the community use outputs required by the Council

# Provisions

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Funds raised via the share issue will be held in an Escrow Account until sufficient capital has been raised for the project to proceed. Funds will not be transferred into the club until sufficient funding

has been raised. If funding targets are not met by the end of 2011, and the project is delayed, refunds from the Escrow Account will be available should investors wish. These will be subject to an

administrative charge of 5%.

Progress reports to all those supporting the development will be issued as and when appropriate.

# Board and Development Team

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## FCUM Board

The Board of FC United is democratically elected by the members.

It is served by Andy Walsh (General Manager) and Lindsey Robertson (Club Secretary).

The Board of FC United has extensive expertise within its ranks. The Board members are:

Adam Brown - Director, Substance social research company; former member Government Football Task Force

Scott Fletcher - Chairman and Founder, ANS Group

Alan Hargrave - Head Teacher, Gorse Hill Primary School, Manchester

Helen Lambert - PR and communication consultant, former newspaper journalist

Martin Morris - Corporate Account Manager for a global contact centre software company

Steve Pagnam - Co-director, European Tubes Ltd

Phil Sheeran - General Manager, Cardiff International Arena

Mike Sherrard - FSA registered Independent Financial Adviser, Sherrard Financial Management

Julian Spencer - Senior Advice Worker, Rochdale Borough Council

Alison Watt - Service Development Manager, NHS Blood and Transplant

John Manning - Lead Systems Engineer/Developer, Fujitsu Services

Members of FC United including the Board have to date pledged to commit up to £400,000 to the project.

## Project Board

Adam Brown, Andy Walsh, Phil Sheeran and John Manning sit on the stadium Project Board. The design team working with the Project Board includes Barbara McLoughlin, Dominic Sagar and professional expertise as follows:

- Frank Whittle Partnership: Rob Hughes, Nick Wiley
- Taylor Young: Alan Simpson, Stephen Hughes
- Ludlam Associates: Kath Ludlam
- BCM Consulting: Brian Morris, Andrew Ringland
- AECOM: Andy Brookfield
- Scott Hughes Design, Ian Scott Hughes

## Supporting Documents

A number of supporting documents (including all those specifically mentioned in this document) are available at [www.fc-utd.co.uk](http://www.fc-utd.co.uk) or on application to Lindsey Robertson at the club. These include:

Outline Business Plan

Community Use Plan

Travel Plan

Guide to Buying Community Shares.

# Application for FC United Community Shares

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## TERMS ON WHICH PAYMENTS ARE MADE

1. Payments will be held in an Escrow Account operated by Cobbetts LLP in the name of FC United until sufficient capital has been raised for the project to proceed in accordance with the funding targets set out in the offer document. The Board of FC United will decide when targets have been reached. At that point, funds from the Escrow Account will be transferred to purchase community shares and share certificates will be issued by FC United.
2. Sums paid into the Escrow Account will not be returned to applicants for shares unless:
  - 2.1. the Board of FC United has not decided before 31 December 2011 that the project can proceed; or
  - 2.2. the Board of FC United decides before that date that the project cannot proceed. In either of those circumstances funds paid into the Escrow Account from applicants for community shares will be returned to them subject to an administrative charge of 5%.
3. The information provided in application forms will be dealt with in accordance with data protection legislation and will not be disclosed to any third party except for the purpose of running the Escrow Account; for preventing crime; to the police, if required by law; to any relevant regulatory authority, if required by law; or with the permission of the person concerned.
4. Applications will be processed in the order in which they are received and may be accepted or rejected at the absolute discretion of the Board of FC United. Any application rejected will be returned to the applicant together with a cheque for application monies received without interest.
5. By completing and delivering an application form you, as the applicant:
  - 5.1. offer to acquire the number of capital funding shares in FC United specified in the form on the terms and subject to the conditions set out here and in the offer document and subject to the Rules of FC United;
  - 5.2. confirm that in making the application you are not relying on any information or representation other than those contained in the offer document and this application form and agree that no person shall have any liability in connection with your application for any information or representation not contained in the offer document and application form.
6. The Escrow Account will be an interest bearing account. Except where this document says otherwise, interest earned on the account will be for the benefit of the party to whom the money in the account is paid or repaid in proportion to the payments or repayments made.
7. Cobbetts LLP shall have no duties or responsibilities other than those expressly set out in this document and shall not be liable for any action taken or not taken by it or FC United, provided it acts in good faith and in the exercise of its own best judgment.
8. If any issue arises Cobbetts LLP may apply to court for directions without requiring any prior consent and the directions of the court shall be binding on FC United and on applicants for shares in FC United to the maximum extent permitted by law.



# Application for FC United Community Shares

Please complete the following form. By signing it you confirm that you have read the offer document and accept the terms set out there and on the back of this form. When you have completed and signed the form please send it to FC United Team, Cobbetts LLP, 58 Mosley Street, Manchester M2 3HZ. You must either enclose a cheque for the value of shares you wish to buy or make a bank transfer to the Cobbetts LLP Client Account, the details for which are:

Royal Bank of Scotland St Ann Street Manchester M60 2SS

Sort Code 16-00-02

Account Number 11943297

Please quote your name and reference FC3.1 so that your payment can easily be linked to your application for shares. Your payment must come from a UK clearing bank account in your name and, to comply with anti-money-laundering laws and regulations, you must complete this form with your full name, address and date of birth. By signing this form you agree to us using this information to carry out an electronic identity check and to provide any other information we require to carry out our obligations.

Cheques are payable to Cobbetts. Please tick here if you are paying by bank transfer [  ]

Full Name .....

Address .....

.....

.....

Date of Birth .....

Telephone .....

Email .....

We aim to provide as cost efficient a service as possible for members and we aim to protect the environment. For these reasons our preferred method of communication is via email. Tick this box if you do not wish to receive information by email. [  ]

Are you an existing member of FC United of Manchester?

Yes [  ] Membership number:.....

No [  ]

If no, please confirm that you wish to join as a member by ticking this box. (If you do not, you cannot invest in the share scheme.) [  ]

In addition to your payment for [community shares] you must pay an annual additional membership fee (currently £12) to become and remain a member. Your membership fee will be paid over to FC United and will not be subject to the arrangements for the Escrow Account.

I would like to invest the following amount (minimum £200): £.....

I am not a member and need also to pay £12 annual membership fee [  ] £.....

Total payment £.....

Signed.....

Date.....





FC United of Manchester,  
Hope Mills, 113 Pollard Street,  
Manchester M4 7JA  
Tel: 0161 273 8950  
Email: [office@fc-utd.co.uk](mailto:office@fc-utd.co.uk)

[www.fc-utd.co.uk](http://www.fc-utd.co.uk)

