TIMES-CALL

Restaurants Food and Drink

Pondering the Pint: Left Hand invites individual investors

Left Hand Brewing's stein holding contest at its 2018 Oktoberfest event. (Eddie Clark – Courtesy photo)

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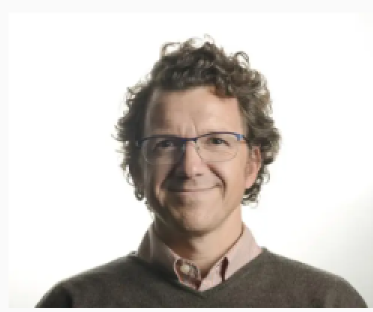
As refurbishment of the St. Vrain greenway wraps up behind Left Hand Brewing Company's "world headquarters," co-founder Eric Wallace sees opportunities materializing.

In 1993, he and fellow founders converted the site of a former sausage factory into a craft brewery that grew to make more than beer. Left Hand and dozens of small businesses it incubated from its home on Boston Avenue indelibly contributed to Longmont's local identity and economy. Community members can now own a piece of that history and the future of local independent beer for as little as $500.



Cyril VidergarPondering the Pint

For 30 years, Left Hand's veteran-founded corporate entity, Indian Peaks Brewing Company, has remained stalwartly independent. It last sold public equity 23 years ago and only quietly opened stock offerings early in 2024, focusing first on accredited (SEC Regulation D) institutional investors. LHB courted those large pockets for foundational funding toward a community-focused restructuring: launching an independently owned consolidation platform for craft beer brands to streamline production and distribution.

The initial push garnered forty percent of the $2,735,000 investment goal, encouraging Left Hand to engage the WeFunder.com platform for an offering open to non-accredited (Regulation CF), "mom-and-pop" community investors, too.

WeFunder leverages securities legislation that allows up to $25,000 from individuals. The laws are geared to generate start-up seed money; however, they also allow established businesses to pivot. LHB's open Community Investment Round will close in January 2025 and has raised more than $700,000 from over 340 individual investors.

More details of the Community Investment Round are available on Left Hand's WeFunder site. Nevertheless, with a buy-in price of roughly $400/barrel of the brewery's average annual production (30,000 BBL), excluding real estate equity, investors stand to realize significant appreciation under the restructuring. Therein lies Wallace's true vision.

When he began brewing in Longmont, Wallace generally understood the virtue of multi-generational survival for locally owned businesses. Now, with hindsight gained from incubating local brewing, food and related enterprises, his understanding is much sharper. As a former Chair of the Brewers Association Board and director on the Longmont Economic Development Board and Colorado Brewers Guild Board, Wallace also has a unique read on the proverbial "tea leaves" of the state's craft beverage culture.

As recently reported widely, craft beer brands are going through the grinder, as consumer trends shift away from small and local brewers to multinational manufacturers and other alcohol products. While this "contraction" is predicted to be a roughly five-year cycle, during this time, many breweries will fail. This is both a function of business in any cycle and a natural consequence of current market oversaturation, e.g., too many wild IPAs.

Different today though, compared to industry undulations in prior decades, is the market bottleneck created by Colorado statutory changes, beginning with Senate Bill (SB) 16-197 that increased the limit of retail liquor licenses a single owner could hold, and SB 18-243 that allowed retail fermented malt beverage licensees to sell full-strength beer, i.e. alcohol content at or above 3.2%.

The current legal landscape complicates the gauntlet independent breweries face. Small, independent liquor stores provided a vital link for new brands to emerge and reach markets whereas small breweries today are finding chain grocery stores less interested in giving new products shelf space. First, chains undercut independent liquor stores, forcing droves to close and now they are foreclosing market access. The result: distribution and packaging logistics are now even greater obstacles for small breweries.

"To survive, we believe distributing craft breweries must scale up. That's why we are building a consolidation platform … as opposed to selling to multinationals or closure. Small, local businesses positively impact our communities, making it critical for them to stay open," said Wallace.

Left Hand, however, is an independent brand not faltering in the current climate. It has large production, rare in-house canning and bottling lines, established distribution history and is poised to expand. Wallace in fact sees the looming local market contraction as creating opportunities. His vision is not about joining the takeover race though; rather, it's about sharing resources with colleagues and enabling supporters to buy into brands that are likely to succeed.

Left Hand already co-packages and contract-brews for multiple other brands. Wallace sees further ways to leverage the brewery's licensing and facilities to maintain local and state craft beer economies, as well as support succession planning for local craft businesses.

The invitation to invest in Left Hand, then, is a rare opportunity to own more than a piece of the iconic brewery; it's an investment in our communities and an industry vision.

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