

Menter Felinheli Cyf.

3 yr Business Plan for Potential Acquisition of Felinheli Marina

October 2023

EXECUTIVE SUMMARY

1. Executive Summary

The project relates to the purchase of land owned by Port Dinorwic Marina Ltd which is currently in Administration. Menter Felinheli have registered an interest in buying the site with the Administrators, Azets.

The aims of the project would be to acquire and commercially operate the Marina; to use the land-based buildings and facilities to provide employment, training and educational opportunities for local people; to maximise and improve leisure and tourism opportunities and to make the site more accessible to the local community. We would seek to restore some of the buildings on the site in a way which reflects their history whilst, at the same time, providing new employment opportunities.

Vision

The community enterprise “Menter Felinheli Cyf.” has been established to be pro-active in taking ownership of appropriate assets in Y Felinheli on behalf of the community and to develop economic, social, and cultural value from the projects for the benefit of the community and its residents.

Mission

The first project will be to purchase the Marina and make it again central to the life of Y Felinheli and its residents, enabling the community to benefit from the asset and the business which it generates.

Key Services

A comprehensive description of the property is provided by Savills Valuation report so a summary of the site and assets is sufficient for this business plan.

The property comprises a marina with circa 180 berths located in two distinct locations, plus several buildings, plant and machinery as summarised below:

Workshops

Lock basins (inner dock)

Office and Cafe Building

Old Harbour Office

Lock Control Building

Tidal Pontoon basin (outer dock)

Menter Felinheli Cyf is a Community Benefit Society so that members of the community can purchase shares in the venture. The enterprise will be managed by a board elected at an Annual General Meeting (AGM).

It is anticipated that the Board will meet monthly to assume the role of overseeing the share issue and the purchase of the Marina and its future management.

The latest Industry view and market analysis for the sea-based marina businesses is surprisingly positive with strong confidence moving forward. The medium size marinas such as Y Felinheli are a particularly buoyant market. However, this means that it is becoming attractive to large players in the leisure industry and institutionalised investors which can be a challenge for this enterprise to acquire the marina.

The SWOT and PESTLE analyses clearly identify the positive and negative aspects of the proposed purchase and identify matters that are within and outside the company's control. These analyses then allow for mitigations to be put in place to reduce risks and challenges.

As a well-established marina business with long term tenants occupying properties on the quay the target market is clearly identified and understood. The main thrust of any marketing will be to retain existing customers and tenants by maintaining a high level of services and establishing new ones e.g., refuelling stations.

As a social enterprise, marketing the community share offer is very important not only to raise capital but to engage the local community in the idea of ownership of the asset. A clear marketing and publicity strategy is described in section 10 of this plan.

Detailed three-year financial forecasts have been prepared, including monthly cash flow, profit/loss and balance sheet with notes to explain the income and costs figures. See Appendix 1 for full details, but the information can be summarised as follows:

Over the first three years the marina will maintain a very healthy annual average profit after tax in the region of £115,000.

The funding package will be a combination of Grants £1,000,000, Loans £800,000 and equity (community Shares) £300,000. Financial projections show that this investment will be sufficient to finance the purchase and repair of the marina and will provide sufficient working capital in year 1.

The company understands that the purchase of the marina is the first step on the journey to the ownership of community assets and the business generated by the assets, and has therefore produced a Sustainability and Development Strategy to guide the business in the medium to long term.

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1. INTRODUCTION



Figure 1.1 – Marina Felinheli

1.1 The project relates to the purchase of land owned by Port Dinorwic Marina Ltd which is currently in Administration. Menter Felinheli have registered an interest in buying the site with the Administrators, Azets

1.2 Since the closure of the quarries in the late 1960's one absentee owner after another failed to fully utilise or make the Marina commercially successful or relevant to community needs. No mention is made of the site's heritage and no attempt has been made to respect the historical importance of the slate quarrying industry to Felinheli or to interpret its significance as the primary *raison d'etre* for the entire village.

1.3 The aims of the project would be to acquire and commercially operate the Marina; to use the land-based buildings and facilities to provide employment, training, and educational opportunities for local people; to maximise and improve leisure and tourism opportunities and to make the site more accessible to the local community. We would seek to restore some of the buildings on the site in a way which reflects their history whilst, at the same time, providing employment opportunities.

1.4 With the emphasis of the new school curriculum in Wales being on knowledge of local heritage and history the site will provide a range of opportunities to develop educational projects with local schools and colleges.

1.5 The community will own, and manage, an asset that could provide several opportunities to provide the community with financial and social benefits. At present the range of employment opportunities are limited to managing a marina of 180 berths for the benefit of occasional visitors to the area.

1.6 There are opportunities to broaden the range of employment opportunities on the site to include historical interpretation, restoring community and, possibly, physical links to the World Heritage sites of the north Wales Slate Quarries working with, and through, local and national heritage and educational establishments such as the north Wales Slate Museum in Llanberis and the National Museum.

1.7 We would be actively seeking to set up projects to encourage and enable local people to access these opportunities which currently the site does not provide. An important part of the project relates to the opening of access to the sea for the local inhabitants. Over the years access to the shoreline has been progressively restricted and privatised.

1.8 The psychological impact of the community owning and protecting these assets is, potentially, very significant and we believe this project will provide a boost of confidence to the social enterprise sector in Gwynedd and Wales.

2. THE MISSION AND VISION OF MENTER FELINHELI CYF.

2.1 Vision

Menter Felinheli Cyf. has been established as a community enterprise with the objective of acquiring suitable assets in Y Felinheli on behalf of the community, and extracting economic, social, and cultural value from these assets for the benefit of the community.

2.2 Mission

The first project will be to purchase the Marina and make it again central to the life of Y Felinheli and its residents, and for the community to benefit from the business.

2.3 An important part of the project relates to the opening of access to the sea for the local inhabitants. Over the years access to the shoreline has been progressively restricted and privatised. The psychological impact of the community owning and protecting these rights is, potentially, very significant.

2.4 Over the past 5 years several important buildings and land in the village have been and operated by externally based owners and operators for the sole financial benefit of those operators. This has frequently meant bringing workers with them so that employment opportunities for local people are limited. Retaining local ownership of local assets is seen as a prerequisite to address these issues. The immediate impetus for establishing the co-op has been identified as the purchase of the Port Dinorwic Marina which has recently gone into administration.

2.5 Since the marina was established in the 1980's it has had one absentee owner after another with very little apparent benefits accruing to the local community. The Marina is situated on the Felinheli (also known as Port Dinorwic) quayside - a site previously used to prepare and export Dinorwic Quarry slate all over the world. Since it was established the successive Marina owners have made no attempt to connect the marina with its past and heritage and no attempt to connect the Marina with the local community. Menter Felinheli will address these issues by buying and operating the Marina as a community enterprise there to benefit the people of this community in perpetuity.

2.6 The main activities will be to own and operate the Port Dinorwic Marina, which has 180 fully occupied boat berths, two restaurants, offices, workshops, and parking areas. There is potential to re-connect the old slate quay to its history and heritage and to re-connect this area with the community.

2.7 These connections have been lost since the demise of the slate quarries – and considering that we are in an area which is now a UNESCO designated World Heritage Site (Post Slate Industry valleys) this provides new opportunities to add value to a visit to the marina.

2.8 It is a medium term aim for Menter Felinheli (yrs 2-3 and onwards) to establish heritage and industrial archeology projects in partnership with The National Museum of Wales and the Slate Museum in nearby Llanberis. Potential funders could be the Heritage Lottery Fund and the Lottery Community Fund.

2.9 There are also community-based activities that can be developed especially as the local community have, not largely felt an association with the marina.

2.10 Educational activities will be developed in partnership with local schools and colleges to offer courses and training in maritime industries and community tourism.

3. THE MARINA

3.1 The first project will be to purchase the Marina and make it again central to the life of Y Felinheli and its residents, and for the community to benefit from the business.

3.2 The community will own, and manage, an asset that could provide several opportunities to provide the community with financial and social benefits. At present the range of employment opportunities are limited to managing a marina for the benefit of occasional visitors to the area. There are opportunities to broaden the range of employment opportunities on the site to include historical interpretation, restoring community and, possibly, physical links to the World Heritage sites of the north Wales Slate Quarries working with, and through, local and national heritage and educational establishments such as the north Wales Slate Museum in Llanberis and the National Museum. We would be actively seeking to set up projects to encourage and enable local people to access these opportunities which currently the site does not provide.

3.3 An important part of the project relates to the opening of access to the sea for the local inhabitants. Over the years access to the shoreline has been progressively restricted and privatised. The psychological impact of the community owning and protecting these rights is, potentially, very significant.

3.4 The immediate impetus for establishing the co-op has been identified as the purchase of the Port Dinorwic Marina which has recently gone into administration.

3.5 The main activities will be to own and operate the Port Dinorwic Marina, which also has two restaurants, offices, workshops and parking areas. There is potential to re-connect the old slate quay to its history and heritage and to re-connect this area with the community.

4. KEY SERVICES

4.0.1 A comprehensive description of the property is provided by Savills Valuation report so a summary of the site and assets is sufficient for this business plan.

4.0.2 The property comprises a marina spans two distinct locations. The eastern section is based on a narrow valley where the river Heulyn flows to the Menai Straits, and the western section is a rectangular structure and is the “Hen Gei Llechi” (old slate quay) located on the Menai Straits. The eastern location has workshops for servicing and repairing boats. There are also two lock basins, two lock gates and a draw bridge and a dockmaster’s office; additional buildings are an office block comprising of three offices rented separately a café building, and the old harbour office with a hairdresser, beauty salon, restaurant and residential flat.

4.0.3 Both locations have car parking facilities however it is felt that they are insufficient for present day needs.

4.1 Workshops

4.1.1 The workshops are located at the eastern end of the property and eastern end of the lock basins. Attached to the eastern elevation of the modern workshop is a two-storey brick workshop with pitched roof. It has two separate entrances; one entrance provides access to a tool storage room and the other provides access to self-contained storage units.

4.1.2 As the primary activities of the workshops are to service and repair boats externally there is a hardcore surfaced area with boat storage for circa 17 boats and a crane with 20 tonnes limit.

4.2 Boat Storage Compound

The compound is located to the south of the lock basins, between the residential properties which adjoin the subject property. It is a hardcore surface compound used to store boats and is enclosed by fencing and concrete walls. The compound has space for circa 13 boats.

4.3 Lock basins (inner dock)

The Eastern marina location has three lock basins date from the 1770s. Boats access the lock basins dock via two lock gates from the Menai Straits, with a draw bridge enabling access to the eastern side of the inner dock. Boats are berthed along each side of the lock walls. All berths have water and electric hook-ups. The maximum boat length permitted in the inner dock is 14 meters. The Easternmost basin was once a dry dock for building and repairing boats and it is believed that the original lock doors are submerged in the dock entrance having fallen free at some stage.

4.4 Office and Cafe Building

The office and café building is located next to the main entrance to the lock basins. The eastern end of the ground floor comprises Swellies café The western end of the ground floor comprises facilities for berth holders (toilets, shower, washing machine and drier). The first floor comprises the marina office and four serviced offices (let to third parties).

4.6 Old Harbour Office

The building is a part single storey, part two storey building located opposite the draw bridge and to the south of the lock basins. It is here that the hairdresser and beauty salon and the site of the former La Marina restaurant are located on the ground floor with a one-bedroom flat above. All the separate elements of the building are let to tenants.

4.7 Lock Control Building

The dock master's office is located at the western end of the lock basins, adjacent to the principal car park. Adjacent to the dock master's office are petrol (underground) and diesel tanks (overground) and within a fenced compound. They are not currently being used but the proposed new owners would like to see them brought back into service.

4.8 Tidal Pontoon basin (outer dock)

The tidal pontoon basin is situated at the western end of the property and is separated from the lock basins by a harbour wall (also part of the property). The tidal pontoon basin dates from the 1890s and dries at low water on a springtide. The basin has direct access onto the Menai Straits. The property also includes the sea wall that extends to the southwest of the tidal pontoon basin.

5. Industry overview and market analysis

5.1 The following information is from the UK Marinas and Moorings Market 2022 (January 2023) and it is essential data to underpin any existing or prospective marina business plan.

5.2 Marina revenues have bounced back to a higher level than pre pandemic levels, however business confidence in the same period fell. This is probably a function of the continued consumer uncertainty caused by the high inflation rate and the continuing war in Ukraine.

5.3 Having said this household leisure spending has risen sharply in 21/22 to pre pandemic levels, which seems to contradict the previous findings. It is possibly due to the simple fact that people had endured lockdowns and are looking for more leisure opportunities.

5.4 The Coastal Marina and Mooring sector show very positive data for 2022:

- Revenue increased by 13.5%
- Net Profits up 39.9%
- FTE Jobs up 5%
- 56% of Marina owners feel that business confidence has increased even with the underlying backdrop of high inflation and low economic growth in general.
- Inland marina berth occupancy has reached 89%.
- The income yield from berth fees has increased by 13.2 %
- 19% of marina owners are looking to expand the facilities over the next few years.
- 56% of marinas report that demand for their berths and services has increased to levels higher than pre pandemic period.

5.5 The picture in Wales is similar to the UK in general with Wales being a very small part of the coastal marina and berthing sector at approximately 5.7% with 5.5% of berths, however Wales has a larger proportion of the jobs created 8.5% of the UK whole compared to the UK average of 5.5%.

5.6 The total revenue created in Wales was £12.7 million or 12.7% of the UK whole. This is interesting as having noted above Wales only has 5.7% of the total UK sector. This seems to indicate that Wales is more efficient in generating income from the marinas.

5.7 Following on from the other statistics, business confidence seems to be relatively high in Wales with 65% of marinas reporting that they had a waiting list for berths with berths of 12m-24m representing 29% of the waiting list.

5.8 Current demand for Marina services is increasing with boatyard services up by 21% and leisure berths up by 20% and 55% of marina operators expect the business to increase in the next 12 months.

5.9 Marinas of similar size to Y Felinheli were having an average of 574 visits from boats in the year. Y Felinheli marina is of median size in the UK sector representing 16% of the total sector. Marinas with 51-100 berths represents 35% of the sector and the larger marinas with berths of 250 represent 36% of the sector.

5.10 This is a very important statistic as a recent study by Savills (specialist Marina selling agents) have identified a recent trend in the market and note that a two-tier market is developing.

5.11 Marinas have traditionally been owned and operated by family businesses and leisure companies, however since 2018 private equity companies and trusts have entered the market as they believe that marinas can provide good returns for their investors. These investment organisations have been actively involved in the general leisure and garden centre sectors.

5.12 Private equity is focusing on the median size marinas (average 250 berths) with the traditional owners still active in the smaller and larger marinas.

5.13 There is a more detailed analysis of the market in section 9 of this Business Plan.

5.14 Y Felinheli marina being in the median size category is an additional challenge for Menter y Felinheli, due to the interest shown generally by private equity however recent UK median size marina sales have been for marinas with other leisure facilities nearby (eg camp site) or land which could be developed. Neither of these are available to potential investors in Y Felinheli so it could place Menter Y Felinheli in an advantageous position with regards to the interest shown in this marina.

6. OWNERSHIP STRUCTURE AND SITE CHARACTERISTICS

6.0.1 The marina sector has a fragmented ownership structure, with most marinas independently operated as private or family businesses, often as a lifestyle choice. Multi-site operators form a small proportion of the sector and there are perhaps around a dozen significant groups, with key operators including Premier, MDL, Yacht Havens, Aquavista, Boatfolk (formerly Dean and Redyhoff), Tingdene, Lakeland Leisure and ABC Leisure Group.

6.0.2 The sector has attracted a degree of M&A activity, especially since around 2015 and of the dozen or so large group operators, there is a fairly even split between those that are corporate backed and those which remain in private family ownership. A number of the family-owned groups were founded in the late 1960s or early 1970s with some such as Tingdene and Boatfolk having started life in the holiday park or residential park home sectors. The main restriction precluding further M&A activity in the UK marina market rests purely with its limited size, for the institutional appetite has long been apparent.

6.0.3 The marinas themselves can be split into those that are coastal and those that are inland. Each has quite distinct operational characteristics and investor requirements. Inland marinas account for around 47% of the circa 570 marinas in the UK, but only around 37% of the number of berths, with an average of around 130 berths per marina. Coastal marinas account for about 53% of the total number of marinas and 63% of the number of berths, with an average of around 200 berths per marina. Penton Hook Marina in Surrey, at 575 berths and operated by MDL, is the largest inland marina. Premier have the largest coastal marina, with 1,300 berths. The development of new marinas is restricted by the physical constraints as well as the prohibitive construction cost. They are more often constructed as leisure and tourism hubs or in conjunction with housing and commercial development.

6.1 Operational Trends

6.1.1 The marina sector proved exceptionally resilient through and in the immediate aftermath of the pandemic, helped by the staycation effect, a general trend towards outdoor recreation, greater prioritisation of leisure expenditure and an uptick in first-time water sports participation. Savings accrued during multiple national lockdowns contributed towards a spike in first time boat owners, with demand for berths commonly exceeding supply. Boat ownership has historically been favoured by the more cash rich older generation however to retain customers and attract younger boat owners, increasingly marina operators

have offered more flexible berthing packages. In January 2023, the governing body for the marina sector in the UK, British Marine, published its periodic sector overview, the UK Marina and Moorings Market, which highlighted the following operational trends for the 12-month period to April 2022:

- Revenues from marina berthing income were estimated to have grown 13.5% to £283M in 2021 / 2022, reflecting the expansion of boating in the UK and the demand for marina services following the relaxation of pandemic-related restrictions on boating activities.
- Occupancy rates for April 2022, at the start of the boating season, averaged 90% across all mooring providers, with rates highest at inland marinas (91%) compared to coastal ones (89%), and highest in the Midlands (93%) and South of England (92%) regions and lowest in the devolved regions of Scotland and Wales (84%).
- The yield per berth, a key metric for marina berthing productivity alongside occupancy, grew 13.3% to £3,551, due to a surge in demand and rising inflation after lockdown.
- With supply increasingly strained, 19% of marinas responding to the survey are looking to expand over the next 12 months. Developments are focused on expansion of pontoon berths with only a small amount of dry storage planned. Overall, these changes would increase UK marina berthing capacity by an estimated 2.6%.
- Despite increasing challenges from inflation and declining UK economic growth, marina businesses were optimistic about their market, with 54% of members still positive about their company's prospects, citing the continued effect of the pandemic boom in second-hand boat sales and demand for berths over the last year. 56% of respondents reported that demand for berths was still above pre-pandemic levels.

6.1.2 Although the recent report paints a positive picture for the 12-month period to April 2022, the war in Ukraine in February 2022 proved a contributing factor to a subsequent change in outlook, notwithstanding that some of the premium marina operators reported a strong 2022. It remains to be seen whether many of the newer, younger customers who were attracted to the market, will return to previous leisure pursuits but by the end of 2022, many operators were reporting a decline in trading, with a slowdown in boat sales. With consumer confidence on the wane, those operators targeting a more affluent demographic or generating a greater share of income from mooring fees are expected to outperform those with a mid-market offer and those more reliant on ancillary income streams.

6.1.3 The cost-of-living crisis has also exerted pressure on operators' cost base. There has been an acute rise in utilities, whilst the cost and availability of labour represents a challenge, in common with many service sectors. A significant rise in insurance premiums is a common trend, at least amongst the group operators and the latest pressure point for many operators comprises business rates; following the release of the 2023 rating list, rateable values have increased by an industry average of 22%. That said, at least some of the group operators have been able to pass inflationary pressures onto consumers, at least in part, through an increase in their mooring fees. This is particularly the case for some coastal marinas along the south coast of England, which cater for a more affluent demographic. Business Model Moorings provide a steady and sound level of income which will always underpin value, but the overall value of the property is often influenced by the value of the other businesses and availability of residential accommodation.

6.1.4 Marina values are driven primarily by levels of income, security of occupancy, and the level of investment required to maintain them and deliver ongoing trading performance. Individual marinas are often sold with a house, or a business such as boat repairs, chandlery, retail units, residential property, public house, a mobile home park and or a restaurant. These ancillary activities can cater not only to the marina's own mooring customers (resident and visiting) but also the public. Boat owners' main priorities when considering mooring sites are location, access, security, quality of the mooring, site maintenance, cost, quality of facilities, range of facilities and quality of service. The spending of new marina clients is likely to be significantly higher if an attractive level of security and facilities can be provided. Reflecting the fragmented ownership structure, the marina market is characterised by a two-tier transactional market.

6.1.5 The top tier comprises higher value single assets and portfolios, where the buyer pool is weighted towards group operators and corporate investors, including private equity, who are attracted by the strong fundamentals and flexible business model, anchored by low risk recurring mooring fees.

6.1.6 The second tier comprises lower value marinas, where the buyer pool is weighted towards other marina operators, private investors, and real estate companies/funds.

6.1.7 For lower value properties again (say sub £2M), lifestyle Confidential buyers and boat enthusiasts also have an interest. The level of interest depends to an extent on the degree of ancillary facilities offered at the site and the future profit potential. The fact that marinas rarely come to the market in itself helps fuel investment appetite.

6.1.8 The most recent portfolio sale in the UK comprised the off-market acquisition by Aquavista of the Castle Marina portfolio, which comprised 11 inland and coastal marinas. A premium price was paid in December 2021. The purchase increased Aquavista's existing portfolio to 29. British Waterways portfolio of 18 marinas (15 inland and 3 coastal) was sold to Lloyds Capital in December 2018. We understand that there was substantial interest in the sale from both marina groups and private equity which indicated the depth of the buyer pool. Although it is now slightly historic, the successful bid is understood to have reflected a headline 13 to 14 multiple (7.14% to 7.7 % yield) although compensation for defects in the data provided may have lowered the final price paid. The statutory reported income for the period 2016- 2017 was £8.1m.

6.1.9 Given the relatively small size of the UK marina market and the fact that the top tier attracts interest from cross-border investors deploying capital in mainland Europe and the US, of relevance is MarineMax's recent acquisition of 23 marinas, across 12 countries, which were previously owned and operated by IGY. The acquisition price was more than \$400 million; some sources report the deal reflected a 14.5 multiple on profit while others suggest it was more than a 20 multiple on profit. In the UK, most single asset marina transactions involve complex properties which are difficult to analyse but provide evidence of a strong demand for marinas and boatyards when exposed to the open market, albeit most often at a lot size of circa £2.5m upwards. Marinas, and particularly coastal marinas, rarely come to the market but analysis of the most recent evidence indicates a 7.14% to 10% yield requirement (10 – 14 multiple) in most cases where a stable trading position has been established and there is little reliance on higher risk income. This excludes non-income securing elements such as residential accommodation or surplus land. Given the current operational headwinds, we are starting to see several of the top tier operators being less acquisitive and instead inwardly investing, either in the shape of maintenance and development capex or to meet new standards in terms of sustainability. Tingdene and MDL are two such examples.

6.1.10 Although there is not perhaps the depth of buyers seen at the height of the market in 2021, sentiment would suggest that, with a flight to quality, there has been no outward shift in the achievable multiple on profit for best-in-class assets and any decline in the headline price would reflect a more conservative view on the sustainable level of trade. Indeed, given the scarcity factor, particularly for coastal marinas, those properties which are of interest to branded operators and corporate backed buyers, yields as low as 7% (14.28 multiple), and potentially lower have been accepted where there is significant trading upside potential, as evidenced by the recent sale of Universal Marina, on the River Hamble.

6.1.11 Like many leisure sectors, values seem to have become polarised between the upper and lower ends. It should be noted that the market for marinas in the United Kingdom is extremely restricted with only a small number of open market transactions taking place at any one time. This has the effect of limiting up to date evidence of comparable transactions which can act as a guide to value and can result in relatively small changes in supply or demand creating rapid and disproportionate movement in values.

6.2 Specific considerations

A plus point for the coastal marinas is that there is a general feeling of positivity for the future among marina operators. This trend, along with historical trading data from a very resilient Felinheli marina provides confidence for the company to move forward.

The business has 3 sources of income as noted below – each has a different market which will be discussed separately:

6.2.1 Mooring fees

As noted above, mooring fees are the cornerstone of the marina industry and are historically a sustainable and consistent source of income for a business. Coastal marinas are more appealing to the more affluent boatowners and as such have proved very resilient during and in the aftermath of the pandemic and economic downturn. Occupancy rates for coastal marinas are averaging 89%. Our financial projections are based on a more conservative 75% which produces a net profit therefore it bodes well for the business.

6.2.2 Repairs and servicing and other services

The UK Marine and Mooring Market report notes that the provision of ancillary services makes the marina much more attractive to boat owners. The Felinheli marina does provide services as noted, and we have plans to provide further services eg diesel and petrol refuelling.

6.2.3 Rental income from let properties on site

The marina has the following tenants, most of them well established businesses whose tenancies will be continued by the new company:

- 4 offices each with individual businesses
- Beauty Salon
- Hair Salon
- Rental from Restaurant (site of former La Marina restaurant)
- Swellies Café
- 1 bedroom Flat with tenant

The rental income from these let properties provides a regular and sustainable source of income for the business.

7. SWOT ANALYSIS

This is a tool for identifying the Strengths, Weaknesses, Opportunities and Threats to the business. Strengths and Weaknesses are internal to the business of the Marina whereas Opportunities and Threats are external.

Identifying these elements will inform the business on what needs to be done to enhance the Strengths and Opportunities and to mitigate the Weaknesses and Threats.

7.1 Strengths

- Historically important Asset, The Marina has been central to the existence of the village since it's early days as a slate exporting quay in the 18th Century to today's marine leisure complex.
- Strong core group of volunteers working very hard to establish the social enterprise and engage with the community.
- Location in the village, the old quays and marina are an integral part of the village.
- Links to other businesses in the village.
- Grants already secured from multiple sources to conduct initial technical and Feasibility studies.
- Income generating potential from the business and the marina buildings.
- High demand for Coastal marina berths

7.2 Weaknesses

- Need for significant capital to purchase the Marina and undertake necessary remedial work.
- Group members have extensive business experience but have not managed a Marina before.
- This will be the first community owned marina in Wales therefore funders have little experience of such a venture.
- No refuelling facility on site
- Lack of parking on site.

7.3 Opportunities

- Increase income e.g. reinstate dry dock
- Reinststate refuelling facility
- Developing a site that can provide economic and social benefits to Y Felinheli

- Cooperation with other local attractions, organisations and businesses along the Menai Straits.
- Creating an exemplar model for social enterprises to purchase and operate assets and business of significance.

7.4 Threats

- Funding uncertainty for the purchase
- Unforeseen additional capital investment needed eg Quay repair.
- Continued economic /cost of living uncertainty reducing leisure spending
- Cost of living crises reducing individuals and families' spending on non-essentials eg leisure
- Continued cost of energy crisis reducing individuals and family's ability to make non- essential travel arrangements.
- Tenants default on rent
- Tenants gain security of tenure rights

8. PESTLE ANALYSIS

PESTLE is an acronym for describing the external influences on the business, these are things that the business cannot control however it needs to be aware of them in order to mitigate their effects.

P- Political

E- Economic

S- Social

T- Technological

L- Legal

E- Environmental

8.1 Political

All tiers of government in the UK are in a period of uncertainty and a significant financial insecurity due to Covid -19, Brexit and the war in Ukraine. It is therefore necessary to develop assets and services that can survive and indeed thrive under these challenges.

One way to do this is by having more local control over the organisation of communities, so that they become resilient and able to respond to the needs of the communities themselves. Menter Felinheli does this by providing a resource that responds to community endeavours and creates spaces to develop the economy and the local society in a sustainable and community led way.

It is by being established as a social enterprise that Menter Y Felin also reflects the new politics of Civil Society i.e. approaches at community level that are not part of public authority systems.

Wales and Welsh Gov. is leading the way in the UK to placing social enterprise at the centre of its Foundational Economy strategy.

8.2 Economic

The economy both locally and nationally Welsh and at UK level has been dealt a heavy blow by Covid -19, Brexit and the war in Ukraine and so again we have to look at different economic models to respond to current and future threats. Many social enterprises have been operating on the basis of the Foundational Economy, which is planning an economy based on the needs of communities instead of what large international businesses believe is needed.

The whole ethos of the Menter Felinheli project is based on this principle, and the project was built on the basis of extensive consultation with the local community and local stakeholders.

8.3 Sociological

Menter Felinheli will be a social enterprise with its roots in the community of Y Felinheli and its projects and activities always put the local community at the centre. The communities bordering the Menai Straits have seen social changes over the decades but remains a close-knit Welsh speaking community which feels great pride in the area, its culture, history and especially its people.

The development of the Marina gives the community a new economic resource. Which will also provide opportunities to educate and to provide opportunities to develop new and traditional skills.

8.4 Technological

Menter Felinheli will invest in the latest technology to manage and operate the Marina business.

8.5 Environmental

Environmental sustainability will be fundamental in the operation of the business and its future management.

The Marina has a number of units for renting and accommodation which means that work and living opportunities can be created in the village,

8.6 Legal

New laws will come into force following Brexit, the Pandemic and the war in Ukraine which will affect all enterprises and communities. The activities of Menter Felinheli are aligned with the Welsh government's vision, specifically with the Welsh Government Wellbeing of the Future Generations Act eg:

A Prosperous Wales - The business will provide a sustainable source of profit for re investing in the community of Y Felinheli.

A Resilient Wales - the basis of the project and also the activities and experiences that it will bring to the people in the community are the fundamentals of the Foundational Economy which puts the needs of the community first. This means a bottom-up approach to the development of the economy and therefore ensures that financial, economic and natural forces (e.g. Covid) will have a reduced effect on the community.

A Healthier Wales - a healthy community stems from a stable and confident community with wellbeing taking a central role. Menter Felinheli will have many positive aspects not least will give individuals the opportunity to get involved in water sports. The Marina also has a number of paths along the moorings and quays which will provide opportunities for exercise.

A More Equal Wales - Again it is through the principles of the foundational economy that communities can be empowered to resist large external forces such as financial and market forces. Menter Felinheli project as a whole will empower the people of Y Felinheli by creating access to a state-of-the-art Marina facility providing skills, education, economic and leisure experiences and also to educate people about the industrial and maritime history of Y Felinheli.

A Wales of Cohesive Communities - This project will be an exemplar for other communities to own assets in their communities. Other communities on the Menai Straits will be the first to benefit from the activities of Menter Felinheli but it is believed that the enterprise will instil confidence in other Gwynedd and Ynys Mon communities and social enterprises to “raise their game “and to have a much larger vision for the future of their communities. This message will reach many more communities in the rest of Wales and could help to transform our communities.

Wales with a vibrant culture with the Welsh language flourishing - According to the 2021 census 69% of the population of Y Felinheli speak Welsh. It is a natural Welsh community and to ensure this for the future and indeed to increase the numbers of Welsh speakers’ positive action to promote the language as well as measures to have the language seen and heard. The activities of Menter Felinheli will be completely and naturally bilingual, reflecting the community. A linguistic community does not exist in a vacuum there must be a healthy economy and a confident community to underpin the Language and culture and the Welsh language heritage and culture will be an integral part of the development.

A Responsible Wales at a global level - It has been noted above and in several places in this study that sustainability is a cornerstone of the Menter Felinheli’s vision and this will be sustainability in its widest possible definition, encompassing not only environmental and economic sustainability but also social, cultural and linguistic sustainability.

9. TARGET MARKET

The main market is the potential users of the berths, be they long term occupiers or visiting crafts. These same users would also be the potential customers for boat repairs and services and other ancillary services. The buildings that are let on the marina have long term tenants and every effort will be made to maintain the relationship with them.

10. MARKETING AND PUBLICITY STRATEGY

10.1 The marketing plan for the sale of shares in Menter Felinheli will be guided by several factors.

10.2 Price

We have set the price of each share at £100 pounds. This is the minimum figure needed to invest which we believe offers accessibility to the widest possible range of investors. Having considered various pricing levels, both higher and lower, we decided that £100 is the optimal figure as we expect our aim of buying the Marina will attract a significant number of investors, from not only the village of Y Felinheli, but the wider North Wales area and beyond. Investments and donations greater than £100 in value would, of course, be gratefully accepted.

10.3 Time

Our share offer will run for a period of 4 weeks from 1st November. This will allow enough time for our message and marketing campaign to penetrate the potential customer base effectively while also giving us the best opportunity to raise the required funds within the timescale dictated by the sale of the Marina.

10.4 People

We have appointed a team of individuals from our working group to administer the marketing campaign for the sale of Menter Felinheli shares. Each team member has varied and extensive skills in PR, Marketing and Communications and we are confident that they will deliver an effective campaign resulting in a successful outcome.

10.5 Ideas

During the 4-week sales window, we will conduct a schedule of marketing actions using a variety using social and broadcast media along with more traditional activities and events. We believe our action schedule will help us reach a wide audience of potential investors, and crucially will relay our core message of why we think that buying the Marina for the benefit of our community really is a fabulous idea.

10.6 Marketing actions will include the following: -

- Press releases to local, national and UK news outlets telling our unique story which will update and build on the significant press coverage we have already attracted.
- The release of a promotional video in both Welsh and English by Tudur Owen who is a TV and Radio Presenter and one of Menter Felinheli's directors.
- A continued 4-week series of managed and structured social media posts with links to our fundraising page which will be hosted by crowdfunder UK.

- The promotion of a specially commissioned music track by local band **Yr Achlysurol** called **Cei Felinheli** together with specially made posters with the lyrics to the song.
- A volunteer led leaflet drop with share buying details to all houses in the village and surrounding areas.
- A compilation video of new shareholders encouraging others to follow their example to be shared on social media.
- A specially commissioned banner by the primary school children of Y Felinheli to be displayed at the entrance to the Marina.
- A social evening with entertainment which will be attended and filmed by S4C's evening magazine TV programme 'Heno'.

11. FINANCIAL FORECAST

See Appendix 1 for full details, but the information can be summarised as follows:

11.1 Profitability

Over the first three years the marina will maintain a very healthy profit after tax in the region of £115,000

11.2 Cash Flow

During the initial three years cash flow remains positive throughout the period.

11.3 Income Projections

The largest income stream comes from mooring fees, which average £31/metre in the winter months and £36/metre in the summer months. These fees are based on historical values from management accounts for the marina and are within the median range for UK marine mooring fees.

11.4 Cost Projections

All cost projections are based on historical management accounts for the marina.

Given the rationale behind the projections we can be confident in the results.

These projections will change depending on the precise makeup of the funding package (grants, equity and debt) and subsequent interest calculations.

12. FUNDING STRATEGY

12.1 Capital

The capital raised will fund the purchase of the Marina and its assets (locks, cranes buildings) and the fees relating to the acquisition process.

12.2 Revenue

Although as noted above in paragraph 11.1, the business produces a healthy cash flow surplus there will be need for initial revenue funds to “pump prime “the revenue costs.

12.3 Sources of Funding

The capital needs of a project of this size are significant and therefore the makeup of the financing plan will require more than one source of finance.

The current financing profile is as follows:

- i. Grants – Community Ownership Fund £1,000,000. The proposal has passed the EOI stage, and a full application has been invited.
- ii. CFP – a grant of £300,000 will be applied for, however the funds have been exhausted this year, so the application will be made in the next financial year (2024/25).
- iii. Loans – Discussions are ongoing with Cyngor Gwynedd for capital support, and they have indicated their support in principle in a letter.
- iv. Community Shares- Menter Felinheli are planning to raise £300,000 from Community shares, which the company feel is manageable.

As discussions and applications progress, the profile may change however the company is confident that the financial needs can be met (capital and revenue) from this model.

13. SUSTAINABILITY AND DEVELOPMENT STRATEGY

Menter Felinheli sees the acquisition of the marina as the first step in securing a sustainable future for the village. It is intended to conduct research into the opportunities to make further acquisitions and projects in the future.

13.1 Sustainability

The first step, after acquiring the marina is to establish a sustainable business which will be the foundation for other developments, not least by re investing the profits for the benefit of Y Felinheli.

As a social enterprise Menter Felinheli approaches the concept of sustainability on several fronts:

- Economic sustainability – This means ensuring that all projects undertaken are viable in the long term and able to generate income to cover costs and make a residual surplus or profit. This will help to ensure the economic sustainability of Y Felinheli.
- Community sustainability- A thriving community does not exist in a vacuum; it requires economic and social sustainability which a viable social enterprise can deliver.
- Cultural and linguistic sustainability – Y Felinheli is a predominantly Welsh speaking community and regular Welsh language cultural events are arranged. Menter Felinheli will be actively supporting cultural events once the business of the marina is functioning sustainably.
- Environmental sustainability – The Felinheli marina is an integral part of the Southern Menai Straits land boundary and as such plays an important role in the local ecosystem. All the works required to improve the marina and its facilities eg dredging will be undertaken with the advice and guidance of the relevant environmental authorities.

13.2 Development Strategy

The initial aim is to establish a viable and profitable marina business, which we estimate will take two years.

When the business is established on a firm commercial basis Menter Felinheli can then extend its activities in the marina by developing historical, educational, and cultural links that the Marina has with the slate industry and the village. This will be a means to engage more of the local population in the activities of Menter Felinheli. This will be undertaken in yr 3.

The medium term will involve Menter Y Felinheli exploring opportunities to acquire other assets in the village which can be developed for the benefit of the local population.

In the long term (yr 3 onwards), Menter Felinheli will be actively seeking opportunities to cooperate with other social enterprises along both sides of the Straits to undertake larger and more strategic projects and developments.

14. APPENDICES

Appendix 1 Financial Projections Summary

Port Dinorwic Marina			
Three Year Financial Projections			
Summary			
	Year 1	Year 2	Year 3
Turnover	577,654	586,740	602,219
EBITDA	210,995	220,081	235,560
Profit After Tax	98,337	112,842	132,893
Loans	653,333	493,333	333,333
Net Assets	395,337	508,179	641,072




APPENDIX 2









Cei Felinheli - Project Risk Register (V1)

Based on 5 x 5 matrix, impact and likelihood. Risks also categorised: Timing, Cost, Quality

Reference Key

F = Finance	L =Legal	G =Governance	PM = Project Management	C = Communications
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Ref	Most Significant Risks	Gross Risk*	Current Mitigating Actions	Net Risk	Risk Trend	Further Actions Required	Risk Owners	Due date for further action
F.1.1	Start-up funding / capital is not secured (Cost)	5 x 5 20	Blended funding package proposed which includes grant, share offer and potential loan from Gwynedd Council.	5x4 20		Launch impactful community share offer campaign with intensive promotion over a month. Continue negotiations with Gwynedd Council based on letter of support already received	MF Board	End Oct 23
F1.2	Capital funding is not sufficient to secure the purchase	5 X 5 25	Increase offer but only to a pre-determined capped level.	5 x 5 25		Respond to feedback from the Agent and act accordingly and responsibly	MF Board	End Nov 23
F1.3	Operation becomes unviable due to unforeseen maintenance costs	5 x 3 15	Detailed technical report commissioned	5 x 2 10		Budgetary allowances made within financial plan	Accountant	

F1.4	Berth utilisation drops due to new ownership (income)	4 x 2 8	Revision of costing of original business plan has already taken place.	4 x 1 4		None at present		
F1.5	Rent from property rental reduces due to 3 rd party decisions	5 x 3 15	Promote premises to find new tenants	4 x 2 8		None at present		
PM1.1	Changes to external environment (Timing/Cost)	4 x 1 4	Regular monitoring and close comms with the Agent by members of MF Board	4 x 1 4		None at present		
PM1.2	Project deadlines being missed due to insufficient PM capacity	4x3 12	Expand voluntary capacity	4x2 8		Obtain funding to procure dedicated resource		
C1.1	Lack of understanding of MF aims within local community leading to bad PR. (Quality)	4 x 3 12	Comms strategy developed by experienced professional	4 x 2 8		Development of clear comms plan and timeline with specific ownership required.	DG/EE	Nov 23
C1.2	Disengagement/non-involvement of key stakeholders (Quality)	5 x 3 15	Use of standard project management structure. Communications strategy to be reviewed.	5 x 2 10		Stakeholder Mapping exercise planned and strategy in place linked with Project Milestones	MF sub-group for share offer	Oct 23
L1.1	Legal issues arise from due diligence process	3 x 2 6	Utilise legal knowledge from solicitor from the volunteer group.	2x2 4		No action required now		
G1.1	FCA approval to establish Community Benefit society delayed	2x2 4	Prompt action to provide required information	2x1 2				

APPENDIX 3

Menter Felinheli Directors

1. Gwyn Roberts

A Chartered Town Planner (MRTPI) and Chartered Surveyor (MRICS) with 35 years' experience of regeneration work

Responsible for establishing, and then managing, Galeri Caernarfon Cyf since its inception in 1992.

Galeri has become one of the largest and most innovative Development Trusts in the UK with an asset base worth c£20m employing the full time equivalent of over 40 staff.

Personally responsible for project managing over 30 building schemes and other projects including the overall project management of the Galeri Creative Enterprise Centre development which opened in 2005 and the twin cinema complex which opened in 2018.

Since March 2005 Galeri has established itself as a successful centre for both mainstream and community arts projects and has won numerous architectural, artistic and community awards.

Galeri's most recently completed project in 2021 has been the "Cei Llechi" development in 2021 which returned 20 previously derelict industrial units into modern manufacturing and retail use.

Former chair of the Development Trusts Association (Wales) and honorary member of the Royal Society of Architects in Wales, Gwyn was seconded to the Welsh Government on a part time basis between 2009 and 2013, as Head of the Mon a Menai Strategic Regeneration Programme.

As a member of the Institute of Leadership and Management, Gwyn has been employed as a consultant by clients such as Gwynedd Council, the Welsh Government, the Development Trusts Association, Wales Co-op and the Social Enterprise Academy amongst others.

He is not aware of any conflicts of interest.

2. Huw Watkins

After graduating with a B.A. Degree in Environmental Management, Huw spent 11 years in technical and commercial roles with Dŵr Cymru and Hyder Industrial throughout the UK and Ireland. Responsibilities included compliance, waste management operations and commercial income generation. He then co-established BIC Innovation Ltd as a private consultancy business providing innovation and growth focus support to SMEs, Social Enterprises, Universities, Local and Regional Governments across Wales. Nineteen years later, it has a turnover of £4M, employs 45 members of staff, many of whom are now co-owners under the company's direct ownership model.

In 2014, Huw seconded himself out of the business for 3 years to undertake a full time Project Director role for Aberystwyth University. He was responsible for raising the £40.5M required to design and build an Innovation Campus, £20M of which via ERDF as the first capital project for the 2014-2020 period. Key challenges included obtaining relevant planning consent, overseeing enabling activity on a brownfield site, procurement of professional services and main contractor, multi stakeholder management and the recruitment and mobilisation of a high performing project team.

Huw fully appreciates the social and economic value that can be created from community-based projects. He is a strong advocate of social innovation and is inspired by creative and ambitious projects that can regenerate local economic development.

He volunteers within the community as Vice Chair of Ysgol Felinheli Board of Governors and also coaches junior football within Clwb Peldroed Ieuenctid Y Felinheli. Huw was also responsible for establishing Clwb Chwaraeon Seilo Cyf, a social enterprise with aims to improve sport facilities within the community.

He is not aware of any conflict of interest.

3. Alun Meirion Jones

EDUCATION:

Ysgol Gynradd Llangybi.

Ysgol Glan y Mor, Pwllheli

Welsh School of Architecture, Cardiff

QUALIFICATIONS:

BSc, B'Arch (Hon - Cymru).

Chartered member of the RIBA.

EXPERIENCE:

Mersey Regional Health Authority, Liverpool - 1981- 82.

Eric Cole and Partners, Cardiff – 1983 - 84

Ap Thomas Cyf. – 1984 to present day

Employed as a trainee Architect working on a variety of interesting projects from small domestic extensions through to large commercial projects.

Gained valuable Architectural experience and coupled with being brought up the son of a local building contractor has practical all round knowledge of the building industry.

Fascinated with Architecture from a young age and became more interested in the construction methods and techniques when studying Architecture at the Welsh School of Architecture.

Appointed a Director in 1993 and has since been involved in a variety of different architectural projects with varying procurement and management arrangements

The practice has also been involved in community based projects where locally led regeneration developments have provided valuable local economic and social benefits.

4. Tudur Owen

56 Years Old

Lives in Y Felinheli

Broadcaster, comedian and businessman

Passionate about community initiatives and strongly believe that we should all have more control over our local economy for the benefit of our society.

56 Mlwydd oed

Byw yn Y Felinheli

Darlledwr, comediwr a gwr busnes

Yn angerddol am fenterau cymunedol ac yn coelio'n gryf y dylia ni gyd gael fwy o reolaeth dros ein economi lleol er budd ein cymdeithas.