

DRAFT RULES AWAITING REGISTRATION BY THE FCA

Offer Summary

Menter Felinheli has been established by local people to implement a wide range of projects in Y Felinheli solely for the benefit of the local community.

As its first project, Menter Felinheli Limited are undertaking a share issue to raise capital to purchase and operate Port Dinorwic Marina. The opening date is 1/11/23 and the closing date is 30/11/23. *We may choose to extend the period of the share offer until the end of the year if we believe that doing so increases our chances of acquiring the Marina.*

We are aiming to raise £300,000 from this Share Offer, which is open to the community and the public.

What are Community Shares? (box)

Community shares are withdrawable shares that cannot be sold, traded, or transferred between Members, unlike shares in a typical company. All Members are entitled to one vote – regardless of how many shares they hold. Members can be paid interest on their shares if the Board believe it would be sensible to do so, and can also withdraw their shareholding, along with any interest accrued, again subject to the approval of the board.

We will use the money raised, alongside grants and loans, which we hope to secure from other sources, to take advantage of the opportunity which currently exists to buy and develop the Port Dinorwic Marina. The total cost of the project, including the cost of purchasing the property along with extensive redevelopment, is estimated to be in the region of £2,100,000. Buying shares makes you a Member of Menter Felinheli and gives you a say in how it runs.

The minimum shareholding is £100 and the maximum is £100,000. This document describes the project, its benefits for members and the community and explains about Menter Felinheli and how the share offer will work. It also contains information on how to apply to buy shares in the venture.

- Minimum target to be raised: £300,000
- Optimum target to be raised £1,000,000
- Maximum target £2,750,000
- Minimum share subscription per person: £100
- Maximum share subscription per person: £100,000 or 10% of total capital, whichever is lower
- Maximum share subscription per organisation (which is a not a society): £100,000
- Interest rate of up to 2% above base may be paid annually at a future date
- Capital may be withdrawn if there are sufficient funds and surpluses, from 2025 onwards

This offer of shares is made by Menter Felinheli Limited, a Community Benefit Society awaiting registration under the Co-operative and Community Benefit Societies Act with the Financial Conduct Authority. The registered address will be Tan yr Hendy, Pendorlan, Y Felinheli, Gwynedd, LL56 4JW. Menter Felinheli is currently a company Limited by Guarantee number 14776981, registered with Companies House on 3rd April 2023.

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By subscribing for shares in this offer you will become a member of Menter Felinheli Community Benefit Society and an owner of the society and its assets along with other members. Our rules, business plan and other supporting documents are available on our website:

<https://www.menterfelinheli.cymru>

Why undertake the project ?

This is not just about buying a Marina. It is primarily about helping to sustain the community.

It's time to own the future.

Within living memory, the harbour has been the beating industrial heart of our community which became Y Felinheli.

Since the Marina's development on the site of the old harbour and dock in the 80s, there has been an increasing disconnect between the Marina and the wider community including, the historical connection between the port and the UNESCO World heritage slate quarrying valleys.

Over the past few decades, the Marina has been bought and sold by a series of absent owners primarily motivated by financial gain. All the profits generated – millions in the last few decades alone - have flowed out of the area with minimal benefit to the local community.

The Marina complex going into administration in June 2023 offered up a golden opportunity for the community to acquire a valuable part of our past and secure it as an asset to generate long-term value for the area.

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.

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.

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.

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A successful business

Despite the unfortunate financial situation of the parent company, the Port Dinorwic Marina continues to be a viable and successful business. This is largely due to the hard-working staff and the location and popularity of the berthing facilities.

Our business plan and financial projections show that the future for the Marina has enormous commercial and community development potential. Community Ownership will unlock a host of funding options and wealth creating opportunities for the people of Y Felinheli.

In our business plan, which is available on the website we've developed financial projections based on things carrying on as they are, with occupancy levels the same as it currently has, and these show a significant profit each year of around 10-15% of turnover, and an equally buoyant cashflow, which together mean we can offer an attractive rate return to investors.

Investing in Menter Felinheli will only offer limited financial reward but, as stated above, you may earn interest on your investment and your liability will be limited.

The minimum shareholding is 100 shares each costing £1 each. The maximum number of shares that can be held is 100,000. Members must be over 16 and shares must be paid in full on application.

Rules and Governance:

Menter Felinheli has adopted the Community Benefit Society Model Rules drawn up by Co-operatives UK and widely used by other, similar organisations. A copy of our Rules can be found on our website.

The day-to-day running of the enterprise will be the responsibility of the Management Board, who will be the legal Directors of the Society. The appointment of members of the Management Board and the approval of policies regarding paying interest on shares and share repurchases will be made by the members of the Society at each Annual Meeting.

The elected members of the Management Board will hold office for a period of three years. Those members who form the Initial Management Board will all retire at the first AGM in accordance with the society's Rules but may offer themselves for re-election.

Thereafter, members of the Management Committee will retire in a phased way over the following three years in accordance with the Rules of the Society. All new Management Board members will be elected by the Society's members. Members will be entitled to attend the AGM and stand for election to the Management Board.

In addition to the Management Board, we will draw on the support of volunteers to get the enterprise up and running and help keep things going once we have opened.

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Interest payments

After completion of three full years of trading, and if the business is running successfully and has sufficient surpluses, we hope to be able to pay annual interest on members' shares of around 2%. The Management Board will each year submit a recommendation regarding interest payments on shares for the approval of the Annual Members' Meeting.

Repurchase of Shares (AKA Withdrawal of share capital)

Your shares cannot be sold or transferred except on death or bankruptcy and their value cannot be realised except on application to the society itself for their original value.

The Society's rules allow for the possibility of withdrawal of share capital after three years. Withdrawals must be funded from surpluses or new capital raised from members. You will need to give at least three months' notice of your wish to withdraw. We do not anticipate being able to allow any withdrawals before year 4 after commencement of trading. When it is possible to consider share withdrawal, the Board will set out appropriate criteria and annual limits and the process to be followed. The Board may suspend withdrawals depending on the long-term interests of the Society, the need to maintain adequate reserves, and the commitment to the community.

Statutory Asset Lock

The Society's Rules include a legally binding statutory asset lock. This ensures that any surplus earnings remaining after it has paid interest to its shareholders and repaid any capital which is withdrawn must either be reinvested in the business or used for the benefit of the local community or for another charitable or community cause. This means that, if the Society should cease trading but its assets have appreciated in value, it would be possible to sell the assets and return capital to members up to the value of the original investments, but not to distribute any surplus value in that way.

Remuneration

Directors and members will not benefit financially in any way from the activities of the Society, other than through participation in the Society's shares and loan offers.

Community shares are fully at risk

You could lose some or all of the money you invest. You have no right to compensation from the Financial Services Compensation Scheme, nor any right of complaint to the Financial Ombudsman Service. Please don't invest any money you can't afford to lose.

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What we need

Whether you live in Y Felineli or not, you are invited to buy shares in Menter Felinheli and join us in what we believe is a very exciting project.

We don't know the price the Marina is going to sell for, not least because the process is an auction. We will assemble the funds for our bid with the foundation of the share capital raised in this issue. We believe and hope that if we can demonstrate that there is a serious appetite for community ownership, it will open up possibilities for further funds and support from various parts of the UK and Welsh Governments.

We're also exploring long-term commercial mortgages with a variety of lenders as a backstop if we're not successful.

What if our bid isn't successful?

If we're not successful, we will return funds to anyone who wants them, but before we do, we will convene a meeting of investors to discuss what we could do next, because the idea of local people financing, owning and reaping the benefits of commonly-owned assets and services is one that we don't think should be let go of too easily.

The ultimate decisions regarding the sale of the Marina, and the timetable for that sale is ultimately a decision for the Administrators. If we fail in our objective to buy the Marina, Menter Felinheli will continue with our goal of identifying and developing projects which are beneficial to our community. Should this happen, there will be two options available to investors.

1. Allow Menter Felinheli to retain your share for future projects.
2. Obtain a refund of your investments

We can't be specific at this stage about the exact interest rates that might be payable in future because we don't know at this stage just how much the Marina will ultimately cost, and what balance of grants, debt and shares we will have at our disposal. If interest is recommended to members, it might be paid as cash, or as new shares added to your initial investment. However, interest rates of between 2% and 5% are not uncommon for ventures of this kind (our rules state that we can pay interest of 5% or 2% above bank of England base rate, whichever is highest)

In addition to deciding the interest rate to be paid each year, from the third year after investment, the Board will decide whether they can afford to allow shares to be withdrawn, and if so, how many, and will communicate this to all investors along with instructions on how to make withdrawal requests.

Because we believe the Marina will be a successful business, we anticipate being able to allow 10% of total capital to be withdrawn each year, but this will ultimately depend on our successful trading.

What do investors get?

- A vote at the AGM on important issues facing the society and for the Board of Directors
- The chance to stand for and be elected to the Board of the society.

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- The chance to get their money returned on a first-come-first-served basis from 2024 onwards.
- The CBS will encourage active and ongoing participation in the governance of the Society by communicating regularly with the Members through the various social media platforms, by holding regular social events and having at least one open public forum per annum, in addition to the AGM, which members could attend.

Who will run us?

The current board of 4 directors will remain in place until the first AGM in 2025. Existing Directors can stand for re-election, as can any member who can be nominated. The day-to-day operation will continue to rely on the existing staff at the Marina.

The current Board of Menter Felinheli are:

Gwyn Roberts is a Chartered Town Planner and Chartered Surveyor with 35 years' experience of regeneration work and was responsible for establishing, and then managing, Galeri Caernarfon Cyf since its inception in 1992 to the present day where it has an asset base worth c£20m employing the full time equivalent of over 40 staff.

Huw Watkins has a long career in business across the British Isles, founding BIC Innovation Ltd in 2004, which now 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, he worked for Aberystwyth University on a 3-year secondment where he was responsible for raising £40.5M to design and build an Innovation Campus. 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.

Alun Meirion Jones studied at the Welsh School of Architecture and is a Director of Ap Thomas Cyf.

Tudur Owen is a broadcaster, comedian and businessman who lives in Y Felinheli and is passionate about community initiatives and strongly believe that we should all have more control over our local economy for the benefit of our society.

Staff

Menter Felinheli will be seeking to employ a full time CEO with excellent management and communication skills who will oversee the operational staff of the Marina on behalf of the Society and who will be tasked with the further development of Menter Felinheli. A key part of this role will be identifying and making funding applications for new projects and working with the board to implement an effective marketing and publicity strategy.

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Questions about the share issue....

How can I invest?

We are running this share offer through the Crowdfunder website. Once you commit to investing, Crowdfunder will take the money from you via credit or debit card, where it will be held by the Stripe payment platform. If the offer is a success, money will be passed to us so we can buy the Marina or be returned to you if the offer fails to reach its minimum target.

Crowdfunder deducts a fee from every investment on the point at which the funds are passed to us to cover the costs charged by Stripe, and their own costs, and so our aim is to leave funds in Crowdfunder – and thus not have any fees deducted – until such time as we can arrange the remainder of our financing and come to an agreement with the vendors.

This can continue up to the end of 6 months after the share offer has opened, at which point we need to either bank the money and pay the fees or return the funds to every prospective investor. As we are not in control of the timescales governing what happens with the Marina, there is a chance that we will need to decide to bank the money before we have absolute clarity that we can use the funds to make the purchase and then subsequently, the sale ends up not happening.

At this point, we would return funds to you less the amount already deducted which would be in the region of 7.5% of the amount invested. We will also communicate with investors about whether the momentum we'd established and the capital we'd raised was something we could use on another local project and invite investors to remain on board.

You can also purchase shares and make donations directly through our website at www.menterfelinheli.cymru - the fee applied to direct payments and donations will be 3% of the payment. All fees and repayments will be paid out of the funds raised by Menter Felinheli, and should the offer fail and funds be returned, investors who made their investment via our own website will get 97% of what they have invested returned to them.

What is the minimum and maximum investment?

The minimum investment is £100, and the maximum is the lower of £100,000 or 10% of our total capital invested, whichever is the lower.

Who can invest?

Anyone over the age of 16 can invest (but only people aged 18 or above can serve as directors).

Can organisations and businesses subscribe for Community Shares?

Yes. A representative of that organisation will need to become a member of the society as nominee for their organisation/business.

Can people club together to buy shares?

Yes, but as with organisations, you'll have to nominate a member of your group to be the named shareholder in our share register.

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Can shares increase in value?

Shares cannot rise in value, so there will never be a capital gain. They may be reduced in value if our auditors instruct us to do so if they believe that the value of our assets has fallen.

What if the Society isn't financially successful enough to survive?

If we did become insolvent, the ability of investors to recoup the funds they have invested would depend on firstly the value we (or the appointed insolvency practitioners) could get for the assets of the society and secondly, the value of our debts at that point.

In the event of our insolvency or orderly winding-up, the proceeds from the sale of those assets and our cash would firstly pay off all our creditors, and if there were any funds left after that, would be used to pay back shareholders as much of their investment as they have outstanding as possible, on a pro-rata basis.

As a Society with a Statutory Asset lock, if the Society must be wound up, any surplus funds left after first paying creditors and then investors will be distributed to a similar organisation in the local area committed to providing community benefit and which has a similar restriction on using assets as we do.

What happens if I don't get all my investment back?

Although we are registered as a society with The Financial Conduct Authority (FCA), the sale of withdrawable shares in the society is not regulated by the FCA. Like many investments, these community shares are at risk, and you could lose some, or all, of the money you invest.

Unlike deposits with high street banks, community shares are not covered by the Financial Services Compensation Scheme, nor is there any right of complaint to the Financial Ombudsman Service. If you are considering investing a significant amount, then you may wish to seek independent financial advice before doing so.

Investors will also be eligible to claim the difference between the initial investment and its present value a tax-deductible expense in the year any loss is recognised.

Can my investment be gift aided?

No, because we aren't a charity.

Can I sell my shares?

No. This investment is in withdrawable share capital which cannot be transferred, sold or given to anyone else, except on your death or bankruptcy. The first £5,000 of any investment can be transferred on your death to anyone you have directly nominated and informed us of, without going through the probate process; any remaining investment can only be transferred in accordance with the provisions of your will (and will qualify for Business Relief and be free of Inheritance Tax after two years). If you do not inform us of any nomination, we will rely on the probate process.

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Will I get a Share Certificate?

Everyone who invests will receive a community share certificate.

What will you do with my personal details and data?

Your personal details as submitted on the application form will be held by the society and used in accordance with the provisions of the rules and of the 2014 Co-operative and Community Benefit Societies Act. Only members can inspect the members' register and view members' names and addresses (but not how much they have invested) but the society will not share, sell or provide my details to any other individual or organisation and will ensure compliance with the GDPR regulation in accordance with its responsibility as a data controller.

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