

www.portpatrickharbour.org

PORTPATRICK HARBOUR



COMMUNITY SHARE OFFER 2015



ON BEHALF OF
**Portpatrick Harbour
Community
Benefit Society**

Supported by
**Community
Shares
Scotland**



SUMMARY SHARE OFFER 2015

Portpatrick Harbour Community Benefit Society is seeking investment from the community. There is no minimum for the offer, with an optimal target of £75,000 and a maximum subscription of £100,000.

The offer opens on 5th September 2015 and closes 8 weeks later on 31st October 2015 or when the maximum target is reached, whichever is sooner. The committee reserve the right to extend the offer beyond this initial period if they believe doing so would benefit the share issue.

This offer is being promoted by the Portpatrick Harbour Community Benefit Society, of Portpatrick Harbour office, Portpatrick, Wigtownshire, Scotland DG9 8AN. It is registered as a Scottish Charity with OSCR (SC035754) and as a Community Benefit Society with the FCA (7185)

This offer is not covered by the Financial Services Compensation Scheme and investors have no recourse to an ombudsman. You should only ever invest as much as you are prepared to lose.

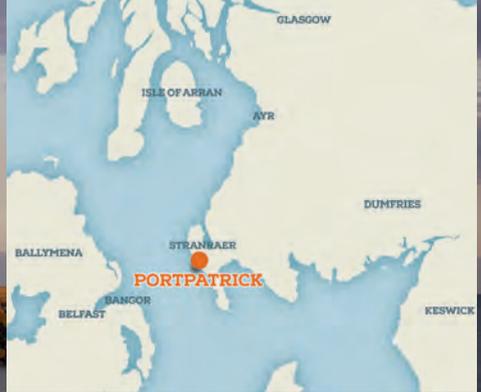
THE COMMUNITY SHARES STANDARD MARK

The Community Shares Standard Mark is awarded to share offers that meet national standards of good practice, as embodied in the Community Shares Handbook. Specifically the share offers have been subject to an assessment procedure covering the business model, community engagement, governance and clarity of the offer document itself.

The Community Shares Standard Mark signifies that a share offer meets national standards of good practice. The Mark is a sign that the society has been independently assessed to have adopted good practices in developing the offer, and is committed to these standards. The Mark is awarded by licensed practitioners, verified by the Community Shares Unit. For more information, see:

www.communityshares.org.uk





PORTPATRICK

AN OLD HARBOUR WITH A NEW IDEA

Have you ever owned a harbour?
An actual working harbour that has
been providing a safe haven for over
400 years? Few people have ever had
the privilege.

An even smaller number of people have owned Portpatrick harbour since it was built in the 1600s, but that's all about to change. In the next few weeks, more people will come to own the harbour than have done so in the last 400 years put together.

That's not a gimmick though - giving our 17th century harbour a very 21st century makeover is key to ensuring that Portpatrick's best days are ahead of it and that it fulfils its potential as a gem of a port on this busy seaway.

Portpatrick will become the first community share owned harbour in the UK, at last uniting the people who can make decisions about the harbour with the community of people who depend on it - the right kind of owners with the right kind of attitude backed by the right kind of money.

Just as the stones in a harbour wall combine to make a safe haven to protect what's inside it, your investment will combine with that of others to protect Portpatrick harbour.

Portpatrick has amazing potential that it has never quite managed to fulfill. It's the closest harbour to Northern Ireland on the Scottish coast, and perfectly sited for boats travelling across the Irish sea, or up and down the west coast. It's the only port on this stretch of coast that's close to open water and not dependent on tides. The village has the pubs, restaurants and cafes that make it an attractive stopping point.

But what's been missing is the money and care to make sure the harbour has the facilities modern sailors need and demand. We're convinced that with sensible investment, we can make the harbour a gem.

We've been relying on someone else to make this happen for more than 150 years. It's time for us to take matters into our hands and create something special. We hope you can join us.

CATCHING THE WAVE

THE COMING BOOM IN LEISURE SAILING

Portpatrick Harbour has a venerable history stretching back to the 1600s. The inner wall was the last major work undertaken in the 1840s, just as the mail trade which has been its bread and butter departed. Since then, it's eked out a poor existence, always struggling by being too small for the ferry and freight trade.

The real opportunity is in leisure sailing. The Royal Yachting Association predicts a 50% increase in the Scottish sailing sector in the next decade, and this is the wave we want Portpatrick to catch.

We need to build the kind of facilities modern boats and their crews need – laundry, stocking up, toilets and showers – and these, allied with our superb geographical advantages and a wonderful village can make Portpatrick a place with a great reputation and a bright future.

This isn't just about the bricks and mortar of the harbour wall, but the fabric of the local economy. We believe that the best days for our community are ahead of us – but only if we can seize the opportunity and take the responsibility.



A much loved asset at the heart of the village.

WHAT WE WANT YOUR HELP TO ACHIEVE

Community
support swells at
Lifeboat Week 2015.
Helen Barrington Photography

The harbour currently has 40 annual berths and 20 visiting berths. The annual berths are being used at 75% capacity, whilst the visitor berths are underutilised. Through development of the facilities at the harbour, we can increase the annual berths to 50 and make the harbour attractive enough to fill those berths, and the same work which will also make us much more attractive to visiting boats.

Together this increased mooring occupancy will boost our annual turnover by 25%, kick-starting a virtuous circle to replace the vicious one we've been in for too long.

But before then, we need to put the harbour on a stable financial footing.

The previous charity trustees bought the harbour from the previous owners using a mixture of grants, and a £125,000 loan from those owners. That loan wasn't being paid down on schedule and so there was a threat that the harbour would revert to the previous owners if it couldn't be paid off ¹.

This threat galvanized the community and led to a new committee being elected with a new vision.

Our strategy has been to remove the previous debt hanging over us, and in order to do this, we've used £50,000 of existing reserves and taken on a bridging loan of £75,000 from Social Investment Scotland (a lender specialising in supporting social and community businesses like Portpatrick Harbour).

We're grateful for Social Investment Scotland's support, as without them, the harbour would now be in private hands.



However, we're paying them back at 8% interest over the next 7 years and so our goal is to pay off as much of that debt as possible, because every penny we pay in interest to them is a penny we're not spending on the harbour itself.

So, our second big decision has been to convert from an old-style charity into a Charitable Community Benefit Society – we're the first charity in Scotland to do this, and we did it for two reasons. Firstly, that enables us to raise the money to pay Social Investment Scotland off using community shares, which traditional charities can't do. Secondly, our new legal form is open and democratic, ensuring that the way the harbour operates henceforth is transparent and engaged with the community to whom the harbour matters.

1. The accounts of the last three years of the old charity are available on our website

WHAT WE'RE SEEKING

We're looking to raise at least £75,000 and will accept up to £100,000 in this offer; there is no minimum target, but the more we are able to raise, the more of the £75,000 debt to SIS we will be able to clear, and make us masters of our own destiny, which in turn will enable us to develop the facilities we need to expand the appeal of the harbour.

WHAT ARE COMMUNITY SHARES?

We're using a special form of investment called Community Shares – it's ideally suited to community assets like the Harbour. Investors can get interest on the sums they invest and can withdraw their investment (in essence, get their money back) but only under certain conditions.

Key to those are that the charity must first have the funds to support withdrawal or interest payments. If we aren't doing well enough to justify that, then investors won't be able to get anything.

Community shares can't be sold on or transferred (except upon your death) so that means that the only way investors can help ensure they get a return is to do their bit to support the harbour's success.

That's important because the Harbour doesn't work without the wider town doing their bit and vice-versa. The community shares model makes us all pull in the same direction.



Secondly, even if we do have the funds, the harbour will have to ensure that getting money back to investors is prudent, taking into account our objectives as a charitable community benefit society.

So, whilst we have a strong business plan that supports our plans for growth, and a desire to ensure a return to investors who have shown faith in our community, our charitable purpose will always come first.



WHAT INVESTORS WILL GET?



Every investor gets to become a legal owner of a 400-year old harbour. It will be your harbour, along with every other investor.

Every investor gets a vote in the charity decision-making – for the committee of directors and on resolutions in the AGM, but regardless of how much you invest, everyone has the one vote (the charity's constitution is available from our website). www.portpatrickharbour.org



The committee aspire to pay interest on share capital, capped at 1.5% in any given year, though for the first three years, interest will not be paid nor withdrawal allowed to enable us to focus on getting the harbour in as good a condition as we can. From the third year onwards decisions about interest and withdrawals will be made by the Committee at the time. Should withdrawals be possible, they will be allowed on a first come first served basis. Members will be required to give three months' notice of their request to withdraw capital.

Community support in Portpatrick.

Helen Barrington Photography

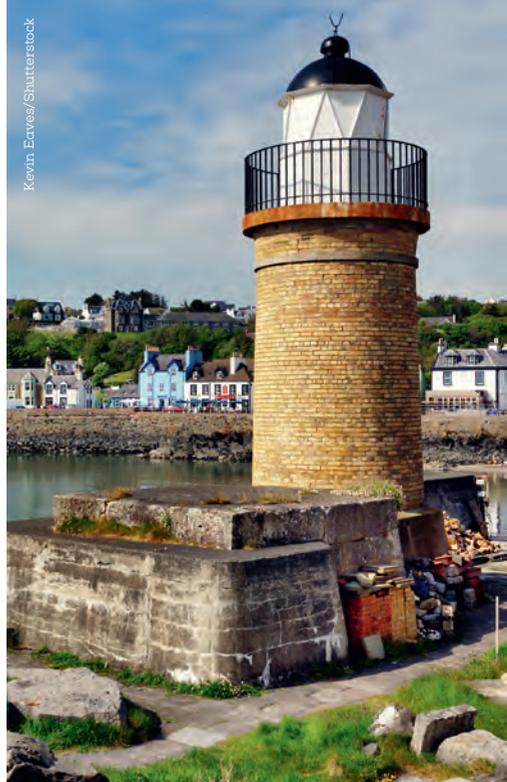
The committee believe that the recent and projected performance of the harbour gives them confidence that they will be able to support this rate of interest and enable withdrawal by investors within a relatively short time-span. They believe that compared to high street savings rates, this offer represents an excellent opportunity for them to significantly lower the costs of their borrowing, to achieve social benefit to the community of Portpatrick and to enable investors to achieve an attractive rate of return.

That provides the final advantage – because it should be seen as a patient and medium to long term investment, it is most attractive to people who share our values, rather than want to get some value, ensuring that the people who will own the harbour will be those people who invest on these terms.

THE BUSINESS MODEL

As you'd expect from a 400-year-old business, running the harbour isn't rocket science. The income comes from mooring fees (plus any other income services and events we might run on the harbour in addition to mooring fees) and money needs spending on maintenance, and other things like advertising. We won't be having any paid staff, and like many community enterprises, we'll be relying on the support of volunteers.

At current levels of income (ie, without any additional development), we anticipate a surplus of around £16,000 each year, with that rising if we're able to increase the number of berths and the occupancy rate. We've built in a contingency of £3,000 per year (that's 10% of our income) and we're confident that our projections are realistic and reliable. Assuming we manage to raise at least £75,000 to pay off the Social Investment Scotland loan, we have every expectation of having the funds to support our objectives as a charity and pay limited interest to investors, as well as support withdrawal after three years (full financial projections are in the Business Plan which is available on our website).



Kevin Earves/Shutterstock

A safe haven for over 400 years

KEY FINANCIALS DATA



FREQUENTLY ASKED QUESTIONS

What if the offer raises less than £75,000?

Social Investment Scotland have invested because they think our offer will raise £75,000, and because they know our business is able to afford to repay their loan with interest if it isn't. If we don't raise the full amount of the loan, then we'll repay whatever we do raise immediately, and repay the rest over the next 7 years.

The main consequence is that until that debt is paid off, we'll have less money to spend on modernising the facilities, and certainly much less to support paying interest to investors or enabling withdrawals, and in the event of any insolvency, creditors will take priority over community share investors.

Why would we stop at £100,000 if there was an appetite for people to invest more?

Because we have an aspiration to pay interest and allow withdrawals, every penny of investment return becomes something we have to support through the same fixed pot of surpluses and so if we can't pinpoint how we can use that investment to increase our turnover, it's actually a burden we'd rather be without.

Our first plan is to use the additional £25,000 we could raise as match-funding for grant applications to help complete the modernisation, but if they aren't successful, we can always do further share issues. If we know there is an appetite for further investment we can take on investment in the future when we have properly-costed plans for new development of the facilities, showing how the investment returns will be supported through enhanced revenues.

What if other ports upgrade and become more attractive?

Portpatrick has two key advantages that no other port can match – its location in the North Channel, and its constant availability due to not being tidal. As a result, as long as our mooring capabilities meet modern requirements, we believe that we will be in a very strong position.

What if the charity becomes insolvent?

In the event of insolvency, the charity's assets would be sold and after the proceeds had paid off any creditors, investors would get back their money in proportion to their investment. How much that might be would depend on the price any liquidator was able to secure for the harbour (a survey in 2014 suggested a value of £75,000), and what the liabilities were at the time of insolvency.

You won't be liable for any more money in any event, but the money you have invested (less what is available after sale of assets and paying creditors) will be lost. You have no right to compensation from the Financial Services Compensation Scheme, or recourse to an ombudsman because Community Benefit Societies are exempt from the regulations governing public share offers and you should only ever invest as much as you are prepared to lose.

Who will run the harbour?

The committee of the charity will run the harbour and be responsible for both the long-term development and the day-to-day operation. There won't be any paid staff to ensure that costs are kept as low as possible, and the committee are confident that this is a sustainable position.

The charity's committee are all local people, elected by the existing members of the charity, and their details can be found in the business plan, available on the charity website.

A hotspot for keen sailors and yachting enthusiasts from around Scotland and close Irish coastlines.

What's the state of the harbour?

The harbour is a grade 2-listed structure, so any modifications have to be done with sensitivity to its heritage value. Responsibility for dredging the harbour channel lies with the RNLI as part of the agreement with them to use the harbour for the lifeboat service.

Who can buy shares?

Anyone over the age of 16 can buy shares.

Companies and other corporate bodies will become legal members of the charity, though they will have to nominate who their nominee will be when they make their application.

Clubs and other unincorporated groups (such as a group of friends or a family) can also buy shares, but whoever buys them will be the legal owner, and they need to make their own arrangements for how things like votes will be cast on their behalf, and how interest payments and withdrawal will be repaid to everyone who contributed in the first instance.

What's the minimum investment?

The minimum investment is **£25**. This is because this is an investment proposal in a community business, not a donation to a good cause. There's also a cost of processing each investment now and every year that person remains an investor, so we can't set the bar too low or else it'll end up costing us more than we receive.

Is there a maximum I can invest?

The maximum is **£10,000**.

Do I need to buy blocks of £25?

No – the £25 is a minimum. Each share is £1 so you can buy any amount between £25 worth and the maximum of £10,000.



MINIMUM
INVESTMENT £25

MAXIMUM
INVESTMENT £10,000

What if £25 is too much for us?

Individuals can club together as friends or as a family and buy shares collectively, but in legal terms, the share is owned by the person who completes the application form and it is to them that any interest or withdrawal would be paid. It is the responsibility of the group to come to their own arrangements about exercising the rights and responsibilities of members.



Kevin Eaves/Shutterstock

HOW TO INVEST

ONLINE

We're running this offer through the Microgenius crowdfunding platform provided by the Community Shares Unit at Co-operatives UK and Community Shares Scotland (they've helped us through this process of launching the share issue). Visit: www.microgenius.org.uk/project/portpatrick-harbour-35

The system uses GoCardless, a low-cost direct debit service accessed through GoCardless' sponsor, the Royal Bank of Scotland and is registered as a Small Payments Institution with the Financial Conduct Authority.

GoCardless charge 0.5% of their share purchase for payment processing on successful share offers to cover the transaction costs (in other words, for every £100 invested, 50p goes towards transaction costs).

In order to use the service, you need a valid email address to create your Microgenius account, and a UK bank or building society account to set up the direct debit instruction. (You don't need to have a credit card).

When you have decided how much you want to invest, enter your bank details into their secure service when prompted and GoCardless takes care of the rest.

OFFLINE

You can also apply by completing the postal application form (you can download the form via our website) and return it with a cheque for your investment to:

Portpatrick Harbour
Community Benefit Society
c/o Portpatrick Harbour Office
Portpatrick
Wigtownshire
Scotland
DG9 8AN

What happens when I invest?

On the Microgenius site, your name, address and bank details will be taken but no money will be transferred until the offer closes. After the offer has closed, the Committee will decide a specific time to begin the transfer, and every investor will be given advance notice of when exactly this will be.

Cheques from offline investors will be paid in after the offer closes.



PORTPATRICK HARBOUR COMMUNITY BENEFIT SOCIETY

c/o Portpatrick Harbour Office
Portpatrick
Wigtownshire
Scotland
DG9 8AN

