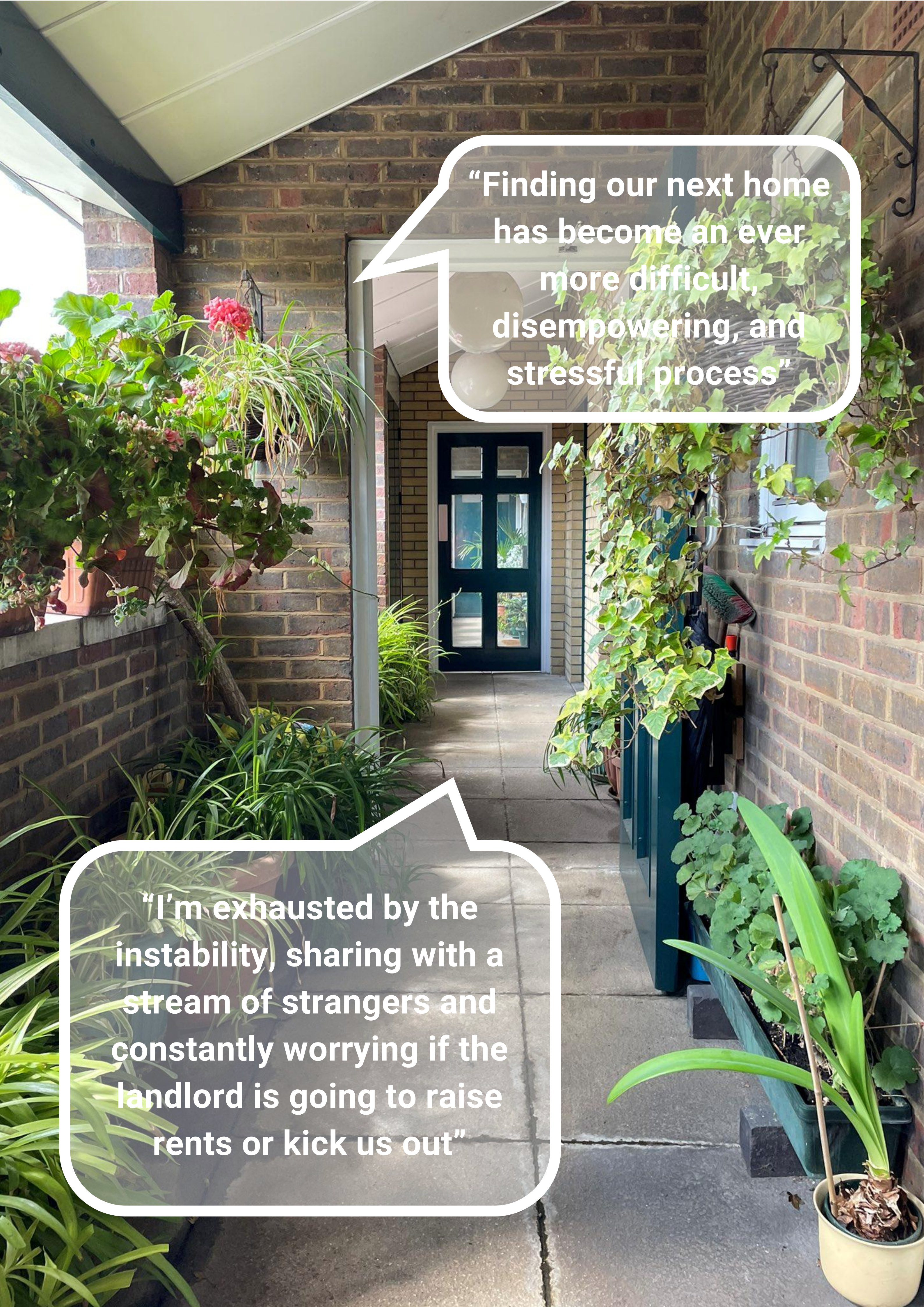
Collective Ownership

A transformative model for housing in the UK >

Stable and affordable homes controlled by residents >

Impactful investment in a fairer future >

Investment Pack
July 2026


"Finding our next home has become an ever more difficult, disempowering, and stressful process"
"I'm exhausted by the instability, sharing with a stream of strangers and constantly worrying if the landlord is going to raise rents or kick us out"

Investment Offer Summary

Support Collective Ownership raise capital to remove properties from the private market and fundamentally change UK housing.

Target Raise
£450k - £2.9m
for 2-5 demonstrator projects

Investment Type
Fixed term loans

Individual Investments between
£10,000 - £750,000
Contact us for higher amounts

Return
Choose your return
0% - 4% pa
(compound)
Lower rates are more supportive

Investment Length
Choose to invest between 5 - 25 years
Longer terms are more supportive

Repayment
Capital and interest repaid at the end
Can be requested sooner

Security
£400k - £1m
investments eligible for **2nd charge** against property

Security
£1million +
investment eligible for **1st charge** against property

Disclaimer: Investment in Collective Ownership (COS) is not covered by the Financial Services Compensation Scheme (FSCS) or other financial protections. This means that while all the money invested in COS is used to purchase tangible assets and COS has the legal duty to repay your investment on the agreed terms as per the loan contract, investor could still lose part or all of their investment in case of failure. Collective Ownership has a range of processes to assess and mitigate risks, but investors should consider all the risks outlined in the offer document before deciding to invest, should invest no more than they can afford to lose, and if in doubt should consult professional advisers regarding the legal, tax, financial and other relevant matters to the investment.

A transformative model for housing in the UK

Collective Ownership is a carefully crafted tenure to address housing insecurity, bridging the gap between private renting, home ownership and social housing.

- Homes democratically controlled by residents
- Not-for-profit, stable and affordable housing
- Rent levels independent of the private market
- Resilient and scalable with high social impact
- An alternative for everyone, including those who cannot access social housing and cannot buy their own home
- Decommodified and commonly-owned properties to prevent speculation and rent extraction

Introduction

Housing in the UK is in crisis with increasingly fewer people able to access affordable and stable homes. Many are unlikely to ever access public housing and are financially excluded from home ownership Increasing numbers of families and older people remain in private rent. Surveys show that a third of private renters are not satisfied with their housing, the greatest dissatisfaction rate of all tenures. Privately rented accommodation is more likely to be insecure, poorly managed and maintained, and potentially more dangerous. Despite the poor quality of accommodation, private renters spend a greater proportion of their income on housing costs than those in other tenures.

The issue is not just the **unaffordability** of private rents, but the **dis-empowerment** in making changes to, and looking after your home, coupled with **instability**, which makes putting down roots difficult.

Community-led alternatives to conventional housing, such as Community Land Trusts and Housing Co-operatives, already exist and have delivered higher resident satisfaction through control and belonging. However, in the UK, these initiatives are hard to set up and typically remain as small one-off schemes rather than building on one-another to impact the market.

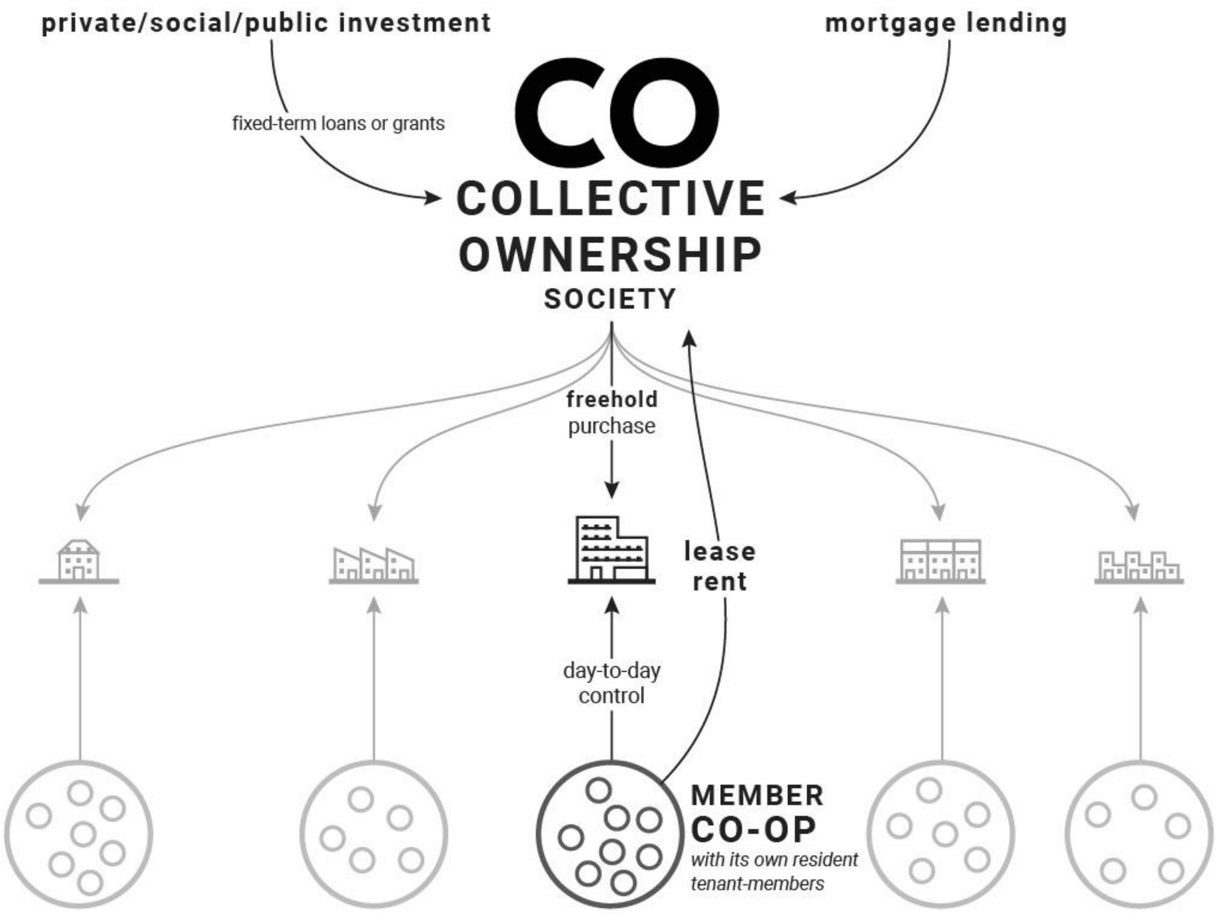
Collective Ownership tackles housing insecurity at **scale**. The aim is not just to create **stable and affordable** homes that **people control** – but to build a **social purpose and not-for-profit alternative to the private sector**.

This new tenure is delivered through a high impact and efficient investment vehicle: **The Collective Ownership Society**.

The Collective Ownership model

Collective Ownership hinges on separating the functions of:

- **Day-to-day housing management and the lived experience**, which is kept in the hands of residents organised as *housing co-operatives*[1] (Member Co-ops);
- **Growth and replication through raising and managing funds, property acquisition and asset management**. This is the role of the Collective Ownership Society.



[1] A housing co-operative is a group of residents who collectively manage their housing through their own democratically run and not-for-profit housing association (incorporated as a Co-operative Society). Every resident is both a tenant and a member of the association which allows them to effectively manage their homes as their own landlord. They democratically make decisions about repairs, maintenance, who moves in, and how the co-operative is run. Because all members are tenants, and all tenants are members, there is never an incentive to charge more rent than necessary and enter a logic of rent extraction (as residents charge rent to themselves). Surpluses are put aside to go back into maintaining and improving the homes and the community rather than to profit an external landlord.

Investors

Provide capital

Individuals, organisations, and residents have flexible investment options

Collective Ownership

Acquires property

Professional board with residents, experts & investors

Residents

Control their homes

Organised as housing co-ops, Lease rents are re-circulated

The Collective Ownership Society (COS) is a professionally run, not-for-profit, investment and freeholder vehicle that focuses on expanding the number of homes in Collective Ownership. It operates like a property fund, raising finance to purchase properties using investments, grants and donations. Properties are held long term and leased on a rental basis to groups of residents incorporated as housing co-operatives (Member Co-ops) who control the day-to-day management of their homes. COS receives a steady income stream (the lease rent) from its members and, over time, builds an assets portfolio of properties which can be utilised for further growth and affordability. This mutual, nested arrangement ensures that control of the things that matter most to the lived experience sit close to residents, while allowing for replication and scale at the collective level.

Member co-ops are the corporate members and lessees of COS. They manage COS' properties as housing co-operatives and issue tenancies to their own resident-members. Residents democratically control and manage their homes day-to-day, pay rent to their co-op to cover day-to-day maintenance, administrative costs and the *lease rent* to COS. Member co-ops also have a role in COS governance, stewarding its objects and mission.

Lease rents paid by Members Co-ops are set on the basis of real costs and not in relation to market rent. Lease rents cover the cost of capital to repay investors, the cost of major works to maintain asset value, running costs and to grow a property acquisition fund. Favourable investment terms, discounted property purchases, grants and donations all help to keep the lease rent low and make resident rents more affordable. This "cost-rent" approach brings long-term stability, predictability and affordability for residents and provides a transparent framework for the COS approach.

Collective Ownership mutualises property assets across projects, creating a **financially robust, scalable and impactful** model that permanently **removes properties from the private speculative market**.

Corporate Structure and Governance

All legal entities that make up Collective Ownership (COS and Member Co-ops) are FCA-registered Co-operative Societies, with all assets and income owned at the corporate level and prevented from appropriation into private hands. This approach was reviewed by a King's Counsel housing barrister to ensure it allows for democratic resident control, professional asset management and tax efficiency.

Our corporate structure was designed to embed and protect the **not-for-profit and social purpose** of the Collective Ownership tenure.

Member Co-ops are primary housing co-operatives (where tenant-members are individuals). They are democratically managed by residents on the basis of one member one vote.

The Collective Ownership Society operates as a secondary housing co-operative, where lessee-members are corporate bodies. It is managed by a Board of housing professionals, representatives of Member Co-ops and key partners. The Board oversees day-to-day operations and Member Co-ops participate through general meetings. Member Co-ops can also elect representatives on to the Board to take a more active part in furthering the aims of Collective Ownership.

The COS Board has strict conflict of interest policies, especially when it comes to decisions surrounding the allocation of funds to purchase properties. Board members representing Member Co-ops who may benefit from such allocation of funds are not allowed to take part in those decisions.

Collective Ownership's governing document and accounts are publicly available on the FCA Mutuals Register.

Collective Ownership demonstrates **residents and professionals working together** to build **a different kind of housing infrastructure**: not-for-profit, commonly-owned and democratically controlled.

The Collective Ownership Board

The Collective Ownership Society's Board currently has six directors, bringing a range of key sectoral expertise and allowing for member's representation.

Freya Field-Donovan (Secretary), governance and management expert for Housing Associations and Tenant Management Organisations (TMOs), and Secretary of *Rode Housing Co-operative*.

Jon Lee, Business Development Specialist at *Wrigley's Solicitors* and expert in ethical finance, formerly Business Development Manager at Ecology Building Society and The Co-operative Bank.

Levent Kerimol (Executive), *Community Led Homes* director at CDS Co-operatives, and formerly at the Greater London Authority (GLA) Regeneration team, specialised in design, planning, and real estate.

Nnenna Urum-Eke, Local Authority Housing & Regeneration Officer and Chair of *Elevation Mutual Housing Co-operative*.

Gauthier Guerin (Treasurer and Executive), Director at *Catalyst Collective*, specialist in financial strategy, modelling and investment for community housing, and expert in society law, financial regulations, accounting and tax regimes.

Vivian Woodell, expert in co-operative entrepreneurship, CEO of *The Phone Co-op Foundation for Co-operative Innovation*, Founder of The Phone Co-op, board member of Our Coop, Co-operatives Europe and Student Co-op Homes.

Member Co-ops

Collective Ownership currently has eight corporate members. They represent a diverse range of pioneer resident groups. We work closely with these groups to ensure they are “property ready”, which includes training on co-operative governance and housing management, as well as their governance role in COS.

Rode Housing Co-op

Founded by a group of housing workers, community organisers and architects in 2020, who have known each other for many years through various housing networks. They aim to address to housing precarity in London and enrich knowledge and self-reliance, and accommodate many different lifestyles, by providing equal sized bedrooms and communal rooms.

Elevation Mutual Housing Co-op

Formed by a group of Black Christian families struggling to make ends meet in the private rented sector. They share the belief that a house or flat is first and foremost a home, that should enable communities to grow and flourish. They are seeking new build houses in Enfield and aim to include those in need of Temporary Accommodation.

Rising Sun Housing Co-op

Formed by a group of musicians and creatives living in a former pub, when their landlord put it on the market. The aim is to save the building both as a home and workspace. It contains a recording studio, rehearsal space and intimate venue which the community can use free of charge. It also provides low-cost housing.

Raft Housing Co-op

A group of support workers, nurses, and musicians, active in social movements and community projects. They are seeking long-term, self-contained homes, ideally with shared spaces to establish a sustainable, regenerative and equitably run co-op, which stands in solidarity with the marginalised, as a vital alternative to the extractive market.

Moon Housing Co-op

A housing co-op in South-East London, Moon aims to provide an affordable and community-minded way of living for a variety of people. A mix of shared housing and individual flats could also have a garden, communal kitchen, and workshop. Moon is founded on a spirit of joyful participation and channels the desires of members from a wide range of life circumstances.

Moss Housing Co-op
Moss works toward creating affordable, environmentally sustainable housing, embedded in and contributing to the local community. They believe lower renter turnover can lead to stronger long-term community. Moss values democratic decision-making, knowledge sharing, and collaboration to support similar projects.

Paula's Housing Co-op
Members believe in living co-operatively in affordable housing without private landlords and are involved in wider social change work in different ways.
The house they live in, and are seeking to secure, is a semi-detached in Birmingham with four bedrooms, a loft conversion, and a garden of at least 50m length.

Ilé-Yaad Housing Co-op
Ilé-Yaad aims to provide affordable and sustainable housing for Afro-Caribbean people in Kent. They aim to create an integrated, intergenerational and collaborative community of 6-12 households, with each member having their own home and shared facilities and being involved in collective and democratic decision making.

Partnerships and Support

The Collective Ownership Society has partnerships with:

CDS Co-operatives a housing association managing around 3000 properties across the South-East, with a mission to support housing co-ops. CDS provides operational and management expertise to Collective Ownership, as well as in-kind and financial support.

Community Assets for Society and Housing **(CASH)** is a volunteer run Community Benefit Society founded by people living and working in co-ops. CASH delivers training for Member Co-ops, and raises Community Shares to invest into COS as another source of capital.

Member Co-op event jointly run with our partners CASH

SUPPORTED BY

MAYOR OF LONDON

The **Greater London Authority** has provided **revenue** support for the establishment of Collective Ownership through the Community Housing Fund.

CDS CO-OPERATIVES

CDS Co-operatives recently provided a **£1.25m investment** to kick start the first property acquisitions and attract further investment into Collective Ownership.

Stable and affordable homes controlled by residents

Collective Ownership focuses on stability and control to combat the insecurity and disempowerment faced by renters.

- Residents are free to control what they do with their homes
- Avoids the landlord-tenant dependency
- Stable rents with increasing affordability.
- Security, choice of property, and day-to-day control, similar to home ownership.
- Democratic management.
- An incentive to improve the sustainability and quality of homes.
- The ability to invest savings ethically with a fair return.

Social Impact

Immediate Impacts

Collective Ownership transforms the resident experience with a transfer of rights and responsibilities equivalent to home ownership, enabling families to settle down, manage and modify their homes, and participate in community life.
Affordability frees up household income for savings, healthcare, and education, driving financial inclusion, whilst also allowing lower paid but highly valued work in the care and creative sectors.

Stable and affordable housing is the foundation on which we **build our lives**, allowing us to **put down roots, plan, experiment, and grow.**

Members of Moon Housing Co-op form an inclusive community

Infrastructure for Long-Term Transformation

For impact investors, Collective Ownership offers a self-sustaining financial model where "right to use" housing assets appreciate in financial value while generating social value in perpetuity. Surpluses are recycled to further the mission rather than enrich private individuals.

By establishing a social purpose model in the private rented sector, Collective Ownership challenges the extraction economy and demonstrates that alternative economic relationships are viable at scale. As the portfolio scales, the legal, financial, and governance infrastructure will build political support for community right-of-first-refusal and public land disposal policies, reshaping economic democracy from the ground up.

Measurable Outcomes & Metrics

We will capture outcomes through annual impact surveys using the *Quality of Life Framework 2.0* to track quantitative and qualitative data:

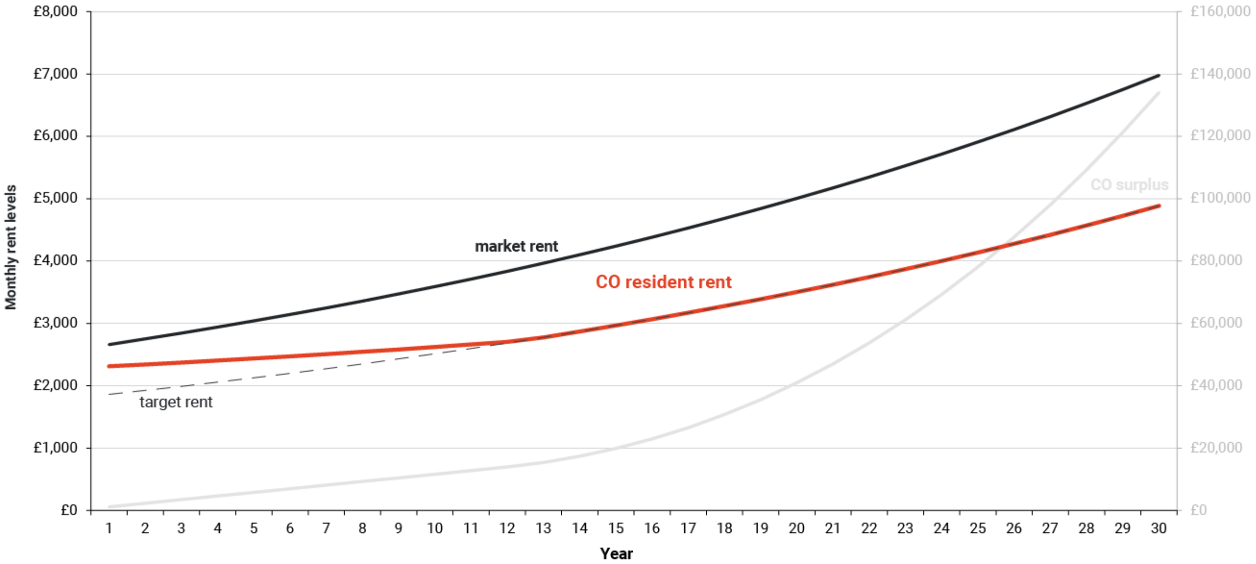
Housing Security and stability: Properties are kept out of speculative markets under permanent not-for-profit control.	**Assessed through move rates compared to the PRS and reported sense of security and belonging.**
Economic Development and Wealth Redistribution: Surpluses are redirected into expanding housing provision rather than extracting wealth for private hands.	**We will track the scale of provision and rent levels relative to market rates (tracked against ONS data).**
Community Empowerment and Democratic Participation: Co-operative decision-making structures build confidence and engagement.	**Measured via the annual survey to capture civic engagement and decision-making.**
Equality, Diversity, and Inclusion: Private renting disproportionately impacts disadvantaged minority groups, who also face extra barriers when trying to create one-off community housing.	**We will track how effectively Collective Ownership provides opportunities for people from marginalised backgrounds.**
Health & Environment: Stability and ownership incentivise energy efficiency upgrades, improving health and sustainability.	**We will survey living conditions, well-being, and environmental / energy initiatives.**

Affordability

Collective Ownership is accessible to people without savings or deposits while providing more stability and control than private renting. Residents can also invest any savings they may have if they choose to. This will help support CO's mission while providing them with a return.

Initial rent levels depend on the **overall cost of capital.** Rents are **more stable** and become **increasingly more affordable** than market over time.

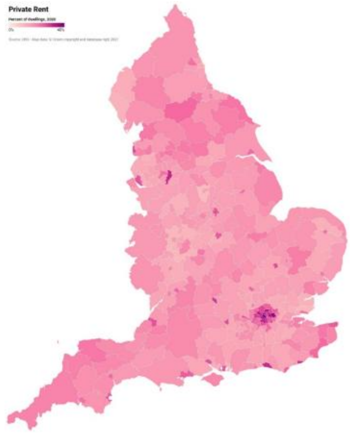
Grants, donations, investment on preferential terms, or being able to acquire property at a discount makes homes more affordable from day one.



The graph above illustrates resident rent trends, comparing Collective Ownership with private rent. It also shows COS surplus generated for a given property. Rent increases as part of Collective Ownership are only needed to cover costs and ensure viability ("cost rent" represented by the red line) and as such are decoupled from speculative market rents (the black line only represents a historical average). As the cost of capital reduces over time, rent levels will reach our affordable rent target (~68% of market rent) and will be kept at that level allowing COS to generate larger surpluses to invest in new property purchases (grey line).

Demand

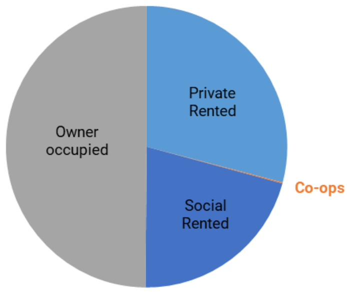
The UK has massive latent demand for stable and affordable resident-controlled housing. Private renting is heavily concentrated in urban centres, comprising 30% of housing stock in London (1.1 million dwellings) and 25–30% in cities like Birmingham, Manchester, Bristol, and Brighton.



Concentration of private rentals

This geographic concentration offers a focus for scalable deployment. While we operate across the country, initial efforts target London and Birmingham due to high rental density, acute affordability issues (London rents rose 10.6% in 2024, with average house prices at £526,000), and strong local networks.

Conversely, the co-operative housing sector remains tiny. London has only around 5,000 homes in co-operative ownership (just 0.1% of stock), resulting in severe backlogs, such as a two-year waiting lists in some Housing Co-ops.



Dwellings in London

COS experiences consistent demand from individuals, families, and unhoused co-ops. The core demographics include "Generation Rent" (those in their 30s), key workers, freelancers, older single parents, and marginalised communities (LGBTQ+ and BME groups) where community belonging is vital. Private renting is disproportionately prevalent among disadvantaged minority groups.

While start-up co-ops organically form, they often fizzle out due to development risks, financial barriers, and a lack of professional expertise. This failure rate is even higher for racially and economically marginalised groups. Collective Ownership overcomes these barriers with a professionalised approach, collectivising financial credibility, and simplifying pathways.

We have **over 150 households** interested in forming groups around suitable properties. We'll provide resources and create pre-formed co-ops to make joining simple.

Member co-ops can source properties within set financial parameters. This empowers residents while generating a continuous pipeline of acquisitions. The Collective Ownership Society can also find properties and create co-ops around them.

Impactful investment in a fairer future

The Collective Ownership Society is a high impact and scalable investment vehicle to meet the broad demand for stable and high-quality housing.

- Resident-controlled homes funded by patient capital
- Investment in tangible property assets
- Stable and predictable lease income
- Revolving and high impact investment which goes beyond financing one-off housing schemes
- Surplus recycled into buying more homes, forever.
- Flexible investment terms and pathways
- Efficient asset transfer, tax treatment and use of funds

Investment Offer

Why is investment needed?

Despite the broad demand and urgent need for stable and affordable homes, developing an alternative housing model in today's market faces one major challenge: ***access to a large amount of long term, patient capital***.
This type of capital is needed because while housing is a straightforward business model (income from rent on residential properties), it takes a long time to service capital costs (loans and investments) at affordable rent levels.

Making a housing project affordable in today's market requires a mix of:

- **Monthly repayable finance** (mortgage type): this has a direct and proportional impact on the rent levels as it is serviced through monthly rent payments. This kind of finance part is obtained from lenders and partners.
- **Bullet repayment finance**, where capital and interest are repaid at the end of the term (loan stock / bond type): this is repaid in part through accumulated cash surplus from lease rent and partly replaced by new investment. ***This kind of finance is crucial to making projects viable and affordable.***

As properties come onto the market, we need to have the **funds ready** to secure opportunities **before private investors**. Help us bring Collective Ownership beyond the concept stage into the reality of people's lives

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Investment secured and target raise

We have developed Collective Ownership with revenue funding from the Greater London Authority. We currently have access to **£1.25m capital investment from CDS Co-operatives** as monthly repayable finance and **£100,000 as bullet repayment finance from early supporters**.

We are now seeking another **£450k to £2.9m** investment as bullet repayment finance to fund our **demonstrator projects** and purchase 2-5 buildings for members co-ops.

Why choose to invest in Collective Ownership?

Drawing from professional expertise and learning from other alternative housing models, the two-tier structure of Collective Ownership was specifically designed to optimise the use of capital investment and maximise its impact[2]. This is achieved in three main ways:

1. **Building track record and economic power:** investment in CO creates a steady income stream (the lease rent) and a growing asset portfolio mutualised across all projects into an organisation dedicated to growth. When it comes to funding the next project, CO can demonstrate a track record of operation and income, and can leverage on its existing assets to finance new acquisitions and fuel growth.

2. **Efficient generation and recirculation of income:** our legal set-up enables for both resident rent and lease rent to benefit from a dedicated exemption from corporation tax. This allows us to optimise affordability as well as maximising the amount financial resources to put back into expanding the number of homes in Collective Ownership.

3. **A standardised investment and ownership model:** by separating the assets ownership body (COS) from day-to-day housing management, Collective Ownership provides a standardised and consistent framework to form long lasting partnerships with key actors and investors who do not have to dive into the intricacies of specific housing schemes. Meanwhile Member Co-ops can exhibit diversity to cater for a range of housing needs.

Permanent impact: your investment creates assets and income streams which are **repeatedly recycled into bringing more homes into Collective Ownership** and removing properties from the private market.

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[2] New, single, isolated community housing schemes struggle to access capital from funders and lenders because of a lack of track record, lack of assets and because each one uses slightly different structures and models which adds a great deal of complexity. Even when such a project manages to succeed, residents are then busy managing their housing day-to-day and often do not have the human and organisational resources to put towards growth and expansion. As such the project’s acquired assets and economic power are not utilised further and the impact of the investment stops at that single scheme.
Current multi-scheme organisations either suffer from lack of resident control as they grow as one single organisation (like large housing co-ops), or only partially mutualise assets and income and suffer from unfavourable tax regimes (like for CLTs) which greatly limits their growth potential.

Investment Terms

Collective Ownership can offer investment on flexible terms, **giving investors the choice** to decide what work best for them. Below are the key terms:

Investment type: Investment in Collective Ownership is made as a loan. A loan contract is signed between you as the investor and The Collective Ownership Society Limited (COS). The loan contract legally binds and protects both parties to the terms agreed as part of the agreement.

Investment amount: The investment amount can be anything between £10,000 and £750,000 per investor. For higher amounts, please contact us directly.

Investment length: Investor can choose to invest for 5 years, 10 years, 15 years, 20 years or 25 years. Longer investment periods provide more stability and predictability for projects.

Return on investment: Investors can choose a return between 0% and 4% per annum, calculated yearly on the outstanding loan balance. A lower rate of return means a more affordable rent for residents.

Interest accrual: Interest is calculated and added to the loan balance annually (i.e. the interest amount received compounds yearly).

Repayment: Both the capital and the accrued interest is paid out to investors at the end of the length term.

Early repayment policy: Investors can request an early repayment for part or all of their investment in COS. It is at COS' discretion to accept or decline such requests.

Security: All investment is used to purchase tangible physical assets in the form of residential properties. Investments between £400k - £1m are eligible for second fixed charge security against specific properties. Investments above £1m are eligible for first fixed charge security against specific properties.

Ring-fencing: If you have a specific interest in investing to support a particular group or project, your investment can be ring-fenced towards purchasing properties for this specific group.

Investment examples

- **£250,000 invested over 15 years at 3% interest**
  the investor receives their 389,492 back after 15 years. The repayment is made of the original £250,000 invested plus £139,492 of accrued compound interest
- **£100,000 invested over 10 years at 2% interest**
  the investor receives their 121,899 back after 10 years. The repayment is made of the original £100,000 invested plus £21,899 of accrued compound interest
- **£20,000 invested over 5 years at 0%**
  the investor receives £20,000 back after 5 years with no interest

How to invest

1. Visit our website and fill in the investment pledge form at: **www.collectiveownership.co.uk/invest**. In the form you will be able to choose your preferred investment terms.
2. You will then be emailed a signing link for the loan agreement within 5 working days of your submission, and our anti-money laundering requirements.
3. You will receive a copy of the signed loan agreement when signed by both parties (you and CO). CO keeps a copy of all loan agreements so if you lose yours, you can request a copy.
4. You must then transfer the money by the draw down date specified in the loan agreement into COS' bank account (bank details will be supplied in the loan agreement).

Investor FAQs provide more information.

Acquisition plan

Acquiring 2-5 properties for our Member Co-ops will allow us to house 12 to 30 people. The exact number of properties and the initial rent levels will ultimately depend on the amount and terms of investment raised.

Member Co-ops and Collective Ownership are constantly looking for suitable properties. Given that the market moves quickly, we cannot confirm which exact properties will be purchased with your investment, but all projects are evaluated against risk and financial viability criteria outlined below.

Building on these first projects, Collective Ownership can demonstrate a track record and leverage additional finance to keep acquiring more properties.

Creating this initial property portfolio is the **most crucial phase**, generating momentum behind Collective Ownership to start **building a fairer housing system**.

Project assessment and viability criteria

We encourage member co-ops to take the lead in identifying properties that suit them, armed with guidance and criteria we use to assess potential acquisitions. This approach gives member co-ops significant autonomy and control over their housing while every purchase is thoroughly assessed by the executive team and approved by the Board. Evaluation criteria include:

- **Group Readiness** showing commitments to move in from co-op members, that they can afford the rents and manage a co-op.
- **Property Quality** using property surveys to considers any immediate works that may be needed, their associated costs, and any associated risks.
- **Financial Viability** considers several factors including yields (ratios of rent to capital value), debt service cover ratio, loan to value ratio, discount to market rent, and return on investment.
- **Capital Investment** specifically for a project can make a big difference. Depending on the amount and terms, this can help reduce initial rents and make our funding go further.
- **Transaction Risk** considers the sale format, such as auctions, and legal and planning conditions associated with a property.
- **Let-ability** considers how easy it will be for co-ops to find tenants in the future as we don’t want them to have long voids.

Intended purchases

The following three intended acquisitions have been evaluated, and we are in advanced discussions and agreements with the sellers. There is a pipeline of others if any of these properties fall through.

Residential Units & Art Studio

The property is made of flats and a former dry clearer on the ground floor. It was identified by **Rode Housing Co-op** who will turn the ground floor into an art studio. with 4 residents living above. Our offer for the property has been accepted.

Investment target: £198k

7-bed property

This property is a large semi-detached house comprising of 7 bedrooms, a living and dining room, 3 bathrooms, a large garden and a shed, making it ideal for co-living. **Moon Housing Co-op** identified it as suitable for their group.

Investment target: £220k

Residential Units & Music Studio

The Rising Sun is a converted pub in Peckham with 7 bedrooms. The building has been home to a group of creatives since 2015, where they have created an ethnically diverse, LGBTQ+ friendly, interdisciplinary cultural hub and studio that has been instrumental in launching the careers of a range of artists. The property has been on the market and the tenants risked eviction but formed **The Rising Sun Co-op** in a continuing attempt to secure the property.

Investment target: £282k

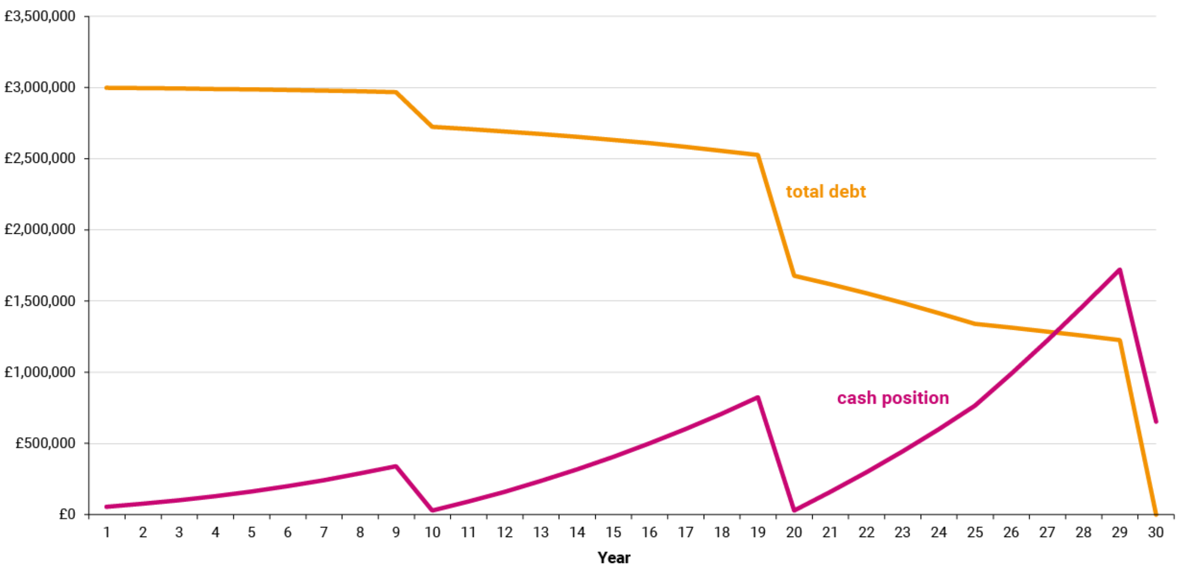
Numbers at a glance

The total capital required for these 3 acquisitions including legal fees, land tax, contingency surplus and other initial costs:
£2,984,350

Financed by:
- Mortgage from Unity Trust Bank: £628,438
- CDS investment (mortgage type loan): £1,250,000
- Funds pledged for specific projects: £320,000
- COS existing funds: £100,000
- New capital to raise: £700,000

Ongoing financial viability: yearly average over the first 10 years:
- Lease income: £170,359 pa
- Operating expenditure: £16,220
- Mortgage loan repayment: £118,027
- Major repairs on properties: £9,460
- **Ongoing surplus to service investment: £26,652**

The starting resident rent required for each Member Co-op to build £2.5k of reserves per year and cover their ongoing costs is around **90% of the estimated market rent** for those properties and will further decouple over time to become more affordable.



Financial Projections for 3 'demonstrator' projects

Key assumptions:
- 1% interest rate increase on mortgage
- 3% void rate in residency for Member Co-ops
- 3% average return rate on investment
- Repayment and refinancing investment cycle every 10 years (peaks and troughs on the graph)

Risks

Investing in any project always has an element of risk. Collective Ownership has a range of processes and policies to assess and mitigate risks. The tables below outline the key identified risks and mitigation measures in two categories:

1. **Financial risks** where investors could lose part or all of their investment. Given that CO uses investments to purchase tangible residential assets, and is legally bound to repay you on the agreed terms, the main financial risk lies in our inability to recover the value of assets if we need to sell them to repay our creditors. This is important when considering investors with higher-ranking security (legal charges) will be entitled to recover their money before investors with lower-ranking security, or with none at all, in the case of failure or dissolution.
2. **Social impact risks** where your money is not necessarily at risk, but where CO fails to deliver its mission.

Financial risks

	Unmitigated				Residual		
Risk and Impact / Consequence	**I**	**P**	**R**	**Mitigations**	**I**	**P**	**R**
Property losing value due poor condition meaning COS cannot recover adequate value in the event properties need to be sold to repay investments.	5	3	**15**	1. Carry out due diligence / building survey before purchase. 2. Plan for additional borrowing/budget at the start to allow for major works 3. Budget for major works is included as part of the lease rent for COS to protect its interest in the capital asset 4. Well-developed asset management plans 5. Financial plans ensure sufficient budget for day-to-day repairs at affordable rents 6. COS and partners provide support to members around property maintenance issues.	4	2	**8**
Property losing value after an unpredictable event, like a fire meaning COS cannot recover adequate value in the event properties need to be sold to repay investments.	5	2	**10**	1. COS ensures that all properties in the portfolio are insured adequately to recover costs of damage and restore value.	5	1	**5**
Property market downturn meaning decreases in portfolio value preventing COS from recovering adequate value in the event properties need to be sold to repay investment.	3	3	**9**	1. Regularly review and update investment strategy based on market conditions 2. Build cash reserves adequately to minimise repayment needed from property sales.	2	3	**6**
Loss of lease income prevents COS from building sufficient cash reserves to repay investments.	4	4	**16**	1. Build robust financial plans that include void rate for member co-ops and attractive rent levels to minimise risk. 2. COS and its wider members support members with tenant recruitment and turnover to minimise voids. 3. Member Co-ops receive ongoing training on housing management, financial literacy and conflict resolution. 4. Ensure member co-ops maintain suitable waiting lists	3	2	**6**
Early project failure which may lead to not being able to recover the full cost of capital (due to land tax etc.)	4	4	**16**	1. Cover some of the purchase cost with grants 2. Undertake in-depth due diligence on and the properties and the Member Co-op group.	2	3	**6**
Bank Interest rate rises prevent COS from building sufficient cash reserves to repay investments.	4	4	**16**	1. Stress testing the interest when building financial plans 2. Financial plan built with DSCR > 120%	2	4	**8**

Social impact risks

	Unmitigated				Residual		
Risk and Impact / Consequence	**I**	**P**	**R**	**Mitigations**	**I**	**P**	**R**
Failure to refinance investment mean that COS has to sell properties to repay investors, resulting in some people losing their homes.	5	3	**15**	1. Financial models built with enough cash surplus to reduce refinancing amounts 2. Fixed term loan finance is predictable so we know when the refinancing is due and can plan an investment strategy ahead of time 3. Leverage the network to raise investment when needed 4. Explore sources for refinancing, including leveraging any increases in market value of its portfolio to borrow mortgages and repay investors	5	2	**10**
Loss of mission	3	3	**9**	1. Ensure major decisions refer to original principles 2. Ensure board members understand principles, with strong recruitment process and regular strategy days. 3. Embed and operationalise mission in policies 4. Member co-ops on the Board prescribed in rules to safeguard mission 5. Encourage a balance of housed and unhoused member co-ops in governance of the COS.	3	2	**6**
Failure of a member co-op can mean financial losses for COS during void and selecting a new co-op; potential reputational damage.	3	3	**9**	1. Provide training and support on financial management, governance and social dynamics to lower risk of failure 2. Provide template conflict resolution policy for groups 3. Monitor the health of member co-ops 4. Create waiting lists for properties where risks are identified for quick change of member co-op to mitigate financial loss. 5. Establish COS with effective co-ops initially.	3	2	**6**
Misalignment between COS and member co-ops. Operational inefficiencies; Potential conflicts over property management; Reduced attractiveness of the model to potential residents.	3	4	**12**	1. Develop clear governance structures and decision-making processes; 2. Provide clear road map to member co-ops for expectations and training; 3. Establish clear communication channels between COS and member co-ops. 4. Consider implementing a dispute resolution mechanism.	3	2	**6**

Disclaimer

Investment in Collective Ownership (COS) is not covered by the Financial Services Compensation Scheme (FSCS) or other financial protections. This means that while all the money invested in COS is used to purchase tangible property assets and COS has a legal duty to repay your investment on the agreed terms as per the loan contract, *investors could still lose part or all of their investment in the event of failure*. As outlined in this section Collective Ownership has a range of processes to assess and mitigate risks, but investors should consider all the risks outlined in the offer document before deciding to invest, and should invest no more than they can afford to lose, and if in doubt should consult independent professional advisers regarding the legal, tax, financial and other relevant matters regarding the investment.

Other Suitable Properties

Working with Member Co-ops, Collective Ownership has identified a series of suitable properties of various typologies to cater for different housing needs. Some examples are below:

Converted Villa

This converted Edwardian property with 4 self-contained 2- and 3-bed flats and shared garden in South London, was identified by Moss Housing Co-op. Our appraisals suggested there was a financially viable scheme. Although we did not have funding in place to proceed with an acceptable offer at the time. The co-op are searching for similar properties.

Paula's House

This semi-detached house in Birmingham is home to a group who believe in living co-operatively without private landlords and are involved in wider social change work in various ways. The house has four bedrooms, a loft conversion, and a garden of at least 50m length, and is a financially strong scheme as a result of relationships of members.

Community Mews

Elevation are a group of families with children. They have been looking at new build projects and have identified this backland mews project of 5 large houses in Enfield, which is starting on site soon. The developer is interested in a bulk sale at practical completion.

Extended bungalow

This property in South London had been converted from a single storey 5 bed bungalow to a build a new 5 bed flat above and a 1 bed studio in the slope.

We were not able to move quickly on this opportunity. Even though it was financially attractive.

North London flats

This property in North London has 4 self-contained flats, a mix of 2 bed and 3-bedroom flats and a large, shared garden. We were told it could be sold vacant.

There would be 7 people living in the project, including flats for couples, families and sharers.


"I want to find a way to live here, to be part of a housing justice movement and not just 'get by' year after year"
"I would like the opportunity to contribute positively and also feel secure, and pursue the things I desire and a life that I am happy with"

Please don't hesitate to contact us, if you have any specific questions:

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