



A GROUNDBREAKING
NEW FORCE IN
STUDENT HOUSING



SHARE OFFER DOCUMENT



OFFER SUMMARY

Student Co-op Homes is a new driving force to expand the student housing co-operative movement in the UK. We are issuing community shares to raise capital so we can purchase properties across the country to lease to student housing co-operatives. Investing in this share offer is a unique opportunity to expand access to education, to contribute to a fairer economy, and to introduce new generations to co-operative ways of organising.

TERMS

Opening date: 10th October 2019

Closing date: 10th December 2019
The board of the society may choose to extend the period of the share offer for up to 8 weeks if they believe that doing so will increase the chances of reaching the maximum target.

Minimum target to be raised: £100,000

Maximum target to be raised: £2,000,000

Minimum share subscription:

- £250 is our default minimum investment in this offer. Any investment of **£250 and above is eligible to receive interest.**
- Anyone can also become a member of the co-operative by investing a minimum of £50. Investment below £250 is treated as a membership investment and is not entitled to interest.

Maximum share subscription for an individual: £100,000

Maximum share subscription per organisation (which is not a registered society): £100,000

Maximum share subscription per society: Unlimited

Interest rate on investment: We aim to provide a rate of **4% return to our investors**, paid annually starting 6 months after the close of this offer. Investors can choose at their discretion to receive interest at the **full rate of interest, half rate, or to receive no interest.**

Members can request withdrawal of shares from one year after the closing date of this offer. Investment can normally be withdrawn subject to a three-month notice period (withdrawals may take place in less than three month for small amounts). Allowing share withdrawal always remains at the discretion of the board of directors. The board can suspend the right of investors to withdraw shares to protect the viability of Student Co-operative Homes.

As with shares in companies, community shares are a form of risk capital. It is not covered by the Financial Services Compensation Scheme, and so if the enterprise fails, investors can lose some or all of their money.

Student Co-op Homes is supported by:



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STUDENT CO-OPERATIVE HOUSING: A PRACTICAL SOLUTION TO THE STUDENT HOUSING CRISIS

The UK housing market is failing much of the population, depriving many people of access to decent and affordable homes. Students suffer their own version of this housing crisis.

Rents across the UK are skyrocketing, with many students in cities like Edinburgh and Brighton paying upwards of £700 per month for a single room in a shared flat. All the while, landlords neglect their responsibility to make timely repairs, fail to upgrade windows and insulation to protect residents from cold and damp, and squeeze too many people into inadequate, overcrowded spaces. Poor tenant protections and perverse incentives enable landlords instead to pursue their own financial gain at the cost of decent homes.

A new and growing for-profit student accommodation industry has barrelled into neighbourhoods, capitalising on record numbers of students, who often have nowhere else to turn. Their high-rise private halls displace local shops and residents and massively increase population densities, upending long-standing communities. This is no minor blip on the radar – it is a £50 billion industry, with almost 60% of recent investment coming from outside the UK, according to Savills.

THE NATIONAL STUDENT ACCOMMODATION SURVEY 2019 REVEALED THAT:



90%

OF STUDENTS EXPERIENCE
ISSUES WITH THEIR HOUSING –
MOSTLY DUE TO IT NOT BEING
MAINTAINED TO A DECENT
STANDARD OF LIVING



50%

OF STUDENTS STRUGGLE
TO PAY THEIR RENT



65%

OF STUDENTS NEED TO
BORROW TO PAY FOR
ACCOMMODATION

ONLY 15%

OF STUDENTS
GET THEIR
DEPOSITS BACK



63%

OF STUDENTS FIND HOUSING
COSTS HAVE A NEGATIVE EFFECT
ON THEIR MENTAL HEALTH



82%

OF STUDENTS
WANT A RENT CAP

University halls today feel less and less like educational communities, as they are now part of their universities' commercial wings. Student reporters at the University of East Anglia, for example, exposed how their university has driven up rents to cross-subsidise other parts of the university to the tune of millions of pounds each year. And for their thousands of pounds in rent, student residents still cannot paint their walls, cannot install bike racks for safe and convenient storage, cannot even replace inadequate furniture with a larger charity-shop find so they can comfortably invite their neighbours over for dinner.

The housing system in the UK is not designed to enable people to make good homes that they can afford. Housing in the UK is a financial tool, a tool that owners use to exploit residents for financial gain. This system of housing, built on exploitation, contributes directly to student poverty and to an alarming rise in levels of stress and poor mental and physical health.



As a response to this crisis situation, students are taking control of their housing with the power of co-operation. Inspired by examples from North America to Australia, some student groups in the UK have set up housing co-ops to self-manage their accommodation and create their own homes. Student housing co-ops don't have landlords setting the rules. Instead, students organise as communities to co-operatively manage their homes and to decide how things work on the day-to-day.



WHAT IS A HOUSING CO-OP?

Housing co-operatives are organisations that allow people to come together to meet their common housing needs. The housing co-operative manages the building. Housing co-ops are based on mutual benefit for the residents, rather than profit for an absent owner.

This set-up works well in situations where a variety of people share a home, which is how students are typically housed in the UK.

By shifting the focus away from private profit, rents can be reduced to a more reasonable level, and money can be reinvested to improve the houses students live in. There are three successful examples already up and running in the UK: Edinburgh, Sheffield and Birmingham student housing co-ops provide quality homes to more than 100 students at more affordable rents than other types of student accommodation.

New student groups have formed all over the country as an attempt to replicate this success, demonstrating the need for this new housing model and its ability to provide decent, affordable places for them to live. However, it has been a great challenge for these groups to access the necessary capital quickly enough to acquire properties, and none of them have yet succeeded to do so on their own.



HOW DO STUDENT HOUSING CO-OPS FORM?

Students interested in forming student housing co-ops use their networks to find like-minded fellow students who also want fairer housing for themselves and/or future students. The students then agree the basic rules governing membership, and look for houses to lease (buying them isn't really possible because most mortgage lenders are looking for people in employment who plan to live there long term).

The student housing co-operatives that are currently managing properties have only been able to do so with the help of established organisations that have bought (or already owned) the property, and agreed to lease it to the student housing co-op.

Student Co-op Homes will bridge the gap between a successfully formed group and access to property. In doing so, Student Co-op Homes will provide the framework to accelerate the establishment of student housing co-operatives across the UK.



STUDENT HOUSING CO-OPS - A MODEL THAT REALLY WORKS!

EDINBURGH STUDENT HOUSING CO-OPERATIVE (ESHCO)

Launched in 2014, Edinburgh Student Housing Co-operative is the UK's largest student housing co-op. It's democratically managed by its members, who commit several hours a week to running and enriching the co-op with activities such as cooking, cleaning, maintenance, skills swaps and workshops. The property is owned by Castle Rock Edinvar Housing Association and leased to the co-op.

24
FLATS IN 2 PROPERTIES

3-6 HOURS A WEEK
- TIME EACH RESIDENT CONTRIBUTES TO RUNNING THE CO-OP

106
RESIDENT MEMBERS

£315
RENT A MONTH, WHICH INCLUDES UTILITIES, INTERNET, CLEANING SUPPLIES AND LOO ROLL!

£170
A MONTH CHEAPER THAN ESTIMATED AVERAGE EDINBURGH RENT WITHOUT UTILITIES

9
BEDROOMED HOUSE IN BIRMINGHAM'S SELLY OAK DISTRICT

35M²
GARDENING BEDS THANKS TO PROFIT REINVESTMENT

£277.33
RENT A MONTH EXCLUDING BILLS, EQUATING TO £64 A WEEK

£33
A MONTH CHEAPER THAN ESTIMATED AVERAGE BIRMINGHAM RENT

BIRMINGHAM STUDENT HOUSING CO-OPERATIVE (BSHC)

The UK's first operational housing co-op, BSHC was launched in June 2014. Its finances are managed collaboratively by all members together with Birmingham Co-operative Housing Services, part of Accord Housing. Profits have been reinvested to provide a greenhouse, gardening beds and many house improvements. The house is owned by The Phone Co-op, part of The Midcounties Co-operative, and leased to BSHC.

SHEFFIELD STUDENT HOUSING CO-OPERATIVE (SSHC)

Launched in 2015 following on from the success of BSHC in the previous academic year, its finances are managed collaboratively by the members with the support of Northwest Housing Services.

The house was purchased by The Phone Co-op (now part of The Midcounties Co-operative) and leased to SSHC. Home improvements include a transformation of the fully paved-slab garden into a veg and herbs garden and the erection of a reclaimed garden shed.

112M²

5
BEDROOM HOUSING IN SHEFFIELD'S CROOKES SUBURB

£299
RENT PER MONTH EXCLUDING BILLS, EQUATING TO £69 PER WEEK

*All figures as of July 2019



STUDENT CO-OP HOMES: A DRIVING FORCE TO GROW STUDENT CO-OPERATIVE HOUSING

Existing student housing co-ops across the UK have come together to form Student Co-op Homes (SCH), with the support of The Phone Co-op Foundation for Co-operative Innovation and Co-operatives UK.

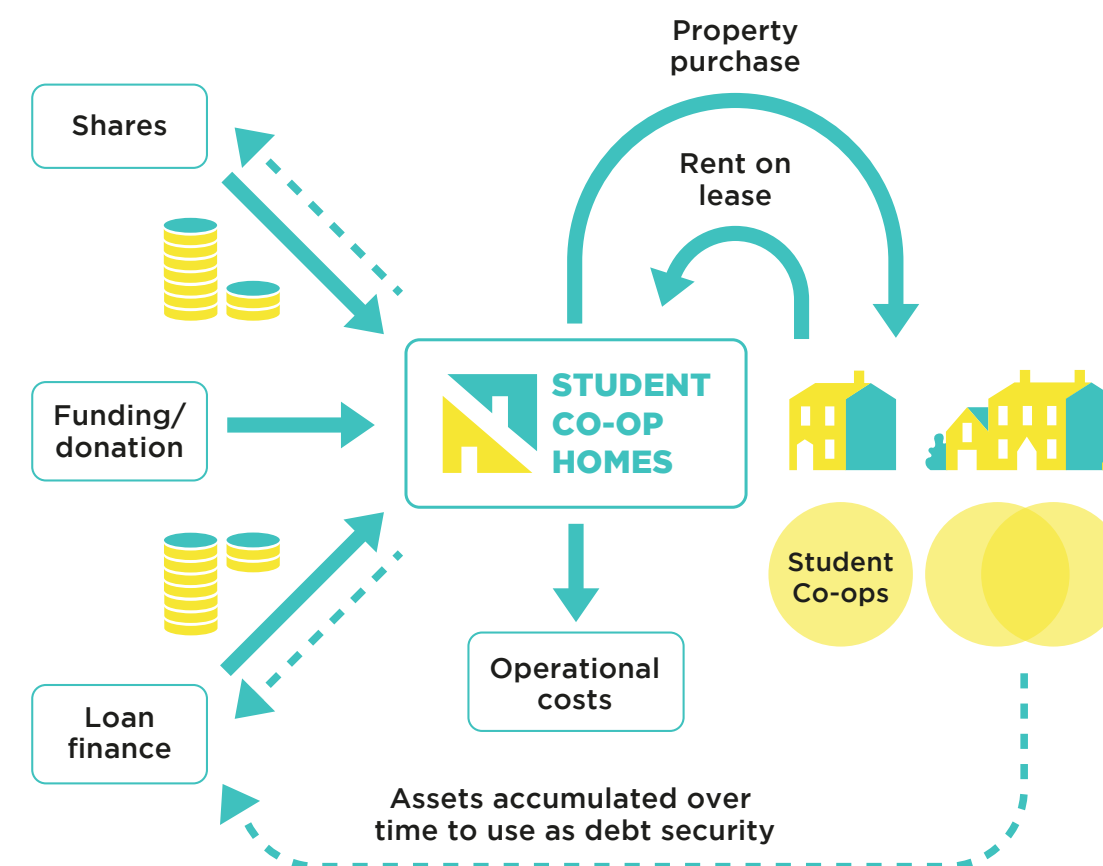
SCH is a national co-operative established to promote, enable and scale-up the student housing co-op movement in the UK. Its main function is to acquire property to lease to its member co-ops. SCH also intends to support new and established student housing co-ops with training and advice on how to set up and manage their co-op. The membership is made up of student housing co-op groups and investors who support the organisation.

Experience from other countries, such as the US and Canada, shows that creating a national organisation to support student groups and to facilitate property acquisition was the game-changer that catalysed the growth of a thriving student housing co-op movement (see **“Replicating a successful model”** on page 9 for more information).

SCH enables student housing co-ops across the UK to combine their assets and resources into a central organisation, allowing us to raise finance for new projects, to share risk, to build strong and long lasting partnerships, and to self-finance our growth in the long run. As SCH acquires more properties and grows its asset base, it will become easier to raise finance to expand.



SCH FINANCIAL MODEL:



Others have rallied to support the launch of Student Co-op Homes. The Midlands Co-operative Society and East of England Co-operative Society have recently committed to contribute to the running costs of Student Co-op Homes with £6,000 each per year for three years. Scotmid Co-operative has also agreed a loan to SCH towards the purchase of a property for Glasgow Student Housing Co-op. After the initial phase of setting up the organisation and gathering early supporters, we are now seeking capital to start acquiring properties.

We have three student groups (already members of SCH) ready to take on properties—in Nottingham, Glasgow and Brighton—as well as groups in development in Leeds, Manchester, Stirling, Guildford, Belfast and Bristol, and expressions of interests in several other cities.

Today, cash-rich landlords and offshore investment funds are able to move quickly to secure any new properties that come on the market in areas where students live. To overcome this difficulty, we have a plan and we need your help!

Replicating a successful model

NASCO (North American Students of Cooperation), founded in 1968, acts as the federal body for the US and Canadian Student Housing Co-operative movement. In 1988 they founded a subsidiary, NASCO Properties (NP) to help establish new member organisations with NP acquiring ownership of properties and providing access to local members through long-term lease agreements. NP has operated successfully since its inception and Student Co-op Homes is seeking to transfer and adapt this successful, tried and tested model to the UK.



THIS SHARE OFFER: INVESTING IN THE SOLUTION FOR THE NEXT GENERATION

WHAT IS THE INVESTMENT FOR?

With the money we raise from this share offer, we'll be able to buy our first properties. These will be leased to student housing co-ops that are members of SCH. SCH will then use this income to cover its running costs and to pay the interest on the share capital invested through this offer. Most importantly, we also plan to build reserves to ensure we can grow the student housing co-op movement on the soundest possible footing. The more money we raise, the more properties we can buy in more locations. This model is highly scalable and financially self-sustaining. We intend that the capital raised through this initial share offer will go towards acquiring properties for Glasgow, Nottingham and Seasalt (Brighton) Housing Co-operatives (see the "Student co-ops in need of housing" on page 12 for more information).

THE BENEFITS

Unlike the crowdfunded property investment vehicles that encourage ordinary people to speculate on buy-to-let properties, our model is based on fairness and bring benefits to all: students, local communities, our investors and the co-operative economy. The only people who will lose out will be unscrupulous private landlords and letting agencies, which we think is actually another win!

BENEFITS FOR STUDENTS

Students who live in student housing co-operatives will benefit financially, socially, and educationally. With fairer and more affordable rents and economies of scale, they'll be less dependent on debt and have less need to work in part-time employment, enabling them to focus more on their studies. That increased economic security is multiplied by improved housing security, as residents know the landlord won't suddenly evict them, or jack up the rent.

More secure and affordable housing in a community setting in turn means less anxiety, improved wellbeing and a better experience of education. Just as importantly, the student housing co-op can act to solve problems like damp and a broken boiler swiftly, so that students do not have to rely on a distant and uninterested landlord to ensure decent living conditions.

Students who have lived in student housing co-ops talk at length about how the experience has given them more confidence and allowed them to learn important new life skills. In particular, they have new opportunities to acquire entrepreneurial skills and learn practical knowledge on housing maintenance and co-operative business management. This has already led to ex-members of student housing co-ops making the choice to work for co-operatives and to become active members. Some have even launched new co-operative enterprises.



"I've just met so many amazing people, and bounced off so many ideas, I think it's really enabled me to grow as a person and to think about how we can apply this to other areas of our life as well."

BENEFITS FOR INVESTOR MEMBERS

Our investor members will know that their capital enables the growth of an ethical and new co-operative sector in the economy, providing community-led, affordable and high-quality student housing on a national scale.

They will also receive a fair return of up to 4% per year from an ethical investment.

In addition, the money invested will be used to purchase tangible, "bricks and mortar" property assets, reducing risks in case of business failure.

This isn't an investment opportunity that comes around all that often!

BENEFITS TO LOCAL COMMUNITIES

In some cities, conventional student housing has made integration between student and non-student communities more difficult by creating areas of high student density disconnected from local people. Complaints by local residents arising from issues created by these 'student bubbles' have been important enough to impact local planning policies.

Student housing co-ops facilitate and promote students putting down roots in local communities and integrate a sense of ownership, responsibility and belonging from one generation of students to the next. The evidence from the existing student housing co-ops is that students living in them are much more committed to integrating with their local communities than is the case with students in other forms of student accommodation. This is hardly surprising because student housing co-ops are themselves communities, which, as the already-successful student co-ops show, means they have a positive approach to the communities where they live.

BENEFITS TO WIDER SOCIETY

Lower-cost, better-maintained housing improves opportunities for students from a diverse range of backgrounds to access education. By making housing – and thereby education – more affordable, Student Co-op Homes will help widen access to education for students, especially those from financially disadvantaged backgrounds.

Student housing co-ops also enable a new generation to develop valuable additional skills that will benefit society over the decades ahead. In particular, students are learning how to co-operate in the most practical way possible, extending the reach of the co-operative model to equip young people with the tools to tackle the world's problems and build the co-operative economy of the future.

While private landlords have little incentive to prioritise energy efficiency, students who control their own housing have a strong interest in thinking long-term about the benefits of reducing energy consumption, emissions and waste, both in terms of the financial benefit that flows from this and in terms of the future of the planet. SCH is the ideal vehicle for facilitating this through investing in efficient buildings.

Birmingham and Edinburgh Student Housing Co-operatives are already taking such actions. Birmingham insulated its ninth bedroom's walls and floor when it was converted from a garage. ESHC had cavity wall insulation installed in both of their buildings shortly after moving in, and they have been renovating their basements to high-efficiency specifications for communal space. They are also keen to install solar PV on their rooftops, an expensive initial outlay, but with significant financial savings and emissions reductions over the longer term. In light of the climate crisis, reducing the environmental footprint of housing is an essential aim of the movement we are trying to build.



STUDENT HOUSING CO-OPS IN NEED OF HOUSING

GLASGOW

We are the **Glasgow Student Housing Co-operative**, formed in November 2016. As a group of 10 students from various universities in Glasgow, we have been working hard to offer a real alternative to the current housing provision for students in the city. Glasgow is an expensive city for students, so we are really excited by the prospect of co-operative housing, where we can regain autonomy over our living situation, learn a host of invaluable skills, and foster a community built on mutual aid and co-operation. Since becoming incorporated in March 2017, we have taken significant steps to get ready to occupy a property and to fully manage our co-op. We conducted surveys with students to gauge interest in co-operative living; received financial, governance, and media training; networked with other co-ops both in the city and further afield, including Student Co-op Homes and Students for Co-operation; built relationships with Glasgow City Council; held a number of fundraisers and public events; viewed properties; written our secondary policies and kept the co-op ticking away on a day-to-day basis! With three universities, an art school, a conservatoire, and numerous colleges in Glasgow, there is a huge demand for affordable, collectively run housing and the sense of community offered by co-operative living.



Nottingham Student Housing Co-operative

Buck the landlords

NOTTINGHAM

Nottingham Student Housing Co-operative formed in early 2015. Primarily represented at the University of Nottingham, we have worked extensively to help establish Student Co-operative Homes over the past few years, with the long term aim of obtaining property through it for ourselves and to provide a national organisation to establish other student housing co-ops across the UK. We began from observing the detrimental lack of investment by landlords in student-dense areas of Nottingham and the dire relationships between students and the locals. We wanted to firmly plant our stake in the community, showing students are not what we are perceived to be – we are responsible, we will invest and are positive stakeholders in the community when we have control over our own affairs. We want to take on the virtual monopoly of landlords that have brought us to where we are. There are countless stories of poor student housing, damp, mould, pests, etc and the poor physical and mental health effects have provided extra drive to our conviction that co-operation and doing things for ourselves is the only way to change the situation. Work to date has meant a lot of stakeholder engagement locally and education about what our model is. Overall the response has been positive and we look forward to living in our own home.

BRIGHTON

SEASALT Co-op (South East Students Autonomously Living Together) was founded in spring 2018 to create affordable, high-quality housing for students run by students. The core working group is made up of students from both the University of Brighton and the University of Sussex. We currently have seven active members and aim to increase our members as new freshers takeover from recent graduates. Over the last 18 months we have succeeded to secure: over £40,266 pre-development funding from Homes England; £8k from Brighton & Hove Community Land Trust; £15k from Reach which will be used to raise investment to make the property more energy efficient and £10k unrestricted funding from the University of Sussex.

We have also:

- Built a strong reputation locally and become recognised as a leading community housing project in the city
- Conducted extensive community and neighbourhood engagement to build up support
- Obtained political support and submitted planning permission for a seafront guest house resulting in 37 letters of support, including MP Lloyd Russell Moyle, and only 4 objections, alongside general support from Brighton Pavillion MP Caroline Lucas.
- Organised over 30 weekly meetings and over 200 hours of training for core volunteer working group (figures till May 2019)





HOW MUCH INVESTMENT DO WE NEED, FOR WHAT IMPACT?

We are aiming to raise between £100,000 and £2 million. Raising the lowest amount will enable us to purchase a property for Glasgow Student Housing Co-op, coupled with a loan which has been offered by Scotmid Co-operative. This would be enough to make Student Co-op Homes financially viable and to kick off the growth of the sector. This would be a great start, but of course we would like to be able to do much more! If we can raise our maximum target of £2m we will be able to buy around 25 properties, allowing us to *double the number of students living in housing co-ops across the country*, while generating enough income to employ full-time staff and become completely self-sufficient in self-financing our growth.

We will use mortgage finance to top up the money raised through this offer to buy properties. Scotmid Co-operative has already agreed a £300,000 loan to SCH to finance up to 90% of a property for Glasgow Student Housing Co-operative. We have also started to build relationships with lending institutions to finance other projects.

Below are indicative figures of the share investment needed by the student housing co-operatives ready to take on properties right away (these figures are based on using the funds raised for a deposit of around 30% of the property's value):

Glasgow Student Housing Co-op: £90,000 – £150,000

Nottingham Student Housing Co-op: £120,000 – £200,000

SEASALT Housing Co-op (Brighton): £350,000 – £800,000

Beyond the properties that will be directly financed by the capital raised, the broader impact of this share offer being successful will be the establishment of a viable and scalable co-operative model to spread new and ethical student housing across the country.

HOW DOES THE INVESTMENT WORK?

Community share investment is a way to use your money to support a project you believe in, receive some financial return for it and have a say in how the business is run. Importantly, you can add and withdraw money on request (see below for the notice period applied to withdrawals).

INTEREST ON YOUR INVESTMENT:

We will pay interest each year on the investment, which we plan to be 4% starting six months after the close of this offer. The interest will be reinvested in your share account, increasing your capital, until such time as it is withdrawn. We will send you an annual statement of your share account.

Each year, the Board will review the rate of interest paid on shares in relation to financial performance. We will always aim to pay interest at the rate agreed initially (4% in this case). Interest rate is capped in our rules to a maximum of 5% per year, or 2% above the Bank of England base rate, whichever is higher.

Investors can choose not to receive the full rate of interest in order to further support Student Co-op Homes. Investors can therefore apply to receive interest either at the full rate, at half the full rate or none.

SHARE WITHDRAWAL

To allow Student Co-op Homes time to get established, it is envisaged that no withdrawals will be possible for the first year after the close of this offer (investors may still apply). Thereafter, investments can normally be withdrawn subject to a three-month notice period. We aim to pay withdrawals within four weeks for sums of up to £5,000.

As our business model is based on investing our capital into physical assets in the form of homes, our ability to pay large withdrawal requests quickly will be limited by the society's access to cash reserves. Sources of cash will come from post-tax cash surpluses retained over the years, our cash reserve policy on acquisition, new share capital raised by the society and the release of equity to take on additional debt. While this model means that the money is invested in real estate, which may offer some benefits in terms of security, we expect to have limited liquidity at times which is why, in some cases, it may delay our ability to honour large withdrawal requests. Ultimately, should this first share offer be a success, SCH intends to seek new investment on an ongoing basis from an open share offer to reduce this constraint on liquidity.

All withdrawal requests will be treated in the order we receive them. When shares are withdrawn, they are normally repaid at their nominal value of £1 per share. In order to protect Student Co-op Homes, the board reserves the right to suspend the withdrawal of shares should it consider it in the best interest of the society to do so.



What are community shares?

'Community shares' offer a means for people to invest in enterprises they support. Someone buying community shares invests in the capital of the society to help it achieve its aims, and becomes a member of that society, which gives them a say on how the society is run. It is usual for community shareholders to receive interest on their investment, although some choose not to. In contrast to most for-profit companies, the decision-making power of community shareholders is not proportionate to their shareholding, but is defined by the society's democratic governance model.

One defining feature of community shares is that subject to certain conditions, a shareholder can ask to withdraw their investment. In practice, this means they can ask the society for all or part of their investment back, together with any accrued interest. (The society's rules give the board the ability to suspend the withdrawal of shares, should they consider this necessary to protect the society). Unlike shares in a typical company, community shares cannot be sold, traded, or transferred.

As with shares in companies, community shares are a form of risk capital, meaning that if the enterprise fails, shareholders can lose the money they invested.



FINANCES

In this section, we are presenting the financial model of Student Co-op Homes for the two investment targets of this share offer. In order to assess the viability of the share issue on a stand-alone basis, we have based our model on the conservative assumption that we would not get any future net investment (or other external cash influx).

Detailed cash-flow, profit and loss and balance sheets for the next 20 years are provided for the three target levels in **Appendix 1**. Contact us directly if you have any specific questions or wish to see projections over different time periods.

MODELLING ASSUMPTIONS

Based on experience with housing co-ops, we have built what we think is a conservative model according to the following assumptions:

- Mortgage interest rate starts at 3% and increases by 3% over the first 10 years (stress test measure used by some mortgage providers)
- No inflation on property value
- We receive only half of rental income in the first year (properties will be let from July 2020)
- Inflation rate on expenditures is set at 2%
- The interest rate on shares paid out to investors is set at 4% for all investors
- We keep 5% of total share capital as liquidity before making new purchases
- Emergency repairs spending included every 5 years (even though according to our lease agreements, all repairs will be the responsibility of the student housing co-op and not of SCH)

SHARE OFFER SCENARIOS

LOWER TARGET: £100,000

- Use the investment with a **£250,000** loan from Scotmid Co-operative to purchase a property for Glasgow Student Housing Co-op. The Scotmid loan is then refinanced with a mortgage in year 10.
- House a total of **7 students**
- Brings an average **£22,500** of lease income per year to SCH over the next 20 years
- SCH makes a yearly average cash surplus of **£3,100** and a yearly surplus of **£2,000** over the next 20 years
- On it owns, this level of investment would not allow SCH to employ permanent staff* or to purchase additional properties but it will provide a platform from which SCH can expand

This is a viable model but with limited potential for scalability if we don't raise any more investment in the future.

HIGHEST TARGET: £2 MILLION

- Use the investment with **£4.38M** of mortgage finance to purchase properties over the next 4 years
- House over **140 students as a start**
- Brings an average **£467,000 of lease income** per year to SCH over the next 20 years
- SCH makes a yearly average cash surplus of **£22,500** and a yearly surplus of **£70,000** over the next 20 years
- Allows SCH to employ full-time staff* and to purchase additional properties from its own reserves

This is a highly viable, scalable and self-financing model.

* Part time staff will be hired if the society reaches a level of operational activity, with the part-time post becoming full time as more properties are purchased.

In actual practice, SCH will not limit itself to what it can do with this stand-alone share issue. Instead we hope to carry out more activities, enter new partnership and raise more investments which would even further increase our financial viability and our ability to deliver student co-operative housing at scale.



GOVERNANCE

WHO RUNS STUDENT CO-OP HOMES?

The ultimate decision-making authority in the co-operative is the General Meeting of all members, which sets a broad vision for SCH that informs everything we do. On day-to-day issues, decisions are made by the Board of Directors.

As a co-operative, the majority of the power and influence must be with members who are in a trading relationship with us. These are student housing co-operatives across the UK, and they have 75% of all votes at general meetings of the society and on all resolutions. The student housing co-operative members also elect up to eight members of our board (no more than two board members can come from any one student housing co-op).

Investors in this and future share issues (and other members who support our aims and objectives who might be admitted by the Board) have 25% of the voting power at AGMs and on resolutions, and elect up to four members of our board. Note that 25% of voting power is the limit for non-user members under FCA guidance.

The Board of Directors also has the power to co-opt 2 other individuals to the Board for their skills and expertise.

CURRENT BOARD MEMBERS:

Nathan Bower-Bir (User Director) co-founded the Edinburgh Student Housing Co-op in 2014, where he has been a member ever since. His experiences living in and helping run ESHC continue to transform his thinking about just about everything – and inspired him to switch his PhD research to study how co-op members' material control of their housing enables them to make for themselves good, vibrant homes. Nathan has co-founded and works with local community land trusts and aspiring co-op housing groups to acquire land for co-operative housing, social enterprise, and public gathering. He also works closely with the Edinburgh City Council and cross-party groups and committees of the Scottish Parliament to enable co-operative housing to flourish in Scotland.

Vivian Woodell (Supporter/Investor Director) has extensive experience in co-operative entrepreneurship. He was the founder of The Phone Co-op and served as its chief executive for 19 years. He is currently the CEO of The Phone Co-op Foundation for Co-operative Innovation and Vice President of The Midcounties Co-operative Ltd., as well as a non-executive director of Co-operatives UK, The Co-operative Loan Fund and West Oxfordshire Community Transport Limited. He also serves on the board of the Co-operative College Trust. Vivian has been supporting the student housing co-operative sector since the beginning, notably through the acquisition of properties by The Phone Co-op for Birmingham and Sheffield student housing co-ops.

Ai Van Kok (User Director) has experience across different types of co-ops. She helped run a student-led food co-op in Leeds, through which she developed skills in engaging and training student members, facilitating meetings and communications. She is a member and maintenance coordinator of a 7-bed housing co-op in Leeds. She has experience in financial modelling through her recent undergraduate dissertation research (for solar energy projects), has experienced and researched good co-op governance practices and has valuable design, marketing and communication skills.

Neil Turton (Supporter/Investor Director) has wide-ranging business management experience at a senior level. Previously CEO of Nisa, he is the current managing director at Sugro Limited. He is an associate at Co-operatives UK and has been a strong driver supporting the development of Student Co-op Homes.

CURRENT BOARD MEMBERS (CONTINUED):

Chris Jarrold (User Director) lived in Birmingham Student Housing Co-op for more than two years and has been involved with SCH since the beginning, as a director. Now an engineering graduate, he currently lives locally in another housing co-op, inspired by his student experience. His core responsibilities in the co-ops he's part of cover property maintenance, gardening, finances and meeting facilitation. His time living in co-ops has driven him to engage with the co-operative movement through setting up, developing and volunteering with many co-ops. He's also a bit of a renewable energy nerd.

Scott Jennings (User Director) has also been an active figure in the student co-operative sector. He set up Nottingham Student Housing Co-op, and has been an active member, having project managed The National Body of Student Housing Co-ops which later became Student Co-op Homes. He is a director of the Confederation of Co-operative Housing (CCH). His involvement in co-operative housing organisations, at a local level and in national federations, has taught him a range of governance skills as well as stakeholder engagement and communication strategy across a breadth of contexts. Scott brings his collection of experience and dedication to help drive SCH forward and establish new student housing co-ops of different shapes, sizes and structures.

Tom Roberts (User Director) is the current chair of SCH. He's a founding member of Nottingham Student Housing Co-op and is currently studying for his ACA. He became a keen housing campaigner after investigating a number of housing scandals for the local press and worked with Scott to begin developing the co-operative model in Nottingham. He has a specific interest in using SCH to challenge assumptions about both students and student housing, letting them become a responsible force for good in their communities and not a nuisance. He sees the co-operative model as a chance to give something back, from students and to students, to give them a chance to build their skills and use them.

Mike Shaw (User Director) has been a key driver and enabler of the student co-operative movement. He co-founded Edinburgh Student Housing Co-operative, managed the negotiations with the council and housing association to start managing the property, and has since been overseeing the co-op's finances and renovation works. He also helped set-up Students for Co-operation, a national network bringing together various kinds of student co-ops in the UK, and was an active force behind the creation of Student Co-op Homes.

Martin Bradbury (User Director) studied at the University of Birmingham between 2012 and 2017, first as a social work student and later as a sociology student. He graduated in 2017 before training to be a teacher at Birmingham City University, qualifying in 2019. He has been involved in a variety of education projects since. He has also lived in the Birmingham Student Housing Co-op since July 2017 and has gained experience through the outreach working group. He came to know of the student co-op in 2014 as a result of his involvement in a free education group at the university.

Ellen Hopewell (User Director) is from the Peak District and currently lives and studies in Nottingham. She is in her final year of biochemistry and molecular medicine at the University of Nottingham. She has become involved in the Nottingham Student Housing Co-operative to address the monopoly landlords have over student housing and because she believes students deserve better houses and cheaper rent.

RISKS

To give us the best chance of making Student Co-op Homes a great success and to plan for a worst case scenario, we have assessed a number of potential risks to do with running such a business. This assessment is presented here, broken down into five risk areas:

We've classified each risk in terms of the severity of its impact on the business, and its likelihood of happening. And we've detailed how we plan to mitigate it.

Risk	Impact (1-6)	Likelihood (1-6)	Score (out of 36)	Mitigation
Failure to secure properties	6	1	6	Existing student housing co-operative groups are already in the process of sourcing properties. We consider it unlikely that we will not be able to find suitable properties but even if that did happen, the uninvested funds would be held by us which is not a high risk outcome. Ultimately it could be returned to investors.
Individual student housing co-ops fail	3	2	6	SCH will provide support to its member co-operatives to ensure they are well run. In the event of a failure, SCH will still own the properties that were leased to the student housing co-op in question, and could either support the formation of a new co-op to take on the lease, or lease them to another operator, or sell them.
Student housing co-ops default on lease payments	5	2	10	SCH will provide support to its member co-operatives to ensure they are well run. In the event of lease payments not being made, SCH will work with them to regularise their position. Ultimately, it will still own the properties that were leased to the student housing co-op in question, placing it in a strong position.
House prices fall	2	3	6	House prices can of course rise and fall over time, but we see SCH's investments as being very much for the long-term and we consider a long term drop in value to be unlikely. In the event that this were to happen, we would still be able to cover loan and share interest payments through the income from lease rental, so we envisage we would be able to work through such a situation until prices rose again.
Interest rates rise sharply	4	2	8	Given the number of borrowers who would be impacted by such a rise in rates, we consider this to be unlikely. We do plan for a moderate increase in rates in our business plan. We will also seek, where practicable and commercially advantageous, to fix rates for a reasonable period. Other mitigations would include raising additional share capital at a more modest rate, and increasing lease rentals over time to cover the higher interest charges.



FREQUENTLY ASKED QUESTIONS

How can I invest?

We are working in partnership with Ethex, who are hosting this share offer. To invest, go to www.ethex.org.uk/sch and follow the instructions.

When you click to invest, Ethex will send you an email giving you their bank details to use to make the investment. All money received by Ethex will be held securely pending the close of the share issue. If we are successful and raise more than our minimum target, then all money received will be paid to the society. If the share offer fails, Ethex will reverse the bank payment so the money is returned to you.

What is the minimum and maximum investment?

- Minimum investment: £250 is our default minimum investment in the context of this offer. Any investment of £250 and above is eligible to receive interest. Anyone can also become a member by investing a minimum of £50 but investment below £250 is treated as a membership investment only and will not receive interest.
- Maximum investment: The limit on investment for individuals (natural persons) is £100,000 or 10% of total capital raised, whichever is lower; if someone pledges to invest an amount which upon the offer's close is greater than 10%, we will contact them to reduce it accordingly. For an organisation that is not a registered society, the limit is £100,000. For an organisation that is a registered society, there is no limit to the amount that can be invested.

What happens if you raise more than £2m?

We have set a maximum we will accept from this share issue at the level we can reasonably expect to invest in the acquisition of properties for student housing co-operatives in the next two years or so. If we know that there is an appetite for more investment, we will look to accelerate our plans to move to an open share issue, which would enable the society to take on investment from anyone at any time. If applications for

more than £2m are received, we will scale them back pro-rata to £2m.

Who can invest?

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

Can organisations and businesses subscribe for community shares?

Yes. The organisation/business will need to nominate a representative to participate in the governance of Student Co-op Homes on its behalf.

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.

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

In the unlikely event of Student Co-opHomes becoming insolvent, or of an orderly winding-up, the proceeds from the sale of the Society's assets and our cash would first be used to pay off all our creditors and any funds left at that point would be used to pay back members as much of their investment as they have outstanding as possible, and any interest due, on a pro-rata basis.

Common ownership

As a 'common ownership' co-operative society, our rules state that should there be any surplus after repaying debts and returning funds to members, this would be transferred to another organisation within the co-operative movement and which has a similar common-ownership clause.

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

Although we are registered as a society with The Financial Conduct Authority (FCA), the issue 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 bank deposits, 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 with specialist knowledge of social investments.

Can my investment be gift aided?

No, as we are a co-operative, not a charity, this is not possible.

Can I sell my shares?

This investment is in withdrawable share capital which cannot be transferred, sold, or given to anyone else, except on your death to someone you have nominated and told us about – up to the level of £5,000 of investment. (If you intend to invest more than £5,000 and wish your shares to be transferred on your death, you should ensure your beneficiary is named in your will).

Can shares increase in value?

Withdrawable shares in a co-operative society cannot rise in value, so there will never be a capital gain. (In certain

circumstances, they may be reduced in value if the board determines that this is appropriate in order to ensure the viability of the Society).

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 will be held by the society and used in accordance with the provisions of our rules and of the 2014 Co-operative and Community Benefit Societies Act. Members and other persons interested in the funds of the Society 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 your details to any other individual or organisation without your permission or unless required to do so by law enforcement agencies or a competent court, and will ensure compliance with the GDPR regulation in accordance with its responsibility as a data controller.

In addition, as it is registered with HM Revenue and Customs for Money Laundering Regulation, Ethex must conduct anti-money laundering checks as a legal requirement, so some of your details may be used to undertake background checks as part of their legal responsibilities.



ABOUT STUDENT CO-OP HOMES

Student Co-operative Homes Ltd (SCH) is a multi-stakeholder co-operative registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 (registration number 4461). The registered address is Co-operatives UK, Holyoake House, Hanover Street, Manchester M60 0AS.

By subscribing for shares issued in this offer, you will become a supporter member of SCH, and thus you will be entitled to decision-making rights over the business carried out by the society (for details on decision-making rights, refer to the **Governance** section page 17).



Our rules and other supporting documents are available on our website:
www.studenthomes.coop

APPENDIX 1: FINANCIAL PROJECTIONS FOR STUDENT CO-OP HOMES

FINANCIAL PROJECTIONS: MAXIMUM TARGET £2,000,000

Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029-2033	2034-2038
Cash-flow												
Opening cash balance	£0											
OPERATING												
Cash in												
Rental income (modelled)	£0	£48,691	£198,658	£306,927	£416,407	£424,735	£433,230	£441,895	£450,733	£483,238	£2,591,022	£3,102,814
Rental income - GSHC	£0	£10,080	£20,563	£20,974	£21,394	£21,822	£22,258	£22,703	£23,158	£23,621	£125,381	£138,431
Grants and donations	£51,000	£32,000	£32,000	£0	£0	£0	£0	£0	£0	£0	£0	£0
Bank interest	£0	£181	£264	£194	£213	£295	£257	£352	£432	£372	£1,898	£2,577
Total	£51,000	£90,952	£251,486	£328,095	£438,014	£446,852	£455,745	£464,951	£474,322	£507,231	£2,718,301	£3,243,822
Cash out												
Property cost	£0	£612	£1,224	£1,836	£2,448	£121,689	£2,448	£2,448	£2,448	£2,550	£150,903	£173,255
Repairs	£0	£0	£0	£0	£0	£119,241	£0	£0	£0	£0	£138,051	£159,485
Rent collection admin	£0	£612	£1,224	£1,836	£2,448	£2,448	£2,448	£2,448	£2,448	£2,550	£12,852	£13,770
Overheads	£44,380	£40,028	£40,825	£62,523	£63,773	£67,146	£66,349	£67,676	£71,256	£70,411	£378,617	£415,309
Accountancy and audit	£700	£714	£728	£743	£758	£773	£788	£804	£820	£837	£4,441	£4,903
Consultancy	£6,000	£2,000	£2,040	£2,081	£2,122	£2,165	£2,208	£2,252	£2,297	£2,343	£12,439	£13,733
Legal Fees	£5,700	£4,000	£2,500	£2,550	£2,601	£2,653	£2,706	£2,760	£2,815	£2,872	£15,243	£16,830
Meeting costs	£1,380	£4,223	£4,307	£4,393	£4,481	£4,571	£4,662	£4,756	£4,851	£4,948	£26,263	£28,996
Travel	£3,150	£4,500	£4,590	£4,682	£4,775	£4,871	£4,968	£5,068	£5,169	£5,272	£27,987	£30,900
Salary	£20,000	£20,000	£20,000	£43,297	£44,163	£45,046	£45,947	£46,866	£47,804	£48,760	£258,823	£285,761
Publicity & Marketing	£3,500	£2,500	£2,550	£2,601	£2,653	£2,706	£2,760	£2,815	£2,872	£2,929	£15,548	£17,167
Website and IT	£3,000	£1,122	£3,121	£3,167	£3,212	£3,257	£3,302	£3,347	£3,392	£3,437	£10,365	£11,385
Membership (CUK)	£500	£510	£520	£531	£541	£552	£563	£574	£586	£598	£3,172	£3,502
Insurance	£350	£357	£364	£371	£379	£386	£394	£402	£410	£418	£2,220	£2,451
Bank fees	£100	£102	£104	£106	£108	£110	£113	£115	£117	£120	£634	£700
Corporation Tax on trade @19%		£1,258	£0	£11,198	£8,901	£14,444	£0	£14,269	£13,209	£11,819	£78,444	£152,436
Total cost	£44,380	£41,898	£42,049	£75,557	£75,122	£203,279	£68,797	£84,394	£86,913	£84,779	£607,964	£741,000
Mortgage loan repayment	£0	£0	£73,068	£160,650	£260,898	£270,684	£280,383	£289,980	£299,458	£308,804	£1,599,156	£1,612,940
Scotmid loan repayment	£0	£5,313	£10,625	£10,625	£10,625	£10,625	£10,625	£10,625	£10,625	£10,625	£260,625	£0
Total loan repayment	£0	£5,313	£83,693	£171,275	£271,523	£281,309	£291,008	£300,605	£310,083	£319,429	£1,859,781	£1,612,940
Operating cash surplus	£6,620	£43,741	£125,743	£81,263	£91,369	£37,573	£95,939	£79,952	£77,326	£103,023	£250,556	£889,882
CAPITAL												
Cash in												
Share investment	£0	£2,000,000	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
New borrowing (modelled)	£0	£0	£1,327,777	£1,477,777	£1,577,777	£0	£0	£0	£0	£0	£0	£0
New Mortgage GSHC - Unity	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£192,000	£0
Scotmid loan (10 years – interest only)		£250,000										
Total	£0	£2,250,000	£1,327,777	£1,477,777	£1,577,777	£0	£0	£0	£0	£0	£192,000	£0
Cash out												
Property purchase (modelled)	£0	£1,583,333	£1,583,333	£1,583,333	£1,583,333	£0	£0	£0	£0	£298,528	£360,051	£753,232
Property purchase - GSHC	£0	£348,750										
Loan fees	£0		£9,958	£11,083	£11,833	£0	£0	£0	£0	£0	£0	£0
Ethex fees		£55,000										
Total	£0	£1,987,083	£1,593,292	£1,594,417	£1,595,167	£0	£0	£0	£0	£298,528	£360,051	£753,232
TOTAL												
Total cash in	£51,000	£2,340,952	£1,579,263	£1,805,872	£2,015,791	£446,852	£455,745	£464,951	£474,322	£507,231	£2,910,301	£3,243,822
Total cash out	£44,380	£2,034,293	£1,719,034	£1,841,248	£1,941,812	£484,588	£359,806	£384,998	£396,996	£702,736	£2,827,796	£3,107,171
Total cash surplus	£6,620	£306,658	£139,771	£35,376	£73,979	£37,573	£95,939	£79,952	£77,326	£195,505	£82,505	£136,651
CLOSING BALANCE	£6,620	£313,278	£173,507	£138,130	£212,109	£174,373	£270,312	£350,264	£427,590	£232,085	£314,590	£451,241

Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029-2033	2034-2038
Profit & Loss												
Rental income	£0	£58,771	£219,221	£327,901	£437,801	£446,557	£455,488	£464,598	£473,890	£506,859	£2,716,403	£3,241,245
Cost of sales (property cost)	£0	£612	£11,182	£12,919	£14,281	£121,689	£2,448	£2,448	£2,448	£2,550	£150,903	£173,255
Gross surplus	£0	£58,159	£208,039	£314,982	£423,520	£324,869	£453,040	£462,150	£471,442	£504,309	£2,565,500	£3,067,989
Administrative cost (overheads)	£44,380	£40,028	£40,825	£62,523	£63,773	£67,146	£66,349	£67,676	£71,256	£70,411	£378,617	£415,309
Interests on shares	£0	£40,000	£81,600	£84,864	£88,259	£91,789	£95,460	£99,279	£103,250	£107,380	£604,869	£735,916
Interests on mortgage loans (modelled)	£0	£0	£48,316	£110,316	£185,054	£195,640	£205,761	£215,400	£224,540	£233,157	£1,090,050	£932,291
Interest on new mortgage for GSHC	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£44,761	£51,935
Interest on Scotmid loan	£0	£5,313	£10,625	£10,625	£10,625	£10,625	£10,625	£10,625	£10,625	£10,625	£10,625	£0
Ethex fees		£55,000										
Operating surplus	£44,380	£82,182	£26,673	£46,654	£75,810	£40,332	£74,845	£69,169	£61,771	£82,737	£436,578	£932,539
Grants and donations	£51,000	£32,000	£32,000	£0	£0	£0	£0	£0	£0	£0	£0	£0
Bank interest	£0	£181	£264	£194	£213	£295	£257	£352	£432	£372	£1,898	£2,577
Total income	£51,000	£90,952	£251,486	£328,095	£438,014	£446,852	£455,745	£464,951	£474,322	£507,231	£2,718,301	£3,243,822
Total expenditure	£44,380	£40,952	£192,548	£281,247	£361,991	£486,889	£380,644	£395,429	£412,120	£424,122	£2,279,825	£2,308,706
SURPLUS BEFORE TAX	£6,620	£50,001	£58,937	£46,848	£76,022	£40,037	£75,101	£69,522	£62,203	£83,109	£438,476	£935,116
Corporation Tax on trade @19%	£1,258	£0	£11,198	£8,901	£14,444	£0	£14,269	£13,209	£11,819	£15,791	£92,037	£177,672
SURPLUS AFTER TAX	£5,362	£50,001	£47,739	£37,947	£61,578	£40,037	£60,832	£56,313	£50,384	£67,318	£346,439	£757,444

Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	...2033	...2038
Balance sheet												
Assets												
Long term												
Property assets – (modelled)	£0	£1,583,333	£3,166,667	£4,750,000	£6,333,333	£6,333,333	£6,333,333	£6,333,333	£6,333,333	£6,631,861	£6,991,912	£7,745,144
Property assets – GSHC	£0	£316,000	£316,000	£316,000	£316,000	£316,000	£316,000	£316,000	£316,000	£316,000	£316,000	£316,000
Capitalised cost on new assets	£0	£32,750	£32,750	£32,750	£32,750	£32,750	£32,750	£32,750	£32,750	£32,750	£32,750	£32,750
Current												
Cash in bank	£6,620	£313,278	£173,507	£138,130	£212,109	£174,373	£270,312	£350,264	£427,590	£232,085	£314,590	£451,241
Total assets	£6,620	£2,245,361	£3,688,923	£5,236,880	£6,894,193	£6,856,456	£6,952,396	£7,032,348	£7,109,674	£7,212,696	£7,655,253	£8,545,135
Liabilities												
Current												
Interests on shares	£0	£40,000	£81,600	£84,864	£88,259	£91,789	£95,460	£99,279	£103,250	£107,380	£130,644	£158,949
Corporation Tax on trade @19%	£1,258	£0	£11,198	£8,901	£14,444	£0	£14,269	£13,209	£11,819	£15,791	£29,384	£54,620
Long term												
Outstanding debt on mortgage (modelled)	£0	£0	£1,303,025	£2,730,468	£4,232,400	£4,157,356	£4,082,734	£4,008,155	£3,933,237	£3,857,590	£3,403,620	£2,791,892
Outstanding debt on mortgage for GSHC	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£181,624	£164,639
Outstanding debt on Scotmid loan	£0	£250,000	£250,000	£250,000	£250,000	£250,000	£250,000	£250,000	£250,000	£250,000	£0	£0
Total liabilities	£1,258	£290,000	£1,645,823	£3,074,233	£4,585,103	£4,499,145	£4,442,464	£4,370,643	£4,298,306	£4,230,760	£3,745,273	£3,170,100
NET-WORTH												
	£5,362	£1,955,361	£2,043,101	£2,162,648	£2,309,090	£2,357,311	£2,509,932	£2,661,705	£2,811,368	£2,981,936	£3,909,980	£5,375,035
Share Capital												
Retained earnings	£5,362	£2,000,000	£2,040,000	£2,121,600	£2,206,464	£2,294,723	£2,386,511	£2,481,972	£2,581,251	£2,694,501	£3,266,106	£3,973,717
Total Capital	£5,362	£1,955,361	£2,043,101	£2,162,648	£2,309,090	£2,357,311	£2,509,932	£2,661,705	£2,811,368	£2,981,936	£3,909,980	£5,375,035

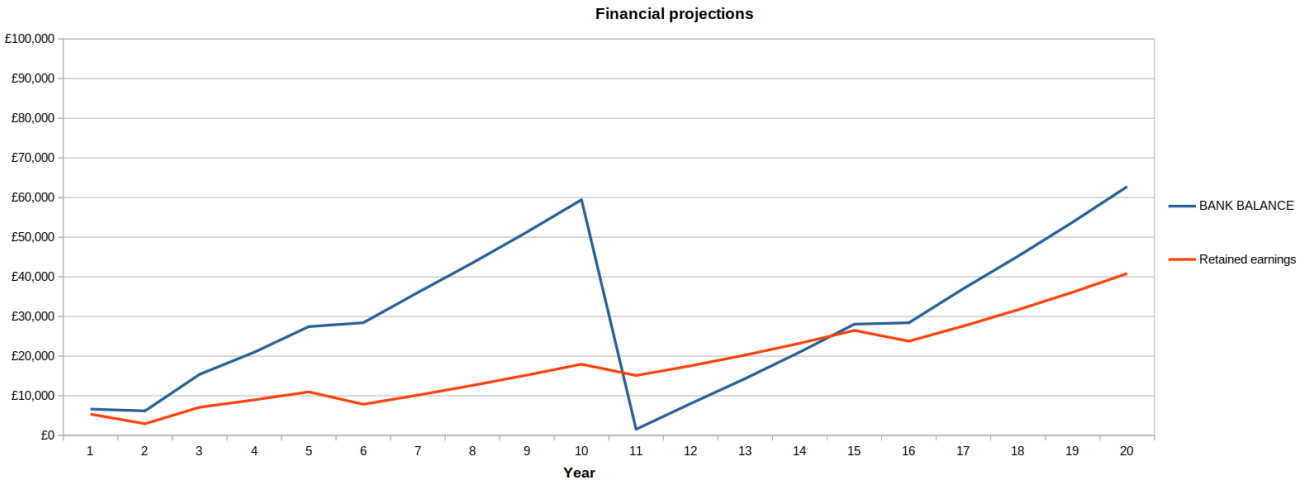
APPENDIX 1: FINANCIAL PROJECTIONS
FOR STUDENT CO-OP HOMES
FINANCIAL PROJECTIONS: MINIMUM TARGET £100,000

Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029-2033	2034-2038
Cash-flow												
Opening cash balance	£0											
OPERATING												
Cash in												
Rental income - GSHC	£0	£10,080	£20,563	£20,974	£21,394	£21,822	£22,258	£22,703	£23,158	£23,621	£125,381	£138,431
Grants and donations	£51,000	£32,000	£32,000	£0	£0	£0	£0	£0	£0	£0	£0	£0
Bank interest	£0	£22	£27	£21	£26	£33	£34	£42	£50	£58	£104	£228
Total	£51,000	£42,102	£52,590	£20,995	£21,420	£21,855	£22,293	£22,746	£23,207	£23,678	£125,486	£138,659
Cash out												
Property cost	£0	£102	£102	£102	£102	£5,898	£102	£102	£102	£102	£6,910	£7,576
Repairs	£0	£0	£0	£0	£0	£5,796	£0	£0	£0	£0	£6,400	£7,066
Rent collection admin	£0	£102	£102	£102	£102	£102	£102	£102	£102	£102	£510	£510
Overheads	£44,380	£29,613	£32,655	£3,718	£3,793	£3,869	£3,946	£4,025	£4,105	£4,187	£22,227	£24,541
Accountancy and audit	£700	£714	£728	£743	£758	£773	£788	£804	£820	£837	£4,441	£4,903
Consultancy	£6,000	£1,000	£1,020	£0	£0	£0	£0	£0	£0	£0	£0	£0
Legal Fees	£5,700	£1,000	£2,500	£0	£0	£0	£0	£0	£0	£0	£0	£0
Meeting costs	£1,380	£1,408	£1,436	£500	£510	£520	£531	£541	£552	£563	£2,989	£3,300
Travel	£3,150	£1,500	£2,500	£0	£0	£0	£0	£0	£0	£0	£0	£0
Salary	£20,000	£20,400	£20,808	£0	£0	£0	£0	£0	£0	£0	£0	£0
Publicity & Marketing	£3,500	£1,500	£1,530	£300	£306	£312	£318	£325	£331	£338	£1,793	£1,980
Website and IT	£3,000	£1,122	£1,144	£1,167	£1,191	£1,214	£1,239	£1,264	£1,289	£1,315	£6,978	£7,704
Membership (CUK)	£500	£510	£520	£531	£541	£552	£563	£574	£586	£598	£3,172	£3,502
Insurance	£350	£357	£364	£371	£379	£386	£394	£402	£410	£418	£2,220	£2,451
Bank fees	£100	£102	£104	£106	£108	£110	£113	£115	£117	£120	£634	£700
Corporation Tax on trade @19%		£1,258	£0	£974	£438	£473	£0	£541	£576	£610	£2,551	£3,655
Total	£44,380	£30,972	£32,757	£4,795	£4,333	£10,240	£4,048	£4,668	£4,783	£4,900	£31,688	£35,772
Mortgage loan repayment	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£54,562	£68,202
Scotmid loan repayment	£0	£5,313	£10,625	£10,625	£10,625	£10,625	£10,625	£10,625	£10,625	£10,625	£260,625	£0
Total	£0	£5,313	£10,625	£10,625	£10,625	£10,625	£10,625	£10,625	£10,625	£10,625	£315,187	£68,202
Operating cash surplus	£6,620	£5,817	£9,209	£5,575	£6,462	£990	£7,620	£7,453	£7,799	£8,154	£-221,389	£34,685
CAPITAL												
Cash in												
Share investment	£0	£100,000	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
New Mortgage GSHC - Scotmid loan (10 years – interest only)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£190,000	£0
Total	£0	£350,000	£0	£0	£0	£0	£0	£0	£0	£0	£190,000	£0
Cash out												
Property purchase - GSHC		£348,750										
Loan fees	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Ethex fees		£7,500										
Total	£0	£356,250	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
TOTAL												
Total cash in	£51,000	£392,102	£52,590	£20,995	£21,420	£21,855	£22,293	£22,746	£23,207	£23,678	£315,486	£138,659
Total cash out	£44,380	£392,535	£43,382	£15,420	£14,958	£20,865	£14,673	£15,293	£15,408	£15,525	£346,874	£103,974
Total cash surplus	£6,620	£-433	£9,209	£5,575	£6,462	£990	£7,620	£7,453	£7,799	£8,154	£-31,389	£34,685
CLOSING BALANCE												
	£6,620	£6,187	£15,395	£20,971	£27,433	£28,423	£36,043	£43,496	£51,295	£59,449	£28,060	£62,745

*the loan agreed by Scotmid is scheduled to be refinanced with a mortgage in 2030 using SCH's cash reserves

Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029-2033	2034-2038
Profit & Loss												
Rental income	£0	£10,080	£20,563	£20,974	£21,394	£21,822	£22,258	£22,703	£23,158	£23,621	£125,381	£138,431
Cost of sales (property cost)	£0	£102	£102	£102	£102	£5,898	£102	£102	£102	£102	£6,910	£7,576
Gross surplus	£0	£9,978	£20,461	£20,872	£21,292	£15,923	£22,156	£22,601	£23,056	£23,519	£118,472	£130,855
Administrative cost (overheads)	£44,380	£29,613	£32,655	£3,718	£3,793	£3,869	£3,946	£4,025	£4,105	£4,187	£22,227	£24,541
Interests on shares	£0	£2,000	£4,080	£4,243	£4,413	£4,589	£4,773	£4,964	£5,163	£5,369	£30,243	£36,796
Interest on new mortgages	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£44,294	£51,394
Interest on Scotmid loan	£0	£5,313	£10,625	£10,625	£10,625	£10,625	£10,625	£10,625	£10,625	£10,625	£10,625	£0
Ethex fees		£7,500										
Operating surplus	£-44,380	£-34,447	£-26,899	£2,286	£2,461	£-3,160	£2,812	£2,988	£3,163	£3,337	£11,081	£18,125
Grants and donations	£51,000	£32,000	£32,000	£0	£0	£0	£0	£0	£0	£0	£0	£0
Bank interest	£0	£22	£27	£21	£26	£33	£34	£42	£50	£58	£104	£228
Total income	£51,000	£42,102	£52,590	£20,995	£21,420	£21,855	£22,293	£22,746	£23,207	£23,678	£125,486	£138,659
Total expenditure	£44,380	£44,527	£47,462	£18,689	£18,933	£24,981	£19,446	£19,716	£19,995	£20,283	£114,300	£120,306
SURPLUS BEFORE TAX	£6,620	£-2,425	£5,129	£2,307	£2,488	£-3,127	£2,847	£3,030	£3,212	£3,395	£11,186	£18,352
Corporation Tax on trade @19%	£1,258	£0	£974	£438	£473	£0	£541	£576	£610	£645	£2,667	£4,002
SURPLUS AFTER TAX	£5,362	£-2,425	£4,154	£1,868	£2,015	£-3,127	£2,306	£2,454	£2,602	£2,750	£8,519	£14,351

Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	...2033	...2038
Balance sheet												
Assets												
Long term												
Property assets – GSHC	£0	£316,000	£316,000	£316,000	£316,000	£316,000	£316,000	£316,000	£316,000	£316,000	£316,000	£316,000
Capitalised cost on new assets	£0	£32,750	£32,750	£32,750	£32,750	£32,750	£32,750	£32,750	£32,750	£32,750	£32,750	£32,750
Current												
Cash in bank	£6,620	£6,187	£15,395	£20,971	£27,433	£28,423	£36,043	£43,496	£51,295	£59,449	£28,060	£62,745
Total assets	£6,620	£354,937	£364,145	£369,721	£376,183	£377,173	£384,793	£392,246	£400,045	£408,199	£376,810	£411,495
Liabilities												
Current												
Interests on shares	£0	£2,000	£4,080	£4,243	£4,413	£4,589	£4,773	£4,964	£5,163	£5,369	£6,532	£7,947
Corporation Tax on trade @19%	£1,258	£0	£974	£438	£473	£0	£541	£576	£610	£645	£2,667	£4,002
Long term												
Outstanding debt on mortgage for GSHC	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£179,733	£162,924
Outstanding on Scotmid loan	£0	£250,000	£250,000	£250,000	£250,000	£250,000	£250,000	£250,000	£250,000	£250,000	£0	£0
Total liabilities	£1,258	£252,000	£255,054	£254,681	£254,886	£254,589	£255,314	£255,540	£255,773	£256,014	£187,027	£171,980
NET-WORTH	£5,362	£102,937	£109,091	£115,039	£121,298	£122,584	£129,479	£136,706	£144,272	£152,185	£189,783	£239,515
Share Capital	£0	£100,000	£102,000	£106,080	£110,323	£114,736	£119,326	£124,099	£129,063	£134,225	£163,305	£198,686
Retained earnings	£5,362	£2,937	£7,091	£8,959	£10,974	£7,848	£10,154	£12,608	£15,210	£17,960	£40,829	£40,829
Total Capital	£5,362	£102,937	£109,091	£115,039	£121,298	£122,584	£129,479	£136,706	£144,272	£152,185	£189,783	£239,515



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