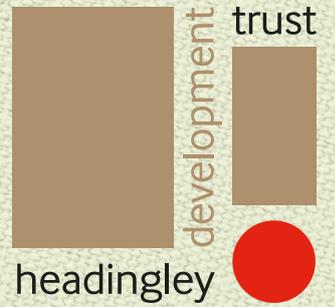


# Offer Document



A new Community Shares offer from Headingley Development Trust

Spring 2025



Offer period: March – June 2025  
Offer target range: £200,000–£300,000  
Projected interest rate: up to 4% p.a.  
Minimum investment: £100  
Maximum investment: £50,000  
Terms and Conditions apply

**HIF2025**





The Community Shares Standard Mark is awarded by the Community Shares Unit to offers that meet national standards of good practice. These standards ensure that:

- The offer document and application form are easy to understand
- You are provided with all the facts you need to make an informed decision
- The facts are supported by the annual accounts and/or business plan for the Society
- Nothing in the documents is purposely incorrect, confusing, or misleading.

Societies are asked to sign a Code of Practice requiring them, among other things, to give the public a right of complaint to the Community Shares Unit.

For information about community shares, the Community Shares Standard Mark and the Community Shares Unit go to:

[www.communityshares.org.uk](http://www.communityshares.org.uk)

# INTRODUCTION

**Welcome to this new offer from Headingley Development Trust (HDT). Hard to believe but it has been seventeen years since our Community Shares journey started.**

## How it all began

People were motivated by the deep satisfaction of knowing they were part of something enduring and significant: a better future for Headingley

We know Headingley is a place where local people working together can drive change because we have been here before, with enormous success. The proposed closure of Headingley Primary School – one of the most familiar sights in Headingley for over a century – unlocked a passionate commitment to repurpose the building for community use, and led to the formation in 2005 of Headingley Development Trust (HDT). This was the start of Headingley Enterprise and Arts Centre, known and greatly loved since then as HEART.

In 2008 more than 200 local people generously invested over £205,000 in two Community Share offers. These raised £105,000 for the development of HEART, and £100,000 to buy the Natural Food Store in North Lane, now an independent co-operative. **People invested without the expectation of any financial return on that investment.** Instead, they were motivated by the deep satisfaction of knowing they were part of something enduring and significant: a better future for Headingley.

## Ten years on: the Headingley Investment Fund (HIF)

Ten years on from that first appeal, HDT asked the community again for its backing, through the creation of the Headingley Investment Fund (HIF). **In contrast to our 2008 initiative, HIF 2018 offered investors 2% interest.** In the Offer Document of 2018, and in all our conversations with prospective investors, we were clear that HIF was a radical and meaningful way of making a reality of HDT members' vision of Headingley – somewhere welcoming, diverse, with a lively and thriving local economy, and a housing offer for those wishing to put down roots. We knew when we went out to the community in 2018 that our first priority for any funding was the refinancing of HEART through the provision of a new loan on improved terms. We called this “repatriating” HEART’s debt – from the Social Investment Business (SIB) based in London, to HDT’s own members. It meant the costs of HEART could be met in a different, wholly local way: a new loan from Headingley Investment Fund would allow HEART to keep more of its profits – and use them to extend its reach, facilities, and become a beacon of environmental excellence.



Our target for HIF was £280,000, though we had an ambition to exceed that, and raise £480,000. The community made that happen. The 2018 Community Shares offer actually raised £481,338 from over 250 investors, including £100,000 from the Co-Ops UK Booster Programme. The first project to be funded from HIF was as proposed: the swapping out of HEART's SIB loan through the provision of a new loan from HIF on much more affordable terms. We were also convinced, though, that having access to resources like HIF would give the community the ability to be agile – and opportunistic – if and when the chance arose to acquire and invest in projects that mapped on to HDT's ambitions. This is exactly what HIF has allowed us to do. We did refinance HEART – with a loan of £260,000 over a 15-year term – but we were also able to move at pace on two of our other agendas: investing in the local economy, and re-balancing the local housing market.



## Investing in the Local Economy: The Headingley Greengrocer and 50 North Lane Freehold

There has been a family-run greengrocer's shop at 50 North Lane since 1900. In April 2019, and because we had our HIF resources, HDT, through a new offshoot called HDT Commercial Ltd, was able to **buy the greengrocer business from RK Harris**. A £50,000 loan from HIF has kept an iconic asset in the community, one that both enriches the High Street offer, selling good, local produce, encouraging seasonal and sustainable purchasing, and that makes a major contribution to our wider mission of reduce, reuse and recycle, and supporting local food charities.

Having bought the greengrocer business in 2019, our most recent HIF investment project was to purchase the freehold of 50/50a North Lane (the building that houses both our greengrocer business and the neighbouring Headingley Farm Butchers business). The purchase was completed in May 2024 and funded by a combination of an Ecology Building Society mortgage for £225,000, plus £105,000 from HIF. In order to raise the balance of £105,000 the greengrocer business has repaid £35,715 to HIF, which was the outstanding balance of their original £50,000 loan and been granted a new 'interest only' loan of £105,000 for ten years at the standard HIF rate of 3% interest. HDT has taken on the Ecology 10-year mortgage, owns the freehold property at 50/50a North Lane and charges both the greengrocer and butcher businesses a commercial rent in accordance with the terms of their original leases.



## Re-balancing the local housing market: 50 Headingley Mount

One of HDT’s earliest initiatives was Headingley Homes (HH). The aim of HH at the outset was to help anchor the Headingley community by providing affordable homes to rent by people looking to put down roots in the neighbourhood and, where possible, to bring Homes in Multiple Occupancy (HMOs) back into family use. Our portfolio has varied over time, but currently consists of one house we own, and two we manage on behalf of public-spirited local owners. All properties charge fair rents, and offer secure tenancies. Surpluses and fees generated are re-invested in HDT’s social mission. In 2018 we purchased and completely renovated a semi-derelict property to greatly enhanced environmental standards. It was offered to us for a not-to-be-repeated £75,000, and the property, 50 Headingley Mount, embedded in the main student area of Headingley, has been tenanted since 2019 by families. We were able to improve 50 Headingley Mount using £100,000 funding from HIF with 25 years for repayment, alongside an Ecology mortgage. The property is currently valued on our balance sheet at £240,000.

HIF is now fully invested, and working for the community just as was always intended

## Doing more together

HIF is now fully invested, and working for the community just as was always intended and as a result of these two share offers we now have a large and stable membership of people who are committed to the future of Headingley. We would hope that, just like in 2008 and 2018, the launch of HIF2025 will provide a further boost to these numbers.

### HDT Membership Numbers

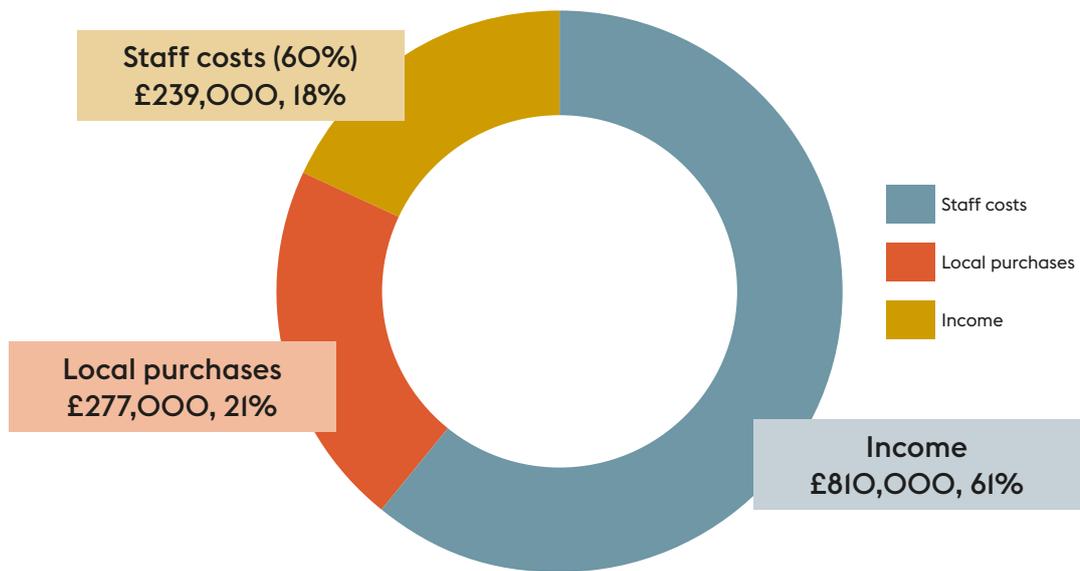
Membership	Financial year ending		
	30 Sep 2024	30 Sep 2023	30 Sep 2022
Number of members at the beginning of the year	1280	1265	1260
Number of members joining	27	22	12
Number of members leaving	1	7	7
Number of members at the end of the year	1306	1280	1265



We have a track record of delivering a multi-faceted local fund, and have sought to balance repaying, (literally and figuratively), the faith of our more-than-250 investors, with being mindful of the demands on the projects to which we have loaned HIF. Those demands over the six years of HIF’s operation have been incredibly challenging and include COVID lockdowns, the slow speed of the post-pandemic recovery, the cost-of-living crisis, and spiraling energy prices.

But as a Community Benefit Society our purpose is to continue to invest in activities that can bring benefit to our local area. We calculate that with turnover from HEART, The Headingley Greengrocer, the wages we pay to employees, and the sourcing from local businesses, our enterprises, funded by HIF, give back to the Headingley community around **£1.3 million every year in wider economic value.**

### Breakdown of value added to the Headingley community – financial year 2024



This is a tangible tribute to our projects, the staff and volunteers that make them happen, our members, customers and of course our HIF investors.

And we believe there is a further appetite for Community Shares where the projects supported are compelling, sit within a local vision, are hopeful – and inspire.

We have learnt a great deal from the last five years:

- While investors’ decisions are naturally influenced by the plausibility of the financial case, the power of story is as important. And the most compelling story is not necessarily the one that generates the biggest return – or any return at all. **Our evidence for this comes from the fact that many of our 2018 investors, who between themselves own almost £50,000 worth of shares, decided to forgo any interest.**
- Flowing from this, what attracts people – what makes them want to invest time and money – is activities that make a tangible difference. **Our evidence for this comes from feedback at our Annual Investor meetings, and responses to our newsletter. Investors are just as eager to hear about the practical outcomes their shares have had, as about the return on those shares.**

- It matters to people that their investment has kept our existing, but no less treasured, assets in great shape. There is as much pleasure to be got from cherishing the old, as developing the not-yet-thought-of. ***Our evidence for this comes from HDT's regular survey work.***
- That said, people are passionate about what could be, as well as what is – and they seem up for taking a risk. ***Our surveys show strong support for initiatives that are serious about environmental sustainability, that champion greenspaces for children and young people, enhance the Headingley arts and cultural offer, and develop more independent businesses.***
- Above all, focusing on a vision of a good place to live, on a welcoming Headingley, with a thriving local economy, and one mindful of the future, still has profound appeal.

This gives us a strong set of guiding principles, and our Community Shares Offer 2025 builds on these foundations.



# THE OFFER IN SUMMARY

**This is an issue of Community Shares in Headingley Development Trust Limited (HDT) to create the *Headingley Investment Fund 2025* (HIF2025). The offer opens 31 March 2025.**

**This offer closes on 30 June 2025, but HDT reserves the right to extend the offer past that date but until no later than 31 July 2025.**

- The **minimum target** to be raised is **£100,000**. As in 2018, we have applied to Power to Change's Booster Programme which matches shares raised by the community. Our application to the Booster Programme is for £50,000.
- The **maximum target** to be raised is **£200,000–£300,000**. If we achieve the latter we will be able to do more of the projects that will help ensure a viable future for the enterprises we already have and allow us to establish reserves in readiness for future projects that may emerge.
- The **minimum share subscription** per person is **£100**. For 2025 we are working with The Booster Fund to make shares more affordable to younger investors by enabling them to purchase shares by monthly subscription.
- The **maximum share subscription** per person/organisation is **£50,000**.
- At the Go Live date, provisionally set for 1st July 2025, subscribers will be invited to **choose to earn interest at 0%, a maximum of 2%, or a maximum of 4%**.
- Any interest will begin to be earned from the Go Live date but cannot be realised until three years afterwards (provisionally 1st July 2028). At this point investors will be offered the choice to have the interest paid into their nominated bank account, leave it invested to accumulate additional shares or donate it to HDT. Interest is not guaranteed, but is dependent on trading, profits and reserves.
- Shareholders must be over 16, although shares may be bought on behalf of a minor, and held in trust by an adult.
- Corporate membership is possible, with a single individual to be nominated as the representative. Voting and withdrawal terms for institutional investors are on an equal footing with individual investors.
- The shares you buy will make you a Member of the society, if you are not one already, with an equal vote regardless of your shareholding and whether or not you opt for interest bearing shares. **If you are not already a member £10 of your investment will be deducted to pay for a membership** that will last for the duration that you hold your shares.

- **No share withdrawals will be permitted for the first three years after the Go Live date**, except in cases of death or bankruptcy. After three years, withdrawals will be permitted at 3 months' notice, up to a maximum amount in any year. This has initially been set at 6% of the Fund value at the start of the year, but the maximum amount and notice period required may be varied in future years depending on HDT's financial position and the performance of the Fund. Withdrawals will be possible, but only in line with the FCA's guidance to societies and our own withdrawal policy, which is detailed on p49.
- Investments will be accepted, subject to the limits on share withdrawals set out in this document. We reserve the right to require further identification before accepting an investment for the purposes of anti-money laundering legislation.
- The rates of interest offered and the limit on withdrawals are subject to HDT's financial position and the performance of the Fund and may be varied annually.

These terms have been developed through robust modelling and are based on the performance to date of HIF and Headingley Development Trust.

**If you are considering buying shares it is important that you read the whole of this document and examine the accompanying Business Plan. Your capital is at risk if you invest in this share offer. If you do invest, you may lose some or all of the money that you invest.**



*As a Registered Society under the Co-operatives and Community Benefit Societies Act 2014, Headingley Development Trust Ltd is registered with, but not authorised or regulated by, the Financial Conduct Authority. Any money you pay for shares is not, therefore, safeguarded by any depositor protection or dispute resolution scheme. In particular, you have no right of complaint to the Financial Ombudsman Service, nor any access or entitlement to the Financial Services Compensation Scheme.*

# THE OFFER IN DETAIL

## A long history of Community Shares

We were pretty radical in 2018 when we invited local people to invest in a vision of a better Headingley, rather than a defined project

HDT was an early adopter of Community Shares. Our work in 2008 to buy the Natural Food Store, and to refurbish HEART, was pioneering. We were pretty radical in 2018 when we invited local people to invest in a vision of a better Headingley, rather than a defined project. This less “nailed on” offer was and is still quite unusual for a Community Shares launch. HIF2025 will, of course, build on this strong platform of knowledge and experience – but it will also have its own personality, and be distinctive. It will be embedded in, and responsive to, the views and concerns picked up in HDT’s regular surveys, which signal, with increasing volume and urgency, that people want:

- A Headingley that encourages the putting down of roots.
- A High Steet that appeals to a wide demographic, but especially families (of all shapes and sizes).
- Safe spaces where difference can be celebrated and bridges built.
- Support for local start-ups and social enterprises.

When asked specifically about HIF and Community Shares, people tell us they would like to see:

- Further investment in the **energy efficiency/greening and resilience** of HDT’s current assets, including HEART and THG.
- The kind of investment in these assets that increases their **long-term viability**.
- Projects that focus on making residents of all ages feel safe, particularly when they are out and about in the centre of Headingley.
- Support for **independent, values-led businesses**, and whether HIF could “back” new ventures such as “pop-up” shops, cycle-repair, and spaces for artists and makers.
- Reimagining our **housing ambitions to reflect net zero and energy costs challenges**.
- Seeking out and **supporting smaller projects** – which can often have just as powerful an impact especially when they are replicable and scalable.

## What this means for HIF2025

One of the cornerstones of our approach to Community Shares has been that the initiatives supported should be able to generate a return. Despite a very tough trading environment, HEART and THG have kept to their payment reschedules. We have also managed to hold 50 Headingley Mount at an affordable rent and still ensure the property repays its loan to HIF, and to share-holders. HDT has provided investors the 2% interest on shares set out in the 2018 Offer Document and Business Plan every year, with the exception of the first year of Covid when we took a cautious approach to an uncertain future and offered a reduced rate of 1.3%.

However, the economic backdrop against which this Community Shares Offer will operate is wholly different from the landscape of our 2018 adventure – and almost unrecognisable in respect of the 2008 offer. Interest rates for savers – and for borrowers – are significantly higher; personal budgets are much more squeezed; there remains a sense of abiding uncertainty and caution post-Covid. It is, in particular, getting much harder to identify projects that fulfil all the community desires from a flourishing, lively, inclusive Headingley – but that also deliver a surplus.

We are not alone as a member of the Community Shares family in finding this tough: many of the initiatives people want to see supported and sustained are those which may not produce a return at pace.

This is not because they are poor prospects, or badly run. It is much more about the fact that the fabric of our current assets, HEART and THG, needs constant, costly, upkeep – and that the truly transformational projects that excite people the most around Headingley’s arts and cultural offer and its (lack of) green and play space are propositions of a quite different kind to, say, the production and sale of renewable energy.

HDT is therefore copying quite shamelessly a number of other current Shares Offers and ***giving investors a choice of a range of interest rates***. Some of this necessary investment won’t generate the sort of economic returns that match current commercial interest rates. To address this we plan to balance doing projects that we know will generate a reliable return on investment, with projects that require a more patient approach to investing. This is why we are proposing:

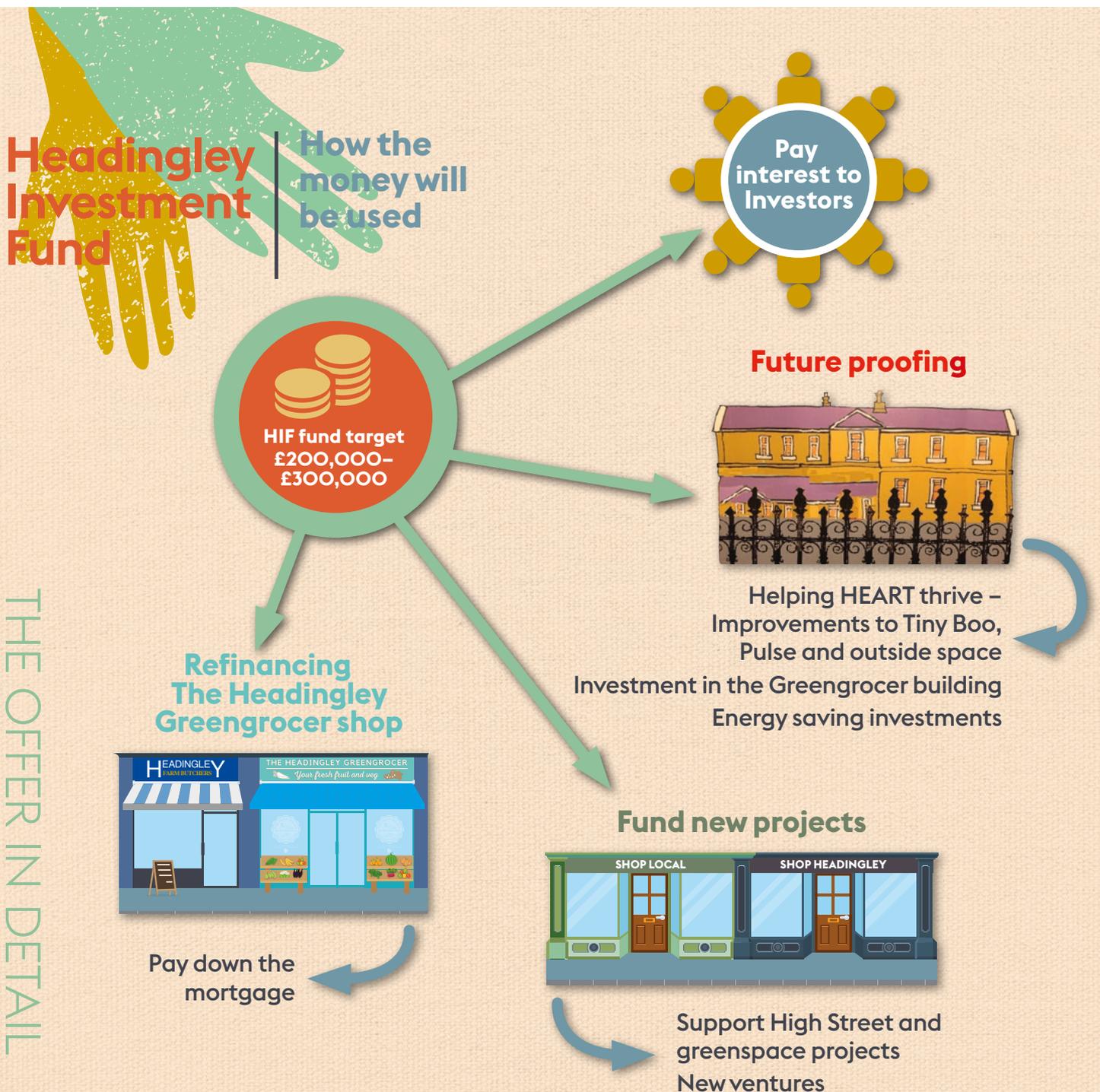
- An offer based on a range of interest rates – 0%, 2% or 4% – from which members would select a preferred option.
- A portfolio or “bundle” of projects, some capable of generating reliable returns immediately, others that are essential to ensuring the long-term viability and attractiveness of our enterprises and others that are more speculative but would have the potential to influence and perhaps transform Headingley’s retail offer and streetscapes.



We would still manage, and report on, the performance of HIF 2025 as a whole “programme”.

The investment themes that would make up this HIF2025 programme include:

- A more affordable, local line of credit for The Headingley Greengrocer.
- Ensuring a viable future for the enterprises we already have.
- A set-aside “pot” that would enable us to act quickly as opportunities arose – which we are calling Reserves in Readiness.



Local people can help make THG's trading position more sustainable by using the shop as their go-to destination for fresh fruit and vegetables

## A more affordable, local line of credit for The Headingley Greengrocer

In the Spring of 2023, we were offered the chance to ***purchase the freehold of 50 North Lane***, which houses both our greengrocer business The Headingley Greengrocer (THG), and the neighbouring Headingley Farm Butchers. Our ability to draw down what was unallocated in HIF was absolutely critical in ensuring a valued High Street “destination” could be purchased at pace, and could remain in community ownership. This gives HDT members and HIF investors a significant stake in our North Lane “High Street” and continues a long tradition of local place making and place shaping. ***It is also key to our HIF2025 investment programme.*** HIF has played a crucial part in enabling us to safeguard for Headingley a “proper” greengrocer’s shop. The agreed purchase price was £330,000, which we covered by a new loan to THG of £105,000 from HIF, and a variable rate mortgage from Ecology Building Society of £225,000. The rent from THG and the Headingley Farm Butcher’s (for whom we become their landlord) is paid to HDT to cover mortgage and HIF repayments. The investment provides:

- Greater security and business certainty for our greengrocer business.
- The preservation of an independent, values-led food offer – which in turn supports other local enterprises, showcasing the availability of a local shopping option.
- A significant asset for the HDT membership and the HDT balance sheet.
- A tangible, radical example of what local investment and local people can actually do.

Ecology Building Society’s support over a number of years has been welcome, but the commercial loans world has been challenging, and is likely to remain pretty tough over at least the next 18 months or so. The mortgage on 50 and 50a North Lane is a variable rate repayment mortgage over a 10 year term. The rate is currently 8.25%. If it were to remain at that rate over the full term then the interest paid would amount to £106,162 and repayments would total £331,162, for our initial loan of £225,000. This variable rate could of course fall over the term of the mortgage. But it could also increase, adding further pressure to the Society and our greengrocer business.

The business decision to buy the freehold was the right one in terms of the vision and ambition of members and the wider community. But the margins are tight. It goes without saying that local people can help make THG’s trading position more sustainable by using the shop as their go-to destination for fresh fruit and vegetables, and by recommending THG to new users and neighbours.



But there is another way THG can be supported to do what it does best and that is through taking shares in HIF2025. Following the example of our 2018 HIF, where the priority project was paying down HEART's loan, ***the first tranche of funds raised through HIF2025 will go to providing THG with a new loan on improved terms***, so that its existing variable rate mortgage at 8.25% can be swapped out over time– and repatriated to the community at a more affordable rate.

The precise rate for the new loan will be determined by the mix of interest rates that HIF2025 investors opt to receive, but for the purposes of financial modelling our maximum exposure would be if all investors opt to receive the 4% rate of return. If this were the case the cost of the new THG loan would be set at 5%.

In the table below we show what the savings on interest and total repayments would be. For illustrative purposes we have also shown the further savings if investors on average selected to receive a 2% interest rate (meaning a 3% rate for the new THG loan).

<b>Interest Rate %</b>	<b>Total Repayment £</b>	<b>Total Interest £</b>	<b>Annual Repayment £</b>
8.25	331,162	106,162	33,116
5.00	286,377	61,377	28,638
3.00	260,714	35,714	26,071

At a 5% HIF2025 rate of interest we could save up to £44,785 in interest costs and reduce annual loan repayments by £4,478 (£373/month). At a 3% rate to the business these savings would be £70,418 in interest costs and £7,045 in annual loan repayments (£587/month). These are significant sums for a business with a turnover of less than £250,000 and which operates on extremely tight margins.

Of course we do not know what will happen to mortgage rates over the next ten years. The savings could turn out to be greater, or smaller, than shown here but the element of certainty that we would be able to provide for the greengrocer, and indeed the butcher business next door, is of considerable value when so many other facets of operating on the high street are so uncertain.

## Ensuring a viable future for the enterprises we already have

### Helping HEART thrive:

HEART has been buffeted by inflationary pressures, the day-to-day demands of a precious but ageing building and, especially, spiralling energy costs which have increased by 250% over the last two years. We really need to carry out a full programme of modernisation, not just so that we can get in front of repairs and maintenance, but so we can step up our ambitions to serve local needs. This matters: as well as future-proofing HEART as a physical venue, we have to re-imagine HEART for the Headingley of the future, to ask what we need to be, to look like, and to offer, to the community to come. We can do this:

- **By encouraging more families to use HEART's facilities.** HEART as a site has always been a breast-feeding friendly destination, and a haven for parents and carers, but our Tiny Boo soft play area has been transformational in terms of the appeal we can now make to families, especially those new to the area, and others needing social interaction, connection, and a bright and welcoming space for their young ones to make friends and learn new skills. With HIF support we could brighten and refresh the space – and perhaps develop an offer around Healthy Holidays for the most vulnerable children in the area; play schemes to offer respite and breaks for carers in the holidays; and drama clubs and other activities that boost self-confidence among those young people most affected by anxiety and low self-esteem.
- **By using the former playground much more imaginatively and inclusively, as a way of improving community mental health and well-being.** We know from our consultations that the great majority of HEART users, customers and visitors and especially those discovering HEART for the first time, see HEART's outdoor space as an oasis of safety and civility, one they hope can be preserved as an asset available to the broadest possible demographic. We would therefore propose to use HIF to respond to that hope by greening up; improving facilities for cyclists; developing a kitchen garden for all-comers and offering HEART as a venue to which social prescribing might apply; and increasing accessibility and inclusivity.
- **Raising the profile of Pulse as a go-to co-working space.** Renovations to Pulse, our co-working space, would enable us to reach out to younger would-be entrepreneurs, particularly those from under-served groups. Our consultation with Pulse users tells us that what small businesses and start-ups most need from a hub like Pulse is collaborative spaces for problem-solving; 100% reliable broadband and excellent acoustic attenuation; touch-down space that offers privacy, quiet, and the opportunity – put at its simplest – to make phone calls in peace.



Now that we are the freeholder of the building we can look to take forward a project designed to reduce our energy costs by installing solar panels

## Investing in the fabric of the THG building at 50 North Lane:

A 125 year old building inevitably comes with plenty of challenges – we know that the flat roof at the front of the shop will need replacing within the next 10 years for example. But there are also great opportunities. Now that we are the freeholder of the building we can look to take forward a project designed to reduce our energy costs by installing solar panels. This will allow us to keep our storage room cool in the summer, at exactly the time of year when we will be getting maximum efficiency from the solar panels, and also to generate income by selling electricity to our tenant the Headingley Farm Butcher's. They in-turn will benefit from cheaper power for their business which carries the significant cost of operating a refrigeration room.

However, before we can install the solar panels we need to insulate the loft space of the building. And if we are doing that we would wish to take the opportunity to make better use of the loft space by boarding it out, fitting Velux windows and providing a new staircase to access the space. If we do all of this we will increase the usable floorspace of the building which can be used to improve staff facilities or potentially provide space for a new business-line to be developed.

All of these things will help the Greengrocer to reduce operating costs and increase revenue. But none of them are affordable when the business is operating at breakeven and has no profits to invest. HIF2025 provides this opportunity.

## Reserves in Readiness

In 2018 we invited local people to invest in a vision of a better Headingley, rather than a defined project, which was and is still quite unusual for a Community Shares Offer.

What we said in our 2018 Offer Document

*“HDT will use the funds raised through this offer for two of three initial purposes:*

*The first £280,000 raised will go to refinancing Headingley Enterprise and Arts Centre (HEART) through the provision of a new loan on improved terms to replace its existing loan from the Social Investment Business.*

*Funds raised above that figure will be used to:*

- *pursue a new project, such as one of those described in this Offer Document that we have previously been unable to take forward, or further investment in HEART; or*
- *expand our Headingley Homes portfolio through the acquisition of further properties.”*

A small pot of “rainy day” money would enable us to be agile and creative, seizing opportunities as they arose – but also prospecting for new ideas from the community

The fact that we raised over £480,000 signals that prospective investors are broadly comfortable with a mix of the specific and concrete, and the more speculative and provisional. This would be the basis for the **Reserves in Readiness** strand of the HIF 2025 Investment Programme. By holding back a small sum of around £30,000, we could move quickly to take advantage of opportunities as they came up. This is precisely what happened with HIF 2018 when we found ourselves perfectly placed to acquire our other two investment prospects: the Headingley Greengrocer and 50 Headingley Mount.

A small pot of “rainy day” money would enable us to be agile and creative, seizing opportunities as they arose – but also prospecting for new ideas from the community. HDT’s surveys suggest local people are most excited by:

- Further investment in the **energy efficiency/greening and resilience** of HDT’s current assets, including HEART and THG.
- Projects that focus on making **residents of all ages feel safe, particularly when they are out and about in the centre of Headingley**.
- **Making every corner count**. Headingley suffers from a much-degraded streetscene, and we lack “uncontested spaces” where people can socialize and re-charge. More importantly for Headingley’s future citizens, there are no safe, green, attractive spaces for children and young people to grow, explore and thrive. With HIF we could hold **Planning for Real** and “Grand Design” competitions with children and local students to test where we could create work, play and stay areas.
- Taking back the High Street, through support for **independent, values-led businesses**. HIF could “back” new ventures such as “pop-up” shops, cycle-repair, and spaces for artists and makers.
- Reimagining our **housing ambitions to reflect net zero and energy costs challenges**. This could include supporting a Low Carbon Homes club.
- Seeking out and **supporting smaller projects** – which can often have just as powerful an impact especially when they are replicable and scalable.

## How the offer will work in practice

The table opposite shows how the offer “menu” will work in practice. There will be a number of opportunities in the period between the launch, and offer closedown for potential investors to explore in greater detail what the different options mean. Look out for the FAQs on the HDT website [www.hdtleeds.org.uk/investment-fund](http://www.hdtleeds.org.uk/investment-fund) and for dates of question-and-answer sessions at the Farmers’ Market on the second Saturday of the month during the offer period.



### Key dates for interest rates and withdrawals

Date	Event	What is happening to interest	What is happening to withdrawals
1 July 2025	Go Live Date Investors chose interest rate and interest begins to accrue	0%, 2%, 4%	Not permitted
1 July 2028	Investors asked to select between having their interest paid out, reinvested in additional shares or donated to HDT	Depends on investors' choice	
	Investors have first opportunity to give three months notice to withdraw funds – this is repeated annually on 1st July		Three month notice period begins. <i>Withdrawals are subject to Withdrawal Policy on Page 49</i>
1st October 2028 and annually thereafter	Interest will be paid out/ reinvested or donated	Depends on investors' choice	Withdrawals permitted under terms of Business Plan
Periodically at the sole discretion of the HDT Board	Investors given the opportunity to change their selection of interest rate	0%, 2%, 4%	

When the fund goes live on July 1st 2025, (unless we elect to extend the offer period by a further month, in which case it would be 1st August 2025), investors will be asked to select the interest rate they wish to receive. We may be able to offer periodic opportunities for investors to change their choice but any such opportunities will be at the sole discretion of the HDT Board based on the performance of the fund. There is no guarantee that a further choice will be offered to investors. Interest at the selected rate will start to accrue from the Go Live date.

On 1st July 2028 investors will also be given the option to choose to have their interest paid out each year, leave it to be reinvested into additional shares or donate it to HDT.

Interest will then be paid out/ accrued/donated on 1st October 2028 and on the same date in each subsequent year. Investors can choose to change their preference on how their interest is treated by contacting us by email.

Its presence safeguards not just one local, independent food outlet – but also two others and contributes to a vibrant and attractive High Street

## Making a difference: the impacts we expect to see

***It is critical that the Headingley Greengrocer survives and flourishes.*** Its presence safeguards not just one local, independent food outlet – but also two others and contributes to a vibrant and attractive High Street, otherwise dominated by cafes and fast-food outlets. It contributes to the well-being of the community – both physical, and mental – and enables young and old to buy high quality fruit and veg in quantities that suit them.

In addition, it

- Supports local producers who supply locally grown vegetables, organic or with minimum intervention. This means a big reduction in carbon miles for much of the produce sold.
- Sells fruit and vegetables loose without plastic packaging and in accessible quantities. It also sells plants and flowers in season – the only outlet in Headingley.
- Employs local people, thus safeguarding six local jobs.
- Plays a major role in HDT's contribution of £1.3m social value.
- Supports local food charities and runs a customer donation scheme.

With HIF2025 we can help secure the long term future of our Greengrocer business by reducing the cost of credit for the freehold of the building, by developing a renewable energy supply for the greengrocer and butchers shops and by creating additional floorspace in the building.

***With investment from HIF2025 we can also future-proof HEART*** as a physical venue, and also re-imagine it for the Headingley of the future. We can do this:

- By getting in front of spiralling energy costs.
- By encouraging more families to use HEART's facilities.
- By using the former playground much more imaginatively and inclusively.
- Raising the profile of Pulse as a go-to co-working space .

In doing so we will not only safeguard the vast array of services delivered from HEART but also 14 full time equivalent posts and over 50 volunteer roles.

All of these investments will help HEART and the Greengrocer to reduce operating costs and to increase revenue. But none of them are affordable when the businesses are operating on thin margins and with few profits to invest. HIF2025 provides this opportunity.



Finally, a small pot of “rainy day” money – **reserves in readiness** – would enable us to be agile and creative, seizing opportunities as they arose. HDT’s surveys suggest local people are most excited by:

- Further investment in the **energy efficiency/greening and resilience** of HDT’s current assets.
- Supporting projects that focus on making residents of all ages feel safe and on **green, attractive spaces** for children and young people.
- Support for **independent, values-led businesses**, to “back” new ventures such as “pop-up” shops, cycle-repair and spaces for artists and makers.
- Reimagining our **housing ambitions to reflect net zero and energy costs challenges**.

# FINANCES

## Our track record

HDT was established in 2005, and its Annual Reports from 2016 to date are available on the HDT website:

[hdtleeds.org.uk/about-hdt/annual-report](http://hdtleeds.org.uk/about-hdt/annual-report)

*The HDT Society and Consolidated Accounts (which include the HEART and THG company accounts) for the last three years are available on the HDT website at [hdtleeds.org.uk/hif-reports](http://hdtleeds.org.uk/hif-reports). A full set of statutory accounts since our formation in 2005 can be viewed on the Financial Conduct Authority's Mutuels Register at [mutuals.fca.org.uk](http://mutuals.fca.org.uk).*

Like many organisations our financial story can be summarised as having two distinct phases – pre-covid and post-covid

Like many organisations our financial story can be summarised as having two distinct phases – pre-covid and post-covid. Pre-covid, HDT made a small surplus in ten out of thirteen years and had built up some reserves; this was an impressive performance from a Trust like ours which received no grants or subsidy and was reliant entirely on generating its own income. HEART too was a sound business with improving results; it generated operating profits for over 5 years, and in its last financial year prior to covid was celebrating its third year of being in profit, after all finance and accounting costs. This performance had been assisted by our first HIF which had reduced the burden of repaying its existing SIB loan. Meanwhile, The Headingley Greengrocer had recently been established and had reported a small loss in its 2018/19 start-up year.

Covid changed everything. HEART was closed, earning nothing for much of the second half of the 2019/20 financial year and was then intermittently closed during 2020/21. Covid grants, loans and furloughs kept it going during this two-year period meaning that it was able to break-even (but like all similarly affected business was accumulating debt). The Farmers' Market was similarly impacted and for many months did not operate and unlike HEART had no recourse to support. THG on the other hand thrived during this period, operating deliveries and providing service from a counter at the front door to customers from our community who chose a small independent retailer in preference to the supermarket chains. It ended the 2019/20 financial year having made a healthy surplus and this continued at a slightly lower level into 2020/21 as the pandemic dragged on.



HEART is on course to achieve its full year target of a breakeven budget

During the post-covid period however, the withdrawal of covid financial support and the need to repay the associated loans has coincided with changing customer behaviours and further external 'shocks'. Room hire at HEART, one of its major income sources, was significantly reduced as more people worked from home and businesses arranged fewer face-to-face gatherings. The subsequent energy crisis then increased HEART's annual energy bills by over £20,000 (the difference between breaking even or making a loss). Meanwhile as shopping patterns returned to normal and the cost-of-living crisis hit the high street, turnover at the Headingley Greengrocer fell and for the last three years it has operated at around breakeven, with a small loss recorded in 2023/2024.

Aside from its two commercial entities, HEART and THG, the Society meanwhile has continued to make small but steady surpluses since covid – this profitability being driven mainly from income from the Farmers' Market and the rents received from its Headingley Homes portfolio.

The two tables over the page show HDT's Consolidated Income and Expenditure account and Balance Sheet for its last four financial years.

To aid understanding of the Consolidated Income and Expenditure table in 2023/24 the Consolidated loss of £46,394 was made up of a surplus of £18,525 by the Society, a loss of £64,648 at HEART, a loss of £13,389 at THG and a surplus of £15,828 by Tiny Boo (the stay and play business operating from HEART which was spun-out as a separate legal entity in 2022).

The overall loss for the year and for the preceding two years came almost entirely from the performance of HEART. While the figures worsened in 2023/24 there is a more complex story behind them. Losses at HEART of £34,000 in 2021/22 and £32,000 in 2022/23 were part of a gentle recovery from covid as room bookings began to slowly rise, albeit in an environment when the start of covid loan repayments and the energy crisis were taking hold and simultaneously HEART was operating without a manager after the previous manager resigned.

By the time, a new manager had been recruited and had begun to implement measures to grow revenues and control costs, the first half of 2023/24 had incurred almost the entirety of its annual loss. As the measures began to take effect the second half of 2023/24 operated at breakeven or above and this performance has been carried forward into the first quarter of the current financial year (2024/25) where HEART is on course to achieve its full year target of a breakeven budget (as part of a three year budget and forecast to return the business to profitability in 2025/26).

## HDT Consolidated Income and Expenditure 2020/2021 to 2023/2024

Y/E 30th September	2024	2023	2022	2021
	£	£	£	£
<b>Income</b>	808,628	793,244	814,262	665,672
<b>Cost of Sales</b>	(315,875)	(320,626)	(323,949)	(304,114)
<b>Gross Profit</b>	492,753	472,618	490,313	361,558
<b>Operating Expenditure</b>	(519,078)	(495,222)	(513,594)	(418,230)
<b>Surplus/(Loss) before Depreciation &amp; Amortization</b>	(26,325)	(22,604)	(23,281)	(56,672)
<b>Amortisation of Goodwill</b>	4,890	4,168	2,000	2,000
<b>Depreciation</b>	32,916	36,627	34,359	32,991
<b>Grant amortisation</b>	(18,074)	(18,074)	(18,973)	(20,027)
<b>Total Depreciation and Amortisation</b>	19,732	22,721	17,386	14,964
<b>Other operating income</b>				
<b>Other grants</b>	1,308	12,971	4,166	93,858
<b>Donations</b>	8,484	4,116	4,940	5,498
<b>Total grants and donations</b>	9,161	17,087	9,106	99,356
<b>Operating surplus/(loss)</b>	(36,896)	(28,238)	(31,561)	27,720
<b>Interest receivable and similar income</b>	3,086	958	175	-
<b>Interest payable and similar charges</b>	(12,584)	(5,691)	(3,184)	(2,443)
<b>Surplus (loss) before taxation</b>	(46,394)	(32,971)	(34,570)	25,277
<b>Taxation</b>	365	(1,041)	(417)	(3,031)
<b>Surplus (loss) after taxation</b>	(46,759)	(34,012)	(34,987)	22,246
<b>Total Comprehensive Income</b>	(46,759)	(34,012)	(34,987)	22,246



## HDT Consolidated Balance Sheet 2020/2021 to 2023/2024

Y/E 30th September	2024	2023	2022	2021
	£	£	£	£
<b>Fixed assets</b>				
<b>Tangible assets</b>	1,443,886	1,130,133	1,156,837	1,180,876
<b>Intangible assets</b>	9,393	14,284	4,000	6,000
<b>Investments</b>	1,000	1,000	1,000	1,000
	1,454,279	1,145,417	1,161,837	1,187,876
<b>Current assets</b>				
<b>Stock</b>	6,627	8,119	7,272	6,657
<b>Debtors</b>	28,729	57,719	39,901	33,737
<b>Cash at bank and in hand</b>	88,763	203,340	283,739	325,670
	124,119	269,178	330,912	366,064
<b>Creditors: amounts falling due in less than one year</b>	(161,406)	(90,786)	(92,336)	(73,628)
<b>Net current assets/(liabilities)</b>	(37,207)	178,392	238,576	292,436
<b>Total assets less current liabilities</b>	1,416,992	1,323,809	1,400,413	1,480,312
<b>Creditors: amounts falling due in more than one year</b>	(297,829)	(102,782)	(118,061)	(126,957)
<b>Deferred capital grants</b>	(637,787)	(673,935)	(692,009)	(710,082)
<b>Net assets/(liabilities)</b>	<b>481,376</b>	<b>547,092</b>	<b>590,343</b>	<b>643,273</b>
<b>Reserves</b>				
<b>Share capital</b>	550,139	559,917	560,550	569,430
<b>Revenue account</b>	(122,873)	(66,936)	(24,318)	19,732
<b>Revaluation reserve</b>	54,111	54,111	54,111	54,111
	<b>481,376</b>	<b>547,092</b>	<b>590,343</b>	<b>643,273</b>

By Spring 2024, with the acquisition of the freehold for 50 North Lane, the fund was to all intents and purposes fully invested for the first time since its launch in 2018

## HIF 2018 Financial Performance

Our Headingley Investment Fund (HIF) has been operating successfully since 2018 and has paid investors its target rate of 2% every year other than in the first year of covid when a reduced rate of 1.3% was offered. HEART was granted a repayment holiday whilst it was closed during covid but aside from that period all of our investments have met their regular repayment schedules and the fund has thrived. By Spring 2024, with the acquisition of the freehold for 50 North Lane, the fund was to all intents and purposes fully invested for the first time since its launch in 2018.

The table below shows the capital balances for each of the four investment projects at the end of the 2023/24 financial year and the trends over the preceding three years. All of our investments continued to make their monthly interest repayments again this year. The balance for HEART fell to £214,723 and for 50 Headingley Mount to £80,258. The Headingley Greengrocer repaid the balance of its original 2019 loan in full and the money received (£35,715) was then added to the remaining HIF funds available for investment to create a new interest-only loan of £105,000 to facilitate the purchase of the freehold for the 50 North Lane property.

### Schedule of HIF 2018 Project Investments

Position of HIF 2018 Investments	Approved Loans	Outstanding Capital Balances at Year End			
		2023– 2024	2022– 2023	2021– 2022	2020– 2021
	£	£	£	£	£
HEART	260,000	214,723	220,140	234,567	246,560
The Headingley Greengrocer	50,000	–	37,266	40,298	43,241
50 Headingley Mount	100,000	80,258	84,382	88,386	92,271
50 North Lane (Interest only loan)	105,000	105,000	n/a	n/a	n/a



## HIF 2018 Balance Statement

<b>Bank and cash position</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Opening balance 1st October 2023	<b>140,080</b>	<b>116,706</b>	<b>104,589</b>	<b>98,097</b>
Income	60,596	32,759	30,162	10,868
Outgoings	(41,100)	(9,385)	(18,045)	(4,376)
<b>Available balance in fund</b>	<b>159,576</b>	<b>140,080</b>	<b>116,706</b>	<b>104,589</b>
Purchase of 50/50a North Lane	(105,000)	(33,000)	-	-
<b>Closing balance 30th September 2024</b>	<b>54,576</b>	<b>107,080</b>	<b>116,706</b>	<b>104,589</b>
Sum required for potential withdrawals	30,392	31,320	30,968	38,321
<b>Funds available for investment</b>	<b>24,184</b>	<b>75,760</b>	<b>85,738</b>	<b>66,268</b>

## HIF2025 Financial Forecasts

This section contains financial forecasts for the HIF2025 Investment Fund over the next 20 years. Our modelling demonstrates that HIF2025 can generate a small surplus, be able to make annual interest payments to members, support a modest level of withdrawals over time and will not be detrimental to HDT. Note that the forecasts have been prepared on a zero-inflation basis.

We have provided Fund Income and Expenditure and Fund Bank Balance forecasts for two alternative levels of initial investment, as described below.

### Assumptions underlying the forecasts

The detailed modelling that we have undertaken is based on a number of assumptions, many of which have been described earlier. In summary, the key ones are:

- The fund will operate from a Go Live date, currently assumed to be 1st July 2025.
- HIF2025 will operate as a separate cost centre within HDT and will make its investments in the form of “loans” to support HDT projects. The loan projects are mortgage loan repayment types, with a fixed life, a fixed annual interest rate and monthly repayments. This type of loan will generate a monthly interest income, which reduces over time as the capital value of the loan is reduced by the monthly repayments. The received loan interest provides the Fund Income against which the Fund Expenditure is the annual interest due to the fund members.

- This mortgage loan structure and repayment process is exactly analogous to the HIF2018 Investment Fund (which will remain as another separate cost centre within HDT.)
- An annual rate of interest of up to 4% will be offered to investors (they will also be given the option to choose to accept a lower rate, 2%, or to forgo their interest) As was the case for HIF2018 investors have the option to take an annual interest payment or accrue the interest due and compound their interest income over time. They can also choose to donate their interest back to HDT which will increase the fund balance available for further investment.
- No capital withdrawals will be allowed by members until after three fund years have been completed (i.e. three years after the Go Live date), other than in the event of death or bankruptcy. After the initial period, member withdrawals will then be allowed, up to a maximum amount in each year. This annual allowable amount will be calculated as a percentage of the total balance remaining in the Fund at the start of each year and is initially set at 6%. Share withdrawals or repayments are covered under the withdrawal policy on p49.
- Loans from the Fund to Investment Projects will be charged interest at 1% higher than the average rate paid to investors. In the examples that follow we have shown an average rate paid to investors of 2.5% (3.5% charged to projects) and 3% (4% charged to projects). The actual average rate that the fund will pay to investors will of course depend upon the individual decisions made by the investors over whether to earn up to a maximum of 4%, 2% or to forgo interest by selecting the 0% option.
- For the purposes of modelling, we have assumed that there will be two or three initial loans (beginning in Year 1) from the fund to support HDT projects. Each loan can be up to a maximum of £120,000, with a repayment term of no more than 10 years (120 periods).
- Up to 6% of the fund total will remain uninvested (in the bank) to cover on-going fund repayment demand from members.
- The initial loan project of £120,000 will be used to support the process of paying down the variable rate mortgage that HDT have undertaken with Ecology Building Society in accordance with the terms of this commercial mortgage.
- As the initial loans are repaid, the fund balance will rise over time and after five or six years there will be available funds for a further two or three loan projects from 2030 onwards. The exact timing of the second phase loan projects is controlled by their amount and the need to maintain a minimum bank balance over time.
- Uninvested funds will be able to earn bank interest at the relevant market rate.



- All investment loans will be fully repaid by 2045. The decision after 20 years may be to keep the HIF2025 fund open, but our forecasting shows that at that date HDT would be in a position if necessary to repay remaining members, either by refinancing the balance of the HIF2025 investment fund, or by liquidating selected HDT assets.
- Fund running costs are assumed to be £250 per annum and we have assumed that the HIF2025 Fund will benefit from member investors donating their shares and/or interest earnings to the value of £1,000 per annum (both of these assumptions are based on our experience of operating the HIF2018 Fund).

## The Financial Forecasts

The following charts summarise the extensive modelling that we have undertaken and show the detailed forecasts for HIF2025, for two levels of funding raised through this share offer – our lower target (£200,000) and our upper target (£300,000)<sup>1</sup>.

For each level of funding, we have shown the HIF2025 fund Income and Expenditure and cumulative balance plus a bank balance forecast. For clarity we have shown cumulative Income, Expenditure and Surplus values for each of the first five years of fund operations and subsequently at five-year intervals

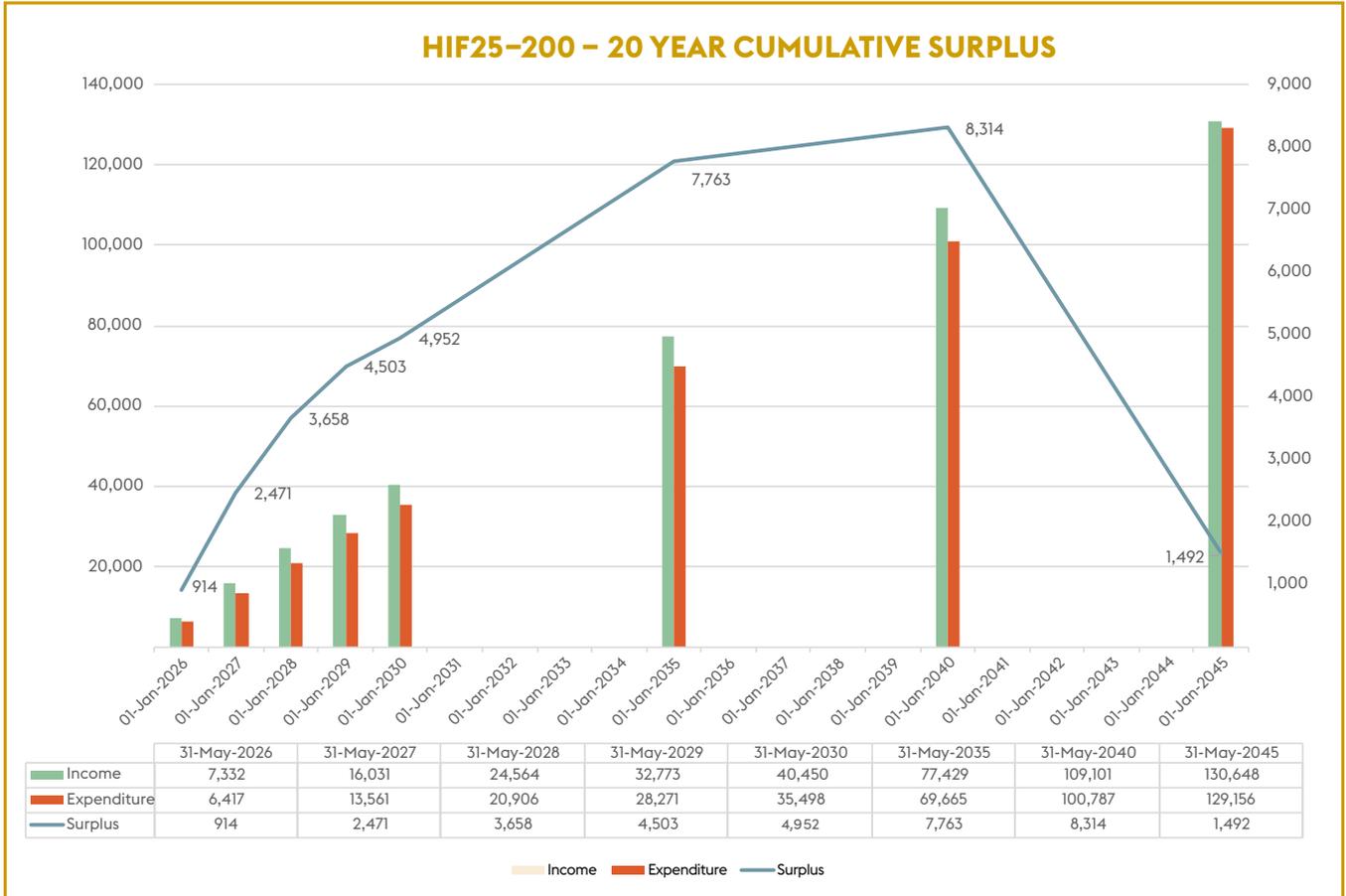
### Fund Income and expenditure

The figure overleaf shows the forecasts over 20 years for a £200k fund which is offering investors on average 3% and hence is loaning to projects at 4%.

Income is calculated as the interest element of the periodic loan repayments received from the projects that the fund is invested in, plus interest earned from the uninvested funds held in the fund bank account. Expenditure includes the operational costs of running the fund, interest payments (including the interest being accumulated in the first three years before any payments are made)

<sup>1</sup> We have not shown the modelling of our minimum fund target of £100,000 here. If we only raise this sum then 100% of the funds raised will be used to pay down the equivalent sum from the Ecology Building Society mortgage. At the £100,000 level the HIF2025 fund would generate a small surplus, be able to make annual interest payments to members, support a modest level of withdrawals over time and would not be detrimental to HDT.

## Income, expenditure and fund surplus – £200k fund 3% average interest

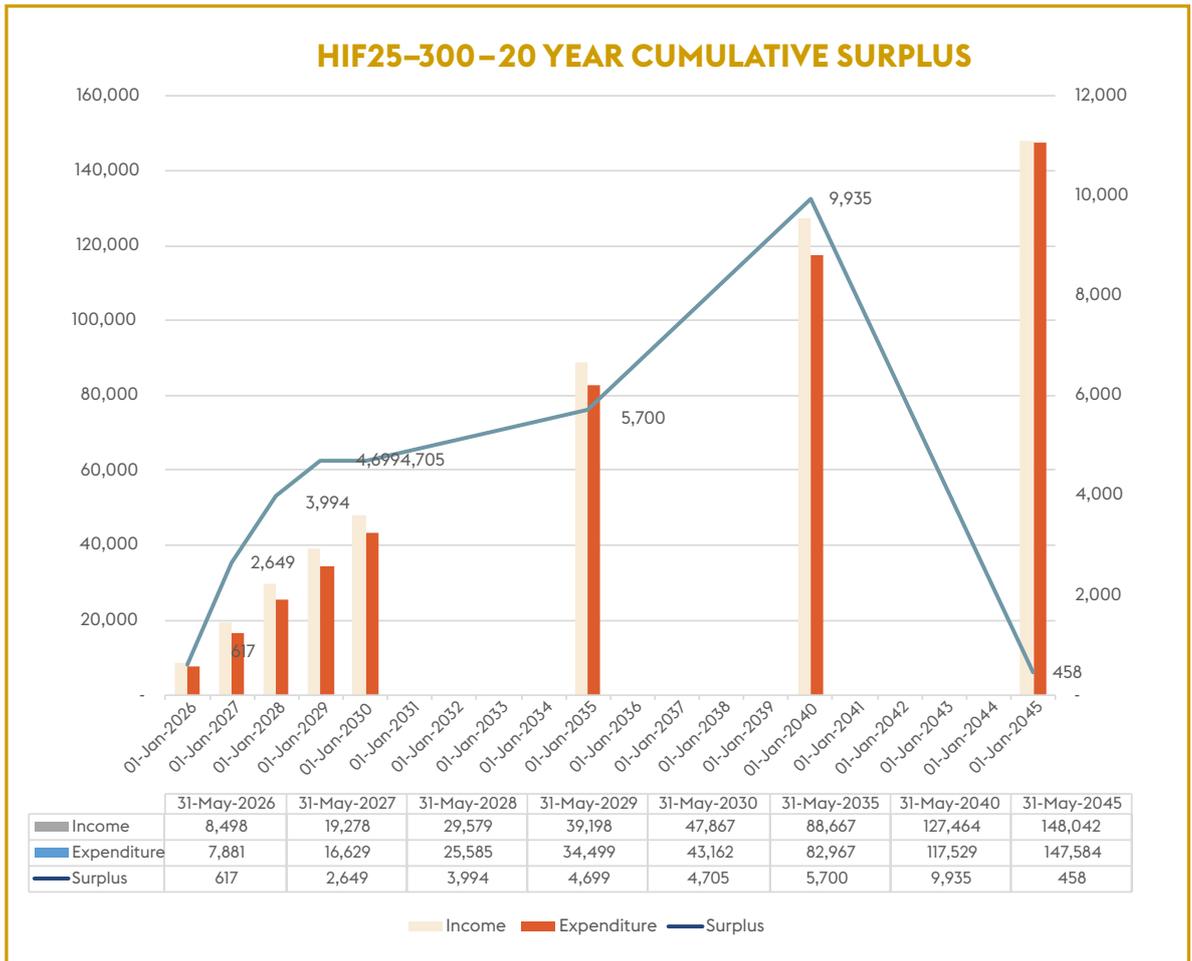


The fund is forecast to operate with a small surplus, peaking in 2040 at just over £8,000. As the loan projects become fully repaid over time the profitability of the overall fund falls as we have assumed that all projects will be completed within the twenty-year life of the investment fund. The fund bank balance increases in this final phase, but the interest earnings on this bank balance, using bank “market” rate are assumed to be lower than the interest return generated by the loan projects, while the average interest rate being paid to members is unchanged and higher than market rate.

In the next figure we show the equivalent information but for our higher target of a £300,000 fund. In this example we show the situation assuming the average interest rate is 2.5%.



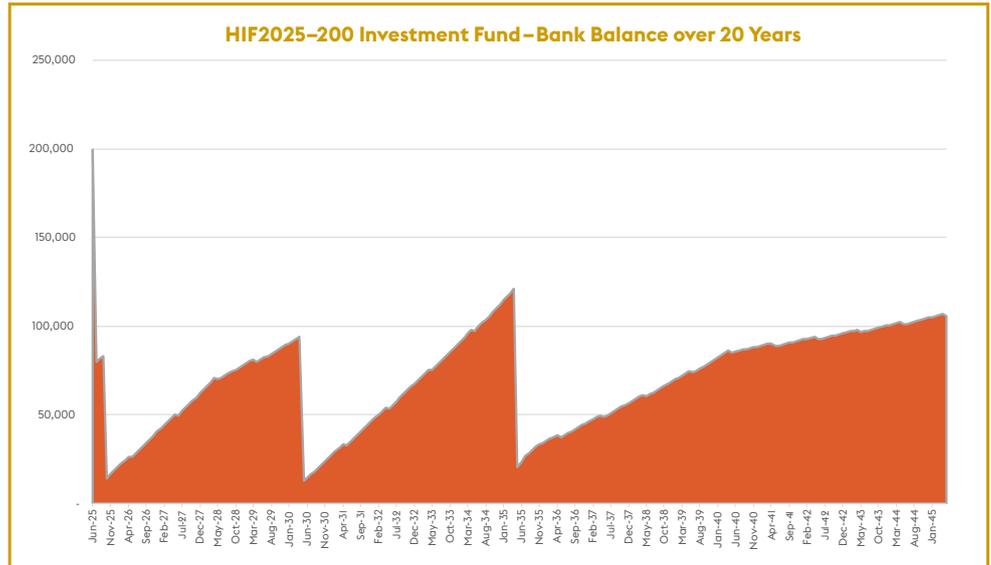
### Income, expenditure and fund surplus – £300k fund 2.5% average interest



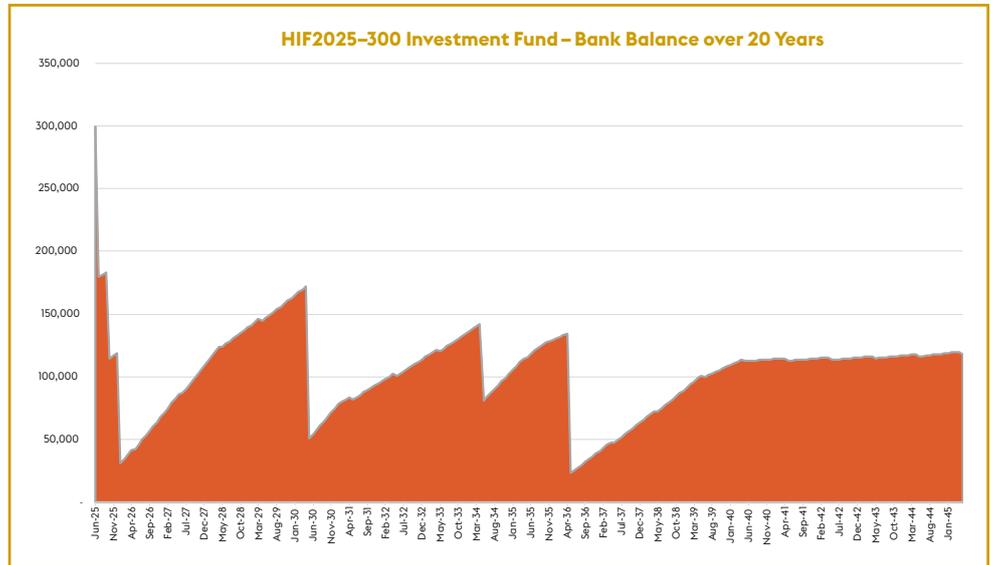
## Projected Fund Bank Balance

The cumulative bank balance for the £200,000 and £300,000 funds are shown in the next two figures.

### Cumulative bank balance – £200k fund



### Cumulative bank balance – £300k fund



Withdrawals or repayments of member shares will reduce the fund bank balance and decrease the fund Capital Balance. Donations of member shares will increase the fund bank balance and also decrease the fund Capital Balance outstanding. The £200'K fund model allows for two initial projects, followed by two subsequent projects, the timing of which is controlled by the minimum fund balance that we need to maintain. The £300'K fund model is controlled by the same minimum balance rules but allows for three initial loan projects, followed by a second phase of three further projects.

## Other Modelling Assumptions

These forecasts are based on a number of judgments and assumptions about choices over how the fund is managed and that which investors will make, as set out earlier.

We have assumed that for both the £200'K and £300'K models the annual running costs will be £250, which is a total cost over twenty years of £5,000. If the annual running costs were to double to £500 per annum, then the Fund surplus would reduce by £5,000. As a comparison, HIF2018 running costs to date have been less than £200 per annum.

We have assumed that the fund withdrawal rate (after the initial 3-year exclusion) will be at 6% per annum, which is the maximum allowed by the rules of the Investment Fund. At present we can see from the HIF2018 Fund that the annual withdrawals is much lower than the allowed maximum, which acts to increase funds available for re-investment into Loan Projects over time.

Fund Members have a choice to have their annual interest paid out or accrued into their capital balance. This individual choice will impact on the fund future bank balance and therefore available investment funds. The examples provided in this document have allowed for a 40% payout of the Annual Interest due to members in each year of the Fund's twenty-year life. Paying out annual interest to members reduces the fund bank balance, whereas the accrual of the annual interest increase the Capital Balance of the Fund itself.

Of course, the forecasts provided in this document are just snapshots of the wide range of outcomes that are possible with regard to the variables described above but with the benefit of having successfully operated two share offers – the oldest of which is approaching its seventeenth year of operation – we are confident that the HIF2025 proposal is robust and viable at all alternatives. The key factor that enables this is the power to limit the value of withdrawals allowed in any fund year.

## Headingley Development Trust Group Three-Year Forecasts

In the following two tables we provide financial forecasts for HDT for the next three years (and showing the preceding three years for context). The first table provides a forecast statement of comprehensive income and expenditure and the subsequent table provides a balance sheet forecast. Key assumptions and related information are:

- The Financial Year 2025 is based on a “break-even” budget.
- With five months actuals recorded to February 2025 we are in line with this budget.

Fund Members have a choice to have their annual interest paid out or accrued into their capital balance

- Forecast Revenues are based on existing activities and income streams.
- Inflation Rates applied to relevant costs & revenues are between 0% to 5% p/a.
- UK Interest rates will continue to fall slowly over the next three years.
- Subsidiaries will continue to meet the UK “National Minimum Wage” requirements.
- The Ecology mortgage for 50/50a North Lane will not be fully repaid until FY2026.

### HDT Forecast Statement of Comprehensive Income

#### FORECAST (and Actual) GROUP STATEMENT of COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER

Y/E 30th September	2027	2026	2025	2024	2023	2022	2021
	£'K						
Income	919	887	856	809	793	814	666
Cost of Sales	(354)	(341)	(328)	(316)	(307)	(324)	(304)
Gross Profit	565	546	528	493	487	490	362
Operating Expenditure	(550)	(538)	(526)	(519)	(509)	(514)	(418)
Surplus/(Loss) before Depreciation & Amortization	15	8	3	(26)	(23)	(23)	(57)
TOTAL Depreciation and Amortisation	21	21	21	20	23	17	15
Other operating income	1	7	35	10	17	9	99
Operating surplus/(loss)	(5)	(6)	17	(36)	(28)	(32)	28
Interest receivable and similar income				3	1		-
Interest payable and similar charges	(7)	(7)	(11)	(13)	(6)	(3)	(2)
Surplus (loss) before taxation	(12)	(13)	6	(46)	(33)	(35)	25

Assumptions for the Balance Sheet are as follows:

- The 2025 Share Offer will be completed in the Current Financial Year.
- HIF2025 will raise a net figure (after costs) of £250,000.
- The balance on the 10-year Ecology mortgage will be fully repaid in FY2026.
- The remaining funds from HIF2025 will be fully utilised in FY2027.
- Subsidiaries of HDT will continue to meet their loan repayment commitments.
- New loan projects will be used to finance Capital Investment Projects in the Group.
- The average interest rate charged on HIF2025 Loan Projects will be 4.0% – 4.5% p/a.



## HDT Forecast Balance Sheet to 2027

<b>FORECAST (and Actual) GROUP BALANCE SHEET AS AT 30 SEPTEMBER</b>							
	<b>2027</b>	<b>2026</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<b>£'K</b>						
<b>Fixed assets</b>							
<b>Tangible assets</b>	1,411	1,413	1,415	1,444	1,130	1,157	1,181
<b>Intangible assets</b>	1	4	7	9	14	4	6
<b>Investments</b>	1	1	1	1	1	1	1
	<b>1,413</b>	<b>1,418</b>	<b>1,423</b>	<b>1,454</b>	<b>1,145</b>	<b>1,162</b>	<b>1,188</b>
<b>Current assets</b>							
<b>Stock</b>	7	7	7	7	8	7	7
<b>Debtors</b>	48	44	42	29	58	40	34
<b>Cash at bank and in hand</b>	59	129	305	89	203	284	326
	<b>113</b>	<b>179</b>	<b>353</b>	<b>125</b>	<b>269</b>	<b>331</b>	<b>366</b>
<b>Creditors: amounts falling due in less than one year</b>	(162)	(163)	(160)	(161)	(91)	(92)	(74)
<b>Net current assets/(liabilities)</b>	<b>(48)</b>	<b>16</b>	<b>193</b>	<b>(37)</b>	<b>178</b>	<b>239</b>	<b>292</b>
<b>Total assets less current liabilities</b>	<b>1,366</b>	<b>1,435</b>	<b>1,617</b>	<b>1,417</b>	<b>1,324</b>	<b>1,400</b>	<b>1,480</b>
<b>Creditors: amounts falling due in more than one year</b>	(69)	(109)	(260)	(298)	(103)	(118)	(127)
<b>Deferred capital grants</b>	(584)	(602)	(620)	(638)	(674)	(692)	(710)
<b>Net assets/(liabilities)</b>	<b>713</b>	<b>724</b>	<b>732</b>	<b>481</b>	<b>547</b>	<b>590</b>	<b>643</b>
<b>Reserves</b>							
<b>Share capital</b>	800	800	800	550	560	561	569
<b>Revenue account</b>	(141)	(130)	(117)	(123)	(67)	(24)	20
<b>Revaluation reserve</b>	54	54	54	54	54	54	54
	<b>713</b>	<b>724</b>	<b>732</b>	<b>481</b>	<b>547</b>	<b>590</b>	<b>643</b>

After the initial increase of £250'K in Share Capital resulting from the HIF2025 Community Share Offer the share capital will remain unchanged over the subsequent two years. Interest accruing to members will increase share capital, but this will be offset by allowed share repayments from the HIF2018 Fund.

Depreciation on existing Fixed Assets will continue at £36'K and Annual Amortization of the Deferred Capital Grant will offset the depreciation cost at £18'K per annum. The remaining balance of the 10-year mortgage with Ecology Building Society can be repaid in full in June 2026, without incurring any early repayment penalties.

## Headingley Development Trust Financial Summary

To complete this finance section we provide three further summary tables providing forecasts and historic information on HDT's share capital, society funds and the use of those funds.

### Headingley Development Trust – Share Capital 2022–2027

	Financial year ending					
	30 Sep 2027	30 Sep 2026	30 Sep 2025	30 Sep 2024	30 Sep 2023	30 Sep 2022
<b>Share capital £</b>						
<b>Opening Balance</b>	800,139	800,139	550,139	559,917	560,550	569,430
<b>New share capital added during year</b>	12,000	10,000	250,000	5,248	5,440	5,870
<b>Share capital withdrawn during year</b>	(12,000)	(10,000)	-	(15,026)	(6,073)	(14,750)
<b>Closing balance</b>	800,139	800,139	800,139	550,139	559,917	560,550

Share Capital represents the investments made by our Members in the various Share Offers made by the Trust in the last twenty years, including the HIF2018 Scheme and (in future) the current HIF2025 Offer

### Headingley Development Trust – Balance Sheet Summary 2022–2027

£	Financial position on					
	30 Sep 2027	30 Sep 2026	30 Sep 2025	30 Sep 2024	30 Sep 2023	30 Sep 2022
<b>Fixed Assets</b>	1,413,886	1,418,886	1,423,886	1,454,279	1,145,416	1,161,837
<b>Net Current Assets</b>	(48,267)	16,354	192,984	(37,287)	178,393	238,574
<b>Long term liabilities and Deferred Capital Grant</b>	(653,116)	(711,116)	(879,616)	(935,616)	(776,717)	(810,068)
<b>Share Capital</b>	800,139	800,139	800,139	550,139	559,917	560,550
<b>Retained Profits/ (Losses) &amp; Revaluation Reserve</b>	(87,636)	(76,015)	(62,885)	(68,763)	(12,825)	29,793



This balance sheet summary reflects our long-term approach to investing in the Headingley Community by purchasing or acquiring the “bricks and mortar” of older buildings in LS6. The cost or valuation of our various properties are reflected in the Balance Sheet and they provide the basic infrastructure used by our various community enterprises to carry out their daily activities and operations. The financial result of these many operations

and activities are reported in our Income Statements and the final summary table below which also shows the Community Value Added generated each Financial Year. This Community benefit is made possible by the long term investments in the various share offers that comprise the Share Capital supporting the Headingley Development Trust.

### Use of Headingley Development Trust Funds 2022–2027

Use of society funds	Financial year ending					
	30 Sep 2027	30 Sep 2026	30 Sep 2025	30 Sep 2024	30 Sep 2023	30 Sep 2022
<b>Net profit (or loss) before interest and community benefit £</b>	(4,621)	(5,630)	16,640	(35,588)	(28,238)	(31,561)
<b>HIF2018 – Interest rate on share capital</b>	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
<b>HIF2025 – Interest rate on share capital (assumed average rate from BOE historic average since 2005)</b>	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Total share interest paid/credited to members £</b>	12,000	10,000	8,500	8,855	8,606	9,063
<b>Community Value Added £</b>	1,450,000	1,400,000	1,350,000	1,326,000	1,298,000	1,335,000

## Beyond HIF2025

HIF2025 will be our third community shares offer. With a growing membership and a seemingly ever increasing need for investment in our community there are no long term plans to wind up the Society. We remain open to the possibility of wishing to arrange a further community shares offer at some point in the future, or to convert HIF2025 to an open fund that will grow over time; but our aim for this time-limited offer is, as already stated, to raise at least £200,000 and up to £300,000. We will only move to consider either a new fund or a move to an open offer when all the funds raised through this time-limited offer have been invested, unless a new opportunity that requires additional funding emerges before then.

# ENSURING GOOD GOVERNANCE AND MANAGEMENT

Accountability for HIF 2025 will be to HDT as its parent body but also, crucially, to HIF 2025 investors

## How HIF2025 will be managed

For investors to have confidence in this Community Shares issue, arrangements for HIF 2025 must be robust, secure, and transparent. HIF 2025 will be established as its own fund, separate from the HIF 2018 fund, with its own bank account, but managed within our existing governance framework.

Accountability for HIF 2025 will be to HDT as its parent body but also, crucially, to HIF 2025 investors. The additional governance arrangements that were developed for our original HIF in 2018 have worked well over the last seven years, and it is proposed the 2025 Fund will be managed by the existing HIF Development Committee (HIFDC). The current Terms of Reference for HIFDC can be viewed on our website [hdtleeds.org.uk/hif-reports](https://hdtleeds.org.uk/hif-reports) and what follows is an abstract from those Terms of Reference.

## Purpose and scope of the HIFDC

HIFDC is and will continue to be an advisory body accountable to the Headingley Development Trust. It makes recommendations to the full HDT Board. The HDT Board is the final and only decision-making authority. The role of the HIF Development Committee is therefore to:

- Advise and make recommendations to the HDT Board about the operation of HIF 2018. In this regard it will monitor the Fund's cash flow and make recommendations on investments currently supported by HIF; any future investments from the 2018 offer; and returns to investors and other investor policy and practice (such as withdrawals).
- Design, develop, market, manage and monitor HIF 2025 in exactly the same way as it does for the HIF 2018 fund, with a particular emphasis on prospecting for opportunities for new projects that are consistent with HDT's values and vision, and that have the potential to generate a return on investment.
- Explore new lines of credit from suitable (social) investors, and follow-up on mortgaging and re-mortgaging where this is assessed to be the appropriate funding pathway.



## Membership of the Committee

The Committee will be appointed by the HDT Board. The Chair of the Committee will be elected by Committee members. There will be no maximum time for serving on the Committee, but as with all good governance, HDT and the Committee itself will be mindful of the need to balance fresh perspectives and inclusivity, with experience and “organisational memory”. Similarly, there will be no fixed number of members. Of greater importance are the skills and knowledge people bring, and their willingness to do more than just attend meetings. The Committee may also wish to co-opt additional expertise on occasion, or seek inputs and good practice from others in the social investment community.

HDT is accountable to its membership and discharges this accountability at, inter alia, the AGM. As HIFDC is accountable to HDT, and will make recommendations to HDT, there is a direct “line of sight” back to members.

## Interactions between funds, investors and returns

As with other forms of savings and lending, HIF 2018 and HIF 2025 are different products. While many HIF 2018 investors will also wish to invest in HIF 2025 (just as there was significant overlap between 2008 investors and those engaged with HIF 2018), we very much hope to attract new shareholders, not least as the demography of Headingley has changed quite significantly since 2018, with the return of families – in all shapes and sizes. The project portfolio of each of the two products, HIF 2018, and HIF 2025 is different, and the interest rates available to lenders, and on the loans made to projects are also different. They should therefore be seen as having distinctive “personalities”, while being members of the same close HDT family.

The project portfolio of HIF 2018 now includes the following projects, all repaying at 3% interest:

- HEART with a loan of £260k over 15 years.
- 50 Headingley Mount with a loan of £100k over 25 years.
- THG with an interest-only loan of £105k.

HIF 2018 investors, where finances allow, will continue to receive 2% on their HIF 2018 shares.

HDT receives minutes and accounts from each of its subsidiaries at every board meeting. HDT also requires the Boards of HEART and THG to appear before HDT at least once each year

The project portfolio of HIF 2025 has three strands, as this Offer Document describes:

- A more affordable line of credit for THG.
- Ensuring a viable future for the enterprises we already have.
- Reserves in readiness.

Returns on investments made in HIF 2025 will come therefore from opportunities arising from these three strands. Investors, where finances allow, will receive the interest rate they choose from the 0–4% range. Projects supported through HIF 2025 resources will be charged an interest rate commensurate with their ability to repay, which on average will be 1% above the average rate received by investors. An example of a HIF loan agreement to a project is attached at Appendix B in the Business Plan.

## Managing relationships

### HDT and its subsidiary companies

HDT receives minutes and accounts from each of its subsidiaries at every board meeting. HDT also requires the Boards of HEART and THG to appear before HDT at least once each year. This allows HDT Directors to interrogate (and challenge) its subsidiary companies, and ensure their processes, governance, and budgetary controls are robust. HDT prepares Consolidated Accounts at a Group level, but individual subsidiaries are subjected to the same rigorous meetings with Auditors. Individual Boards receive, and are required to act on, any audit findings. As limited companies, HEART, THG and Tiny Boo all file their audited statutory accounts at Companies House.

### HDT and HIFDC

HDT has an Annual General Meeting in March and, until November 2023, a separate HIF investors meeting. These have now been combined into a single meeting with HIF as an agenda item at the AGM. HDT produces an Annual Report for members which contains a HIF section/update, and a section from THG and HEART. Since November 2024 HIF has also provided an annual newsletter to its investors. Copies of the newsletter and previous HIF Investor meeting minutes are on the HDT website at [hdtleeds.org.uk/hif-reports](https://hdtleeds.org.uk/hif-reports). Copies of the HDT annual report and the most recent AGM minutes are at [hdtleeds.org.uk/about-hdt/annual-report](https://hdtleeds.org.uk/about-hdt/annual-report).



## Communication with and accountability to members

HDT communicates with members through the following mechanisms and channels:

- A monthly newsletter.
- Regular social media posts on Facebook, Instagram and BlueSky.
- A HDT stall staffed by board members at every monthly Farmers' Market (also an HDT project).
- Its AGM.
- Its Annual Report and HIF Investors Report.
- The HDT members email inbox and HIF investors email inbox.
- Its website (THG and HEART also have websites).
- The physical settings of HEART and THG.

More details on our communications and engagement plans for HIF2025 are in Sections 6 and 7 of the Business Plan.

## Competence and community credentials

Between them, HDT and HIFDC members have:

- Public, third sector, and private sector experience in strength and depth, (including financial expertise, skills in forecasting and profiling, marketing and communications, and backgrounds in business start-up, people management, and partnership building).
- The credibility that goes with deep roots in community involvement and engagement, and long-term local residency and visibility.
- A track record not just in previous shares issues, but in managing a suite of community businesses and social enterprises both as part of the HDT portfolio, and external to it.

Full pen pictures of all those involved in HDT and in HIFDC itself are at Section 11 in the Business Plan. Details of the competences and community credentials of key HDT, THG and HIFDC personnel appear below.

## HDT Board

**Sam Schwab (Chair)** has been a Headingley resident for almost 8 years, bringing up a young family here. He has been a board member of HDT since 2022 and as the current Chair is particularly interested in finding ways that HDT can take action to benefit as inclusively as possible the full range of Headingley residents. Sam has a wide range of experience that supports various aspects of HDT's current and future work. He is an experienced public servant with particular expertise in health, social care and housing. He has held budgetary responsibility for annual spend of over £40m and has experience of applying value for money tests on a range of projects.

**John Chandler (Treasurer)** has lived in Headingley since 1989 and was an early investor in HDT share offers. John retired in March 2022 and now takes an active role in the HDT decision-making processes, organisation and structures that help to ensure that Headingley remains such a good place to live. His training and career as an accountant with financial applications and finance systems means he understands how good financial practice can be used to provide perspective to any organization. In particular, he knows the importance of "the numbers" in the analysis of performance and how they support decision-making and forward predictions.

**John Hall** has lived in Leeds for 50 years. Seven years ago, he returned to live here and discovered the work of HDT and the evolving community in Headingley, joining the board of HDT in 2019. John has put his career as a film maker and web designer to good use on behalf of HDT, and plays a major role in marketing and communications.

**Archie Wright-Beattie** is a lifelong resident of Headingley now working in communications and strategy. He has served on the board since summer 2023, assisting on communications and is currently working to increase cross-group collaboration and grow the profile of HDT with younger audiences.

**Matthew Spence** Is a resident who wants to make Headingley a better place for everyone and believes HDT strives to do this. He has a background of managing and delivering various projects within the NHS, and is dedicated to fostering collaboration, supporting strategic planning, and applying effective governance to help achieve HDT's goals. He brings to HDT his previous volunteering with St Gemma's and Sustrans.

**Alex Barrie** (Co-opted) Moved to West Yorkshire with work in 1987, living initially in Headingley and for the last 26 years in neighbouring Weetwood. Both his children have grown up in the area and attended the local schools. Professionally Alex is a chartered engineer, currently focused on the programme management of multi-million-pound cyber security investment programmes for a major telecommunications business. Having lived in the area for so long, he is interested in seeing how his skills can help the Trust in



its aims and continue to build upon the great work to date. He has previous volunteering experience as a school governor in both primary and secondary settings.

## HIF Development Committee (HIFDC)

**Isobel Mills (Chair)** is a Headingley resident of some 32 years. She served on the Board of HDT, where she was Chair, and was part of the HIF 2018 Steering Group. Isobel is currently the Chair of HEART. She spent most of her career as a Civil Servant delivering economic regeneration programmes at European, national and local levels. In retirement she has been, amongst other things, the Chair of the Leeds Credit Union, Chair of the Leeds Citizens Advice Bureau, which she still is, and a Director of the Key Fund. Isobel's skills are in programme management, partnership building, and project development.

**Alan Beswick (Secretary)** is a former board member and Secretary of HDT and a resident of Headingley since 1980. Having previously worked as a Director of an international transport planning consultancy he is a firm believer in the importance of working at the local level to develop sustainable communities that can help deliver attractive, liveable cities, designed for people not just vehicles. He has been a member of HIFDC since 2021 and secretary since 2022.

**Hazel Dimsdale (Treasurer)** brought up her family in the Headingley area. Since taking early retirement from her career in HMRC she was a HEART volunteer before joining the HDT Board. Hazel was Treasurer of the Headingley Primary School After-School club as well as the PTA when her son went to Headingley Primary school in the 1990s. She is a former HDT board member and was Treasurer of HDT until March 2024.

**Helen Seymour** has lived in Headingley for nearly twenty-five years. She was a founder director of HDT, is part of the Headingley Farmers' Market organising group and was one of those who led on the community buy-out of the Natural Food Store and still serves on its committee. Helen is a former chair of HDT and is currently chair of the Greengrocer business. Prior to retirement she worked for Co-operatives UK, the trade association for co-operatives. She believes that collective enterprises of all kinds make a real difference to communities everywhere.

**Hugh Rollo (External Advisor)** is a social investment expert with the Social Investment Business. He is a Former Chair of Key Fund and has worked as Locality Development Adviser and for the Community Shares Unit. Hugh has brought expert, independent advice to the HIFDC since it was established in 2018.

**John Chandler, John Hall and Alex Barrie** from the HDT Board also sit on HIFDC.

## Headingley Development Trust Commercial Ltd (trading as The Headingley Greengrocer)

**Helen Seymour (Chair)** see also HIF Development Committee

**Jane Williams** has lived in Headingley for 40 years and her two children went to local schools. She was a founding member of HDT, was instrumental in the development of HEART, and was a Board member for its first 5 years, and a volunteer for a further 5. Jane was part of the Natural Food Store community buy out team, and has been on the Board of The Headingley Greengrocer since HDT took it over in 2019. Her working life was spent in mental health services as both practitioner and then commissioner for the NHS and since retirement on the Board of Northpoint Wellbeing, a large mental health charity working in Leeds, North Yorkshire and Calderdale, the latter 3 years as Chair until July 2024. Jane is committed to community engagement as a tool for social cohesion and wellbeing.

**Jane Haworth** has lived in Headingley for over 40 years, and has brought up her family here. Over the years she has been involved in various community initiatives that have aimed to make Headingley a well-resourced, diverse and sustainable neighbourhood. She was co-chair of North Leeds Community Nursery and one of a group of parents/carers who set up an after-school club at Headingley Primary School. In 2007 Jane was part of the community buy-out of the Natural Food Store and has been on its committee since 2015. More recently, she has been a director of the Headingley Greengrocer since it opened as an enterprise of HDT, and has been part of the Zero Carbon Headingley project.

**John Chandler (Treasurer)** see also HDT Board.

## Managing conflicts of interest, vested interests and conduct.

As the above pen pictures show, there is considerable crossover between the Boards of the various HDT projects and enterprises. This has real advantages in terms of shared expertise, organisational memory, and synergies. It is also the case that everyone involved is motivated and inspired by the same vision and values. That said, it could leave us open to the challenge that we are “marking our own homework” – and, as importantly, to conflicts of interest. We have the following processes in place to mitigate this risk:

- None of the people involved at Director level of the projects HDT supports and HIFDC funds benefit financially from the enterprises supported. This applies to third-party contacts too.



- All investors are also HDT members – and can therefore interrogate how projects have been identified for support, how projects are performing, as well as bring forward their own ideas for investments.
- Conflicts of Interest are a standing agenda item on all Boards and all agendas. Directors also complete an annual Register of Interest. The Conflict-of-Interest policy used across the HDT “family” is in the Business Plan.
- All HIFDC decision making goes up to and through the HDT Board. Where a member of the HDT might be considered to have a conflict of interest they are asked to declare it. Other Directors are asked whether the member may remain in the meeting. If this is permitted, the member will not be allowed to contribute beyond factual matters.
- If at HDT a decision were to come to a vote, any member declaring an interest would be asked to leave the meeting – and this would be signalled in the minutes. This applies equally to the Boards of other HDT projects and subsidiaries.
- Directors across all Boards work to a Code of Conduct. This is also in the Business Plan. Directors sign up to this Code of Conduct on joining the various Boards.

# ABOUT COMMUNITY SHARES

## What they are...

Community Shares are a way for local people and businesses to take a stake in the places where they live, work, trade and play. The motivation is often more social, ethical – and even emotional – than financial. The resources invested ensure enterprises supported stay rooted in and accountable to the community whilst serving and benefitting it. They are part of what might be called good giving.

The shares you buy will make you a Member of the Headingley Development Trust (HDT), if you are not one already, with an equal vote regardless of your shareholding, or whether or not you opt for interest bearing shares. As a member/investor you will:

- Contribute to the success of a wide range of brilliant projects including HEART, the Headingley Greengrocer, the Headingley Farmers' Market and many more.
- Have a voice in decisions about future investments.
- Receive regular newsletters with details about the performance of investments, and about HDT's wider family of projects.
- Be entitled to interest on your share capital if HDT's funds and the performance of HIF 2025 permit.
- Have a vote in HDT's AGM. All members have one vote, regardless of how many shares they hold, and whether or not they opt for interest bearing shares. This gives members the opportunity to shape the future direction of HDT – and of HIF.
- Have the right to elect to HDT's voluntary Board of Directors – and the opportunity to become a Director yourself.



Community Shares can be withdrawn, subject to the conditions set out in this Offer Document, but they cannot be sold on or transferred (except upon death or bankruptcy), and nor can they increase in value. Inheritance of shares will be a part of ensuring a legacy is passed on to the next generation, so you will be asked to nominate your beneficiary to inherit your shares. You can use the online form on the HDT website to do this right away – or let us know at any time.

Community Shares do not pay dividends. HDT expects to begin paying interest on HIF 2025 shares from the Go Live date for the Fund. This Go Live date is provisionally set at 1 July 2025. The rate of interest to be paid in any year is dependent on the performance of the fund and of HDT, and will be determined each year by the HDT Board. However, we can only do this subject to having resources available, and the HDT Board reserves the right to make decisions on interest payment levels on an annual basis.

Our modelling gives us confidence that we will be able to generate these resources, and our financial forecasts are set out in full in our Business Plan, which you should also read.

## **...and what they are not**

This is a long-term investment for the benefit of the community. Shares cannot go up in value, therefore if you wish to withdraw shares at any point they can only be withdrawn at face value. In the event of having to wind up HDT, and should the value of HDT's assets exceed the value of the share capital, the shareholders will still only get back their original investment. Any excess value would be transferred to another community organisation having similar community benefit aims. This is known as an asset lock and is to prevent private gain if the organisation dissolves. If, however, HDT's assets were insufficient to clear its liabilities, shareholders would lose some or all of the value of their shares, but they would have no liability beyond the value of the shares they buy.

# WHO IS THIS OFFER FOR AND HOW TO BUY

This offer is for those who are prepared to invest their money for the medium to long term to generate social return, and who want their good giving to make a lasting difference

## Who is this offer for?

This offer is not for those who wish to make short term investments to maximise financial return. Rather, it is for those who are prepared to invest their money for the medium to long term to generate social return, and who want their good giving to make a lasting difference.

Experience of our previous Community Shares offers is that HIF2025 may be primarily of interest to Headingley residents, including those who have lived here and moved away. We believe, however, that there may be wider appeal to values-led investors because HIF2025 offers a model for developing and sustaining assets that benefit the local community, and one that keeps funds circulating locally rather than leaking out of the area, thereby creating a virtuous circle of social investment.

## Is it possible to sell the shares?

Shares cannot be sold or transferred to another person but they can be withdrawn. No shares can be withdrawn for three years from the Go Live date for the Fund. After this time, you can get your money back, with a minimum of 3 months' notice, in line with the arrangements set out in the Business Plan and summarised below.



## Share Repayment Policy (HIF2018 and HIF2025)

These state that the Board will specify a maximum total amount available for withdrawals in each year; this will be set as a percentage of the Fund value at the start of the year, and will be 6% initially. All withdrawals will be paid in the order in which the notices are received, up to the maximum total withdrawal amount set for that year, following which no further withdrawals may be made.

Shares cannot be sold or transferred to another person but they can be withdrawn. As a general rule, no shares can be withdrawn for three years from the Go Live date for the Fund. After this time, the position depends on the society's overall profitability as a group. Under 2015 FCA Guidelines to Societies – which we are bound to follow – a society can only return share capital to members as long as it has positive retained earnings, which is the combined position after adding up all the financial year ends for the society and its trading subsidiaries.

For HIF2018 Shares this is not the case at the time of writing due to significant trading losses incurred over the last three financial years (predominantly caused by the increased energy costs for the HEART Building). Once the retained deficit is recovered by future trading profits, members will then be in position to make requests to withdraw funds, within the following policy:

- 3 months' notice must be given.
- No more than 6% of the value of any Fund can be withdrawn in any given financial year.
- No more than £10,000 can be withdrawn by any member in any given financial year.

Please note that under the Society rules and the FCA guidance, the Board also has the right to refuse or suspend withdrawals and the responsibility to do so if they consider it to be necessary in order to protect the Society.

## What are the risks?

HDT wants to be fully open and transparent to its potential investors about the risks as well as the benefits of investment in community shares. We wish to make the following general points explicit:

- An investment in community shares is an investment in a trading business, not a loan or a deposit, and the rates of return are not guaranteed. This investment should be considered as medium to long term. Your shares may not be readily convertible to cash should you need to withdraw them.
- Like many investments, community shares are at risk and you could lose some or all of the money you invest. Unlike deposits with high street banks, community shares are not covered by the Financial Services Compensation Scheme, nor is there any right of complaint to the Financial Ombudsman Service. Any dispute may be the subject of arbitration as set out in the Society Rules.

- As a member and shareholder of HDT you could, if HDT is unable to meet its debts and other liabilities, lose some or all of your investment held in shares. However, your liability is limited to the amount that you have paid for your shares.
- Your investment in your share account may receive interest but does not enjoy any capital growth. It is primarily to support your community rather than make a profit for investors. As a Society, the maximum return offered to investors by way of interest will always be limited.

In addition we have identified the following potential risks specific to this proposal, with actions to manage and mitigate them as described.

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigation</b>
Low take up of share offer by target date	Medium	High	Regular updates and shout-outs through HDT newsletter, social media, and other marketing channels.
Challenging trading conditions impact on THG's ability to repay loan.	High	High	Continue to invest in promotion and profile of THG. If necessary, alter interest paid out as Shares Offer allows.
Challenging trading conditions impact on Headingley Farm Butcher's sustainability.	Medium	Medium	Work with Butcher's to agree payment plans and rent schedules.
Lack of suitable projects means that it is not possible fully to invest fund and therefore generate return.	Medium	Medium	Horizon scan for opportunities, and encourage members and wider partners to come forward with ideas. Use HDT AGMs to get possible projects to "pitch".
Wider economic conditions (such as changes to interest rates) mean HIF 2025 is uncompetitive.	Medium	Low	Keep track of economic trends and ensure through good marketing, investors are kept up to date with the social impact of the Fund.
Shareholders' preferences for taking interest vary from those modelled.	Low	Low	Impacts can be managed through changing the annual limits on withdrawals if necessary.
Lack of capacity means Fund governance is weakened leading to reputational risk.	Low	Medium	Ensure there are regular, transparent updates at investor meetings, and take full advantage of external support such as Co-Ops UK and Locality



## How can I buy shares?

Each share costs £1. There is a minimum investment of £100, up to a maximum shareholding of £50,000. Co-Ops UK through its partner Co-operative and Community Finance (CCF) offers something called subscription underwriting which is an interest-free repayable loan to enable people to buy shares through instalments over a maximum of 12 months, with the society receiving the full investment upfront. This makes things much more affordable for younger would-be investors. We have applied for up to £15,000 of subscription funding. Applications for it will be considered on a first come first served basis.

The maximum individual application for withdrawal that will be accepted in any year will be £10,000, regardless of the shareholding held; however, the maximum that will be paid out will be subject to the annual limit on withdrawals in effect at that time, and to the value of withdrawals that have already been made in that year. Withdrawal terms for institutional investors are on an equal footing with individual investors. These arrangements have been put in place to limit the exposure of the Society to large share withdrawals.

All of the documentation for HIF2025 can be found on our website at [www.hdtleeds.org.uk/investment-fund](http://www.hdtleeds.org.uk/investment-fund). Please read everything carefully. If, having read everything, you come to a decision that you are ready to invest you should follow the link on the website which will take you to our dedicated HIF2025 page on the Crowdfunder site [www.crowdfunder.co.uk/p/hif25](http://www.crowdfunder.co.uk/p/hif25) where you can make your investment.

This is another important and exciting opportunity for HDT members and friends to help ensure the sustainability of Headingley and the assets we have developed together over the last 20 years. It is built on HDT's successful track record and solid financial foundations, and the confidence that Headingley people – whether they live here or not – are prepared to use their collective endeavours and collective finance for the future of the Headingley community. We hope that you will want to invest in Headingley!

### Important note

*As a Registered Society under the Co-operatives and Community Benefit Societies Act 2014, Headingley Development Trust Ltd is registered with, but not authorised or regulated by, the Financial Conduct Authority. Any money you pay for shares is not, therefore, safeguarded by any depositor protection or dispute resolution scheme. In particular, you have no right of complaint to the Financial Ombudsman Service, nor any access or entitlement to the Financial Services Compensation Scheme.*

*Please note that your capital is at risk if you invest in this share offer. If you do invest, you may lose some or all of the money that you invest.*



## CONTACT US

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