



HIF 2025 Key Messages and Frequently Asked Questions

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Background

The Headingley Investment Fund (HIF2018 and HIF2025) is about using local money, for local benefit, raising money mainly from people in the community, as well as from interested outside investors, to use in ways that will benefit the community, as well as earning interest for those investors.

It's about

- Keeping funds circulating locally
- Taking back control
- Offering an ethical investment that benefits the local community and also pays interest to investors
- Imagination, ambition and being fleet of foot
- Helping to ensure the sustainability of Headingley as a thriving and diverse place to live and work

By

- Providing a cheaper source of finance for the building housing the Headingley Greengrocer and Headingley Farm Butcher's businesses
- Investing further in the fabric of our HEART and greengrocer buildings, particularly in terms of improving their energy efficiency
- Improving and updating our Pulse and Tiny Boo facilities at HEART and transforming the outside space
- Developing a pot of funds to take forward new ideas and new projects around Headingley as they emerge

HIF is built upon

- Headingley Development Trust's strong, real and tangible track record: HEART, Farmers' Market, Headingley Homes, The Headingley Greengrocer, events, social spaces, festivals
- The confidence that Headingley people are prepared to use collective endeavours and finance to make a difference.

Part 1: HIF 2025 FAQs

When does this offer open?

The offer opens in late March 2025.

When does it close?

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.

How much are you aiming to raise?

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.

We hope to raise between £200,000-£300,000, or even more!

What is the smallest amount I can invest? Can I spread the cost over 12 months?

The minimum share holding per person is £100. For 2025 we are working with Power to Change to make shares more affordable to younger investors by offering a subscription service whereby investors pay for their shares in 12 monthly installments. We have applied to Power to Change to allow us to offer up to £15,000 shares on this monthly subscription basis. They will be offered on a first come-first-served basis with a maximum investment of £1,000 per investor.

If you are interested in purchasing shares over 12 months via subscription please contact us directly at HIF2025@hdtleeds.org.uk to make arrangements (do not invest via the Crowdfunder site as this will not be able to handle subscription applications)

What is the most I can invest?

The maximum share subscription per person/organisation is £50,000.

When does interest become due?

Any interest will begin to accumulate from the Go Live date. You will not be able to access it immediately. On the third anniversary of the Go Live date - provisionally 1 July 2028 - you will be asked to choose whether you want your interest to be paid out, leave it to accumulate additional shares or donate the interest back to HDT. You can subsequently amend your preference by informing us at HIF2025@hdtleeds.org.uk at any time, although we ask that you don't change this more than once a year.

Can I buy shares for my younger relatives and friends?

We hope you will! Shareholders must be over 16, although shares may be bought on behalf of a minor, and held in trust by an adult. There is a form on our website to allow you to do this.

Do I have to be a member of HDT to buy shares in HIF?

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 a member when you invest then £10 will be deducted from your investment to pay for membership. This membership will continue as long as you retain at least £100 of your shareholding. If you sell all of your shares then any membership fees in force at that time would apply if you wish to remain a member

When can I start withdrawing my investment?

No share withdrawals will be permitted for the first three years after the Go Live date, except in cases of death or bankruptcy. The Go Live date is expected to be 1 July 2025. After three years, withdrawals will be permitted at 3 months' notice, up to a maximum amount in any year and subject to the performance of the fund and of HDT. This has initially been set at 6% of the Fund value at the start of the year, but the ability to withdraw funds, the maximum amount and the notice period required may be varied in future years depending on HDT's financial position and the performance of the Fund.

Are the interest rates guaranteed?

The rate 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.

How does HIF 2025 build on HIF 2018 and the share offer of 2008?

HIF2025 will build upon the knowledge that we have gained over the last seventeen years. Some aspects of HIF2025 will feel familiar to our current investors. Just as in 2018 we have a major project that needs re-financing at a more affordable rate to get it on a more solid footing. In 2018 it was HEART, in 2025 it is the freehold of the building housing the Headingley Greengrocer (THG) and Headingley Farm Butcher's.

And how is it different?

The world has changed considerably since our previous two shares raises. Interest rates are much higher for one thing. And thanks to our two previous share offers we also now have a significant portfolio of assets including a 125-year-old greengrocer building and, in HEART, a 143-year-old building (on a 125-year lease). Even our house in central Headingley is around 100 years old. We are very aware that if our enterprises are to remain viable and are to thrive in the long term we will have to invest in their fabric, make them more energy efficient, more environmentally sustainable, and a closer fit with the needs of future generations. Some of this 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.

What does this mean for the kinds of projects HIF will support?

We plan a portfolio approach shaped around three strands:

A more affordable, local line of credit for the Headingley Greengrocer by paying back the mortgage that was used alongside our HIF funding to buy the freehold and replacing it with a new loan on better terms, thereby allowing the Greengrocer to keep more of its profits and use them to invest in the business and extend its reach and facilities

Ensuring a viable future for the enterprises we already have, helping HEART to thrive by encouraging more families to use HEART's facilities including our Tiny Boo facility; by using the former playground much more imaginatively and inclusively, as a way of improving community mental health and well-being and by raising the profile of Pulse as a go-to co-working space. Funds will also be available to maintain and upgrade the fabric of the Greengrocer building on North Lane.

Reserves in Readiness to develop new project ideas and enterprises that respond to opportunities in the local area and meet the aspirations of the community, without having to rely solely on securing external funding.

So what does this mean for interest rates?

In order to achieve this, we need to take a different approach to the interest rate we offer. We know from experience that our investors have been ready and willing to invest for the benefit of our local community. In 2008 they invested without any expectation of earning interest. In 2018 over 250 people invested when we offered a rate of 2%. A significant proportion of them subsequently chose to forgo their interest or donate it back to HDT.

In meetings with members as we have developed the ideas for HIF2025 we have been given clear feedback that for many, what we are investing in is as important as what interest rate will be earned. This is why we are proposing an offer based on a range of interest rates from 0%, 2% and up to 4%, from which members would select a preferred option.

How will this work? Can I choose which interest rate to go for – and am I tied in to that rate?

When the share offer closes and the fund goes live (provisionally set for 1st July 2025) we will contact you asking you to choose the rate - 0%, 2%, 4% - that you want 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.

How have you modelled the split between 0%, 2% and 4% in your calculations about THG's ability to repay a loan from HIF?

Yes, we have modelled various scenarios. Following the example of HIF 2018, where the priority project was paying down HEART's loan, the largest 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 from Ecology Building Society can be swapped out – 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 to assess our maximum exposure we have assumed that all investors could 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%.

Both HEART and THG have been making losses in recent years. How do I know I will get my money back?

There has always been a risk of not getting the share investment back, but so far all of the community investment loans made by HIF have been/are being repaid in accordance with terms. Our community enterprises have been in operation for many years and have had HIF funding since 2018/19. They have gone through both good and tough economic conditions in that time but continue to provide valuable community value added and at the same time meet their monthly operating loan repayments. There is more information on HEART and THG's recent financial performance in the Business Plan.

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 recent 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, investors 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.

Where are you looking for other interest generating projects?

The benefits of having access to HIF is that we can act quickly as and when opportunities for good investment emerge. Our experience is that such opportunities nearly always come about as a result of members and partners using their local knowledge and contacts and connections. We will be putting a regular call out for great ideas through our various marketing channels.

How much of HIF 2025 is “set aside” for investments that have no - or no quick return?

Swapping out THG’s costlier line of credit for a more affordable, local one is HIF 2025’s over-riding priority. If we raise our minimum target of £100,000 then 100% of this will go towards this. If we raise £200,000 then at least £120,000 will be spent on this and we will also begin to invest in the ‘Viable future for our existing enterprises’ category of projects. The ‘Reserves in Readiness’ strand is probably the strand where investment is at its most “patient” by way of return – and we will only start to look at investments in that category if we get closer to (or exceed) our £300,000 target. We propose to earmark £30k, or 10% of the £300k target for such projects.

Why are you using Crowdfunder and not using Ethex (as you did in 2018) to provide the offer platform?

We undertook a thorough review of potential platform options to host HIF2025, including the option of hosting it ourselves, via our website. We concluded that we needed to have an external provider and after holding discussions with both Ethex and Crowdfunder, Crowdfunder best met our needs on this occasion. It provides a clear and intuitive process for people looking to invest and is relatively simple for HDT to set up. It also offers lower fees meaning that more of what we raise can be invested into our projects.

HIF (2018) shareholders

Does the £105k loan from HIF 2018 to THG repay HIF 2018 investors at 2%? Is THG still paying 3% on that £105k?

Yes, THG is paying the same monthly interest to HIF as it would on a £105,000 Repayment Loan at 3% per annum.

Why aren’t you offering HIF 2018 investors the same “transfer” arrangements you did for 2008?

We are unable to offer a similar arrangement this time as it would create too great a financial burden to our enterprises – HEART, THG and Headingley Homes – if the cost of their current loans from HIF were to rise as result of allowing investors to transfer into a fund offering higher rates.

Will HIF 2018 still be managed by HDT and the HIF Development Committee (HIFDC)?

Yes. HIF (2018) and HIF2025 will be two separate funds and both will be managed by HIFDC on behalf of HDT. Please see the Offer Document or the Business Plan for more details on the fund governance arrangements

Can I donate my HIF 2018 shares to HDT?

This has always been an option and we are always very grateful to investors who have chosen to do so. A form to donate can be requested from the HIF Secretary at hif@hdtleeds.org.uk

