



A guide to the YorSpace

Share Offer



www.yorspace.org

Opening Summary

Join YorSpace in leading a revolution in how housing is funded, delivered and owned in York. YorSpace is passionate about changing how house building is funded and delivered to make it more fair, more accessible, more environmentally friendly and more community controlled. Our approach is distinctly different from conventional market housing.

We believe that:

- The best people to deliver housing are the people who will live there
- Building better houses helps reduce the environmental impact of individuals and communities
- The community can help solve the home ownership crisis by funding and owning land, for the sole purpose of creating community-led housing
- The community can act as the “bank of mum and dad” for the whole city and bridge the gaps left by the current housing market.

Issue for Shares in YorSpace CLT Limited ‘Share Offer’

Return: 2.5% per annum paid in the form of withdrawable shares, from three years after close of share offer.

Society Registration Number: 7476

Registered Address: 21 Levisham Street, York, YO10 4BL

Web Address: www.yorspace.org

Opens: 31st August 2019

Closes: 30th October 2019 (with extension to 31st November)

Minimum Raise: £365,000

Target Raise: £475,000

Maximum Raise: £500,000

Minimum individual investment: £250

Maximum individual investment: £47,500



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 purposefully 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 more information about community shares, the Community Shares Standard Mark and the Community Shares Unit go to: www.communityshares.org.uk

We have secured the support of the Booster Programme, which is funded by Power to Change and run by the Community Shares Unit. Under this programme up to £100,000 is available to match applications for shares from the public. This means that for every pound invested by individuals, up to £100,000 will be invested in shares by the Booster Programme.

The match shares will be held by Co-operatives UK, a partner in the Community Shares Unit, and will be subject to the same terms and conditions as other Yorspace CLT Limited members, except for its right to withdraw share capital, which will be restricted to a pro-rata amount.

Purpose of investment:

Investment in YorSpace will fund the purchase of our first site at Lowfield Green, Westfield, York. We have a finalised purchase contract with City of York Council for a 0.75 acre plot; full planning permission agreed for 19 homes plus communal facilities and a full complement of residents for all properties. Now we need to raise the capital to fund the land purchase and to complete the pre-development stage.

By investing in YorSpace CLT, you will take the first step towards revolutionising the way homes are funded, delivered and owned in York. For the first time community share capital will be used to create homes that are not only high performance and community focused, but crucially permanently affordable and outside the housing market. By funding our first development at Lowfield Green you will make our revolutionary approach to housing to become a reality.

A total investment of £475,000 will allow us to purchase our first plot and facilitate a £3.527m community-led housing development to proceed. As a member and an investor, we expect to be able to pay you a 2.5% financial return on your money, so you can receive a return while helping people secure a home in York where the gap between household incomes and house prices is one of the widest in the UK.

Who are you?

We want passionate people from York and further afield to join us as we revolutionise the housing market. With your support we will create York's first cooperatively owned, environmentally sustainable housing that stays affordable forever.

We would like to invite you to join almost 200 existing members in our exciting journey to recreate housing development so it is fit for the 21st Century: housing that is created by communities, for communities.

How can you invest?

Ethex is managing the administration of this share offer for us. It is a not-for-profit investment web platform, which makes investing easy to understand and easy to do.

You can either:

Invest online at **www.ethex.org.uk/YorSpace** This will take you through to the Ethex website where our share offer is listed. Our preferred method for investing is online - it's paperless and efficient.

If you have any problems, or if you need help, please call Ethex on **01865 403304**

Or, if you would prefer, you can send a cheque with the paper application to Ethex and they will process your investment. (Please see the application form at the end of this document for more details.)

If you would like to nominate a person to whom you wish your shares to be transferred on your death, please complete the nomination form available at
www.ethex.org.uk/YorSpace

1. Our Vision

Our vision is:

“To empower York people to create their own low cost, environmentally sustainable housing that creates and sustains community”

To achieve this YorSpace will:

1. Identify potential sites for the development of community-led housing.
2. Raise Community Share funding to purchase land and retain it for the sole use of community-led housing, in perpetuity.
3. Use investment funding to carry out early stage development work on land so it can be developed for community-led housing.
4. Facilitate the creation of Mutual Home Ownership Societies (MHOS) by potential residents.
5. Lease its land to MHO Societies for the sole purpose of developing low cost, not-for-profit, environmentally sustainable, community-led housing.
6. Support and empower these MHO Societies and residents to complete community-led housing developments on the site we have leased to them; by providing advice and acting as Clerk of Works during the pre-development and construction process.
7. Acting as a long term foci around which potential residents can be brought together with other stakeholders to reduce the time and complexity of community-led development to increase the delivery of this type of housing in York.

2. About YorSpace

2.1 . What is YorSpace?

YorSpace is a community benefit society and community land trust. It was created in 2017 to begin a revolution in how housing development and home ownership is viewed and funded. It was born out of a desire to challenge the lack of affordable, environmentally sustainable housing in York, that is truly centered on the needs of the community. Its ambition is to create truly community-led housing that harnesses

funding from the community to improve accessibility to ownership for members of the local community.

It is an independent entity owned and controlled by its members. Membership is open to everyone in York and beyond. YorSpace currently has 175 members and is growing steadily. It is a democratic body with every member having a vote and all votes being equal. Share holding does not affect voting rights and remains at one member, one vote regardless of share purchase.

Officers of the society are elected at the Annual General Meetings. All members can stand for election to the Board or apply if the Board seeks to fulfil a specific role. One third of Directors are obliged to stand down at each AGM. As a community led housing developer we have many roles for volunteers and members can easily get in touch through our website to join Working Circles. To find out how to get involved please see Section 7 of the YorSpace Business Plan.

Benefits of being part of this democratic structure include:

- A vote at General Meetings. All members are entitled to one vote – regardless of how many shares they hold.
- The right to attend General Meetings at which Board Members are elected.
- The right to stand for election to the Board.
- Being kept informed of our progress through a Members' e-newsletter and through other forms of social media. Being consulted on key decisions, and being involved in creating an effective campaign for more community-led, affordable housing in York.

2.2 What is a Community Land Trust (CLT)?

A Community Land Trust is a not-for-profit, democratically-controlled, community-based organisation, typically run by skilled volunteers, that aims to develop permanently affordable housing, and look after other assets for long term community benefit. CLTs often work best where the gap between household incomes and house prices is at its widest, like in York.

In due course we hope that landowners who share CLT values will buy into an approach where the CLT pays a reasonable price based on what it can afford, and passes on the savings as affordability for future generations.

2.3 What is a Community Benefit Society?

CLTs can take different organisational forms: YorSpace is a community benefit society. This is a not for profit corporate body based on membership. The society is

democratically controlled by its members, who have limited liability. Community benefit societies are run for an explicit community benefit. In YorSpace's case they will benefit York through the provision of forever affordable, environmentally sustainable, community-led housing. They have a legal duty to plough back any proceeds into their mission, in line with the objects of the society.

As an asset locked Community Benefit Society, if YorSpace is wound up, its assets will be first used to meet its liabilities, next to repay Members for their shares, and finally any surplus remaining will be passed on to a prescribed community benefit society, a Community Interest Company, a registered social landlord, charity or charitable Community Benefit Society, or an equivalent body.

2.4 Our Business Model

YorSpace is pioneering a revolutionary new approach to housing development. This approach involves combining community share investment with mutual property ownership, to provide a type of home ownership that is affordable in perpetuity. YorSpace will raise community share funding to purchase land on behalf of the community and retain it under an asset lock for the benefit of the whole community.

The land will then be leased to a resident community, via a Mutual Home Ownership Society (MHOS), for the sole purpose of developing environmentally sustainable, low cost, community housing, see Figure 1.

Fig 1. Land

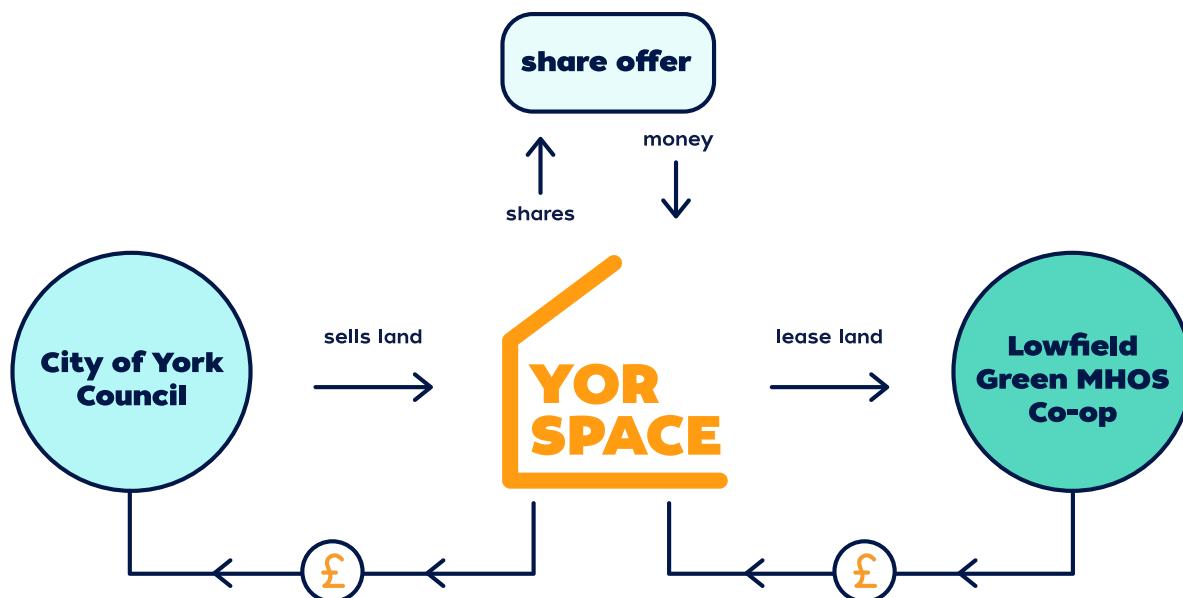


Figure 1. YorSpace purchases land for the sole purpose of creating community-led housing through leasing to a mutual home ownership housing co-operative such as Lowfield Green Housing Co-operative

YorSpace will retain the freehold on the land, while the MHOS will own the properties. The money for the premium will be lent to the MHOS by YorSpace. The repayment of this loan will provide YorSpace with a revenue stream to repay investors capital and interest - see Figure 2.

YorSpace capital share funding will be raised to:

1. Purchase land,
2. Complete site pre-development works and
3. Fund the advisor and Clerk of Works role YorSpace will take on during the full site development, on behalf of the resident's MHOS.

Fig 2. YorSpace Business Model

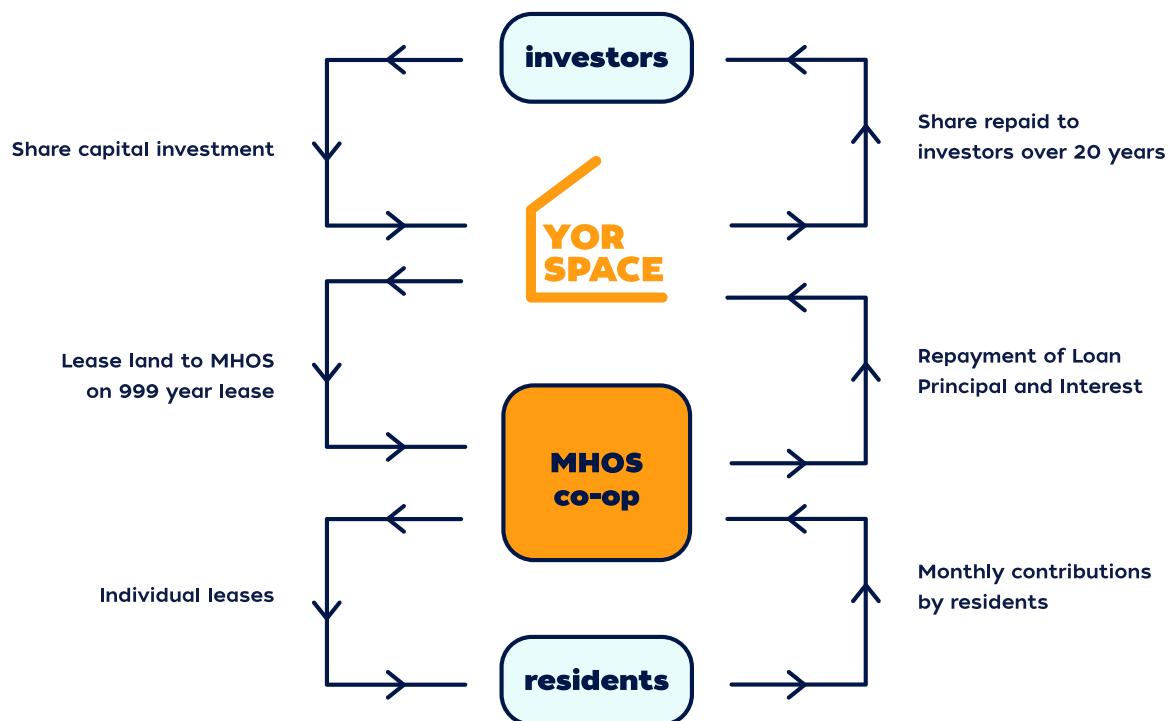


Figure 2. YorSpace business model uses a partnership through a land lease agreement with Mutual Homeownership Societies (MHOS) to create an income stream to repay share capital.

Our model is replicable and YorSpace plan to own and steward multiple sites on behalf of the wider York community. Each community is to be run autonomously by the residents whilst upholding the ethics of low cost, environmentally sustainable, community focused housing. YorSpace will be a foci for community-led housing in York that brings together stakeholders, maintains the brand and momentum between active development phases, see Figure 3.

Fig 3. Community-Led Development

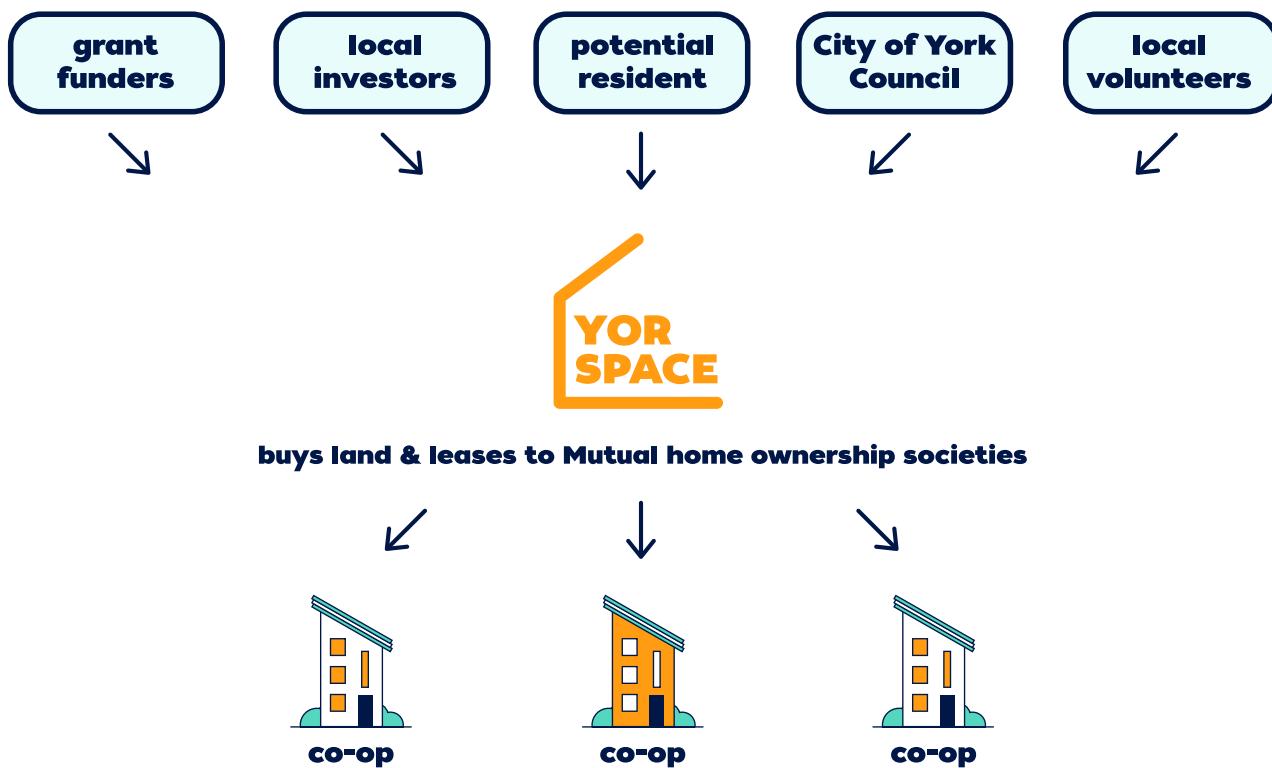


Figure 3. YorSpace's structure is created specifically for replicability. It brings together all local stakeholders to create multiple housing developments across the city of York.

2.5 What have we done so far?

To date YorSpace has secured £302,046 in grant funding. This is chiefly for planning and pre-development costs for our first development at Lowfield Green, Westfield. YorSpace will include these costs in its lease to the Lowfield Green Housing Co-operative, thereby recouping these grants for future developments. We have also raised a total of £312 in members shares and £3,120 in donations. Currently YorSpace is worth £3,432.

3. Development Approach

Community-led housing that is delivered by YorSpace is developed in partnership with residents. As shown in Figures 2 & 3, development results in autonomous resident MHO Societies leasing land from YorSpace upon which their homes are built. To achieve this result, development occurs in three phases: Pre-development, development and post-development, as shown in Figure 4.

3.1 Development Phases

Fig 4. Stages of Development



Pre-development is characterised by: site identification, viability assessment, forming a residents group, negotiating the land purchase, applying for planning permission, raising community share capital and purchase of land.

Development is characterised by: formation of the residents MHOS, leasing of land to the MHOS, a loan arrangement set up between Yorspace and the MHOS with a reciprocal development agreement between YorSpace and MHOS signed.

These agreements provide advice, support and Clerk of Work to the MHOS by YorSpace and guarantee the MHOS will create the housing for which YorSpace has obtained planning permission. The MHOS take responsibility for raising development loan funding and completing the construction process, with support from YorSpace.

Post-development is characterised by: Residents taking possession of housing and the loan for the premium starting to be repaid. Investors are able to begin withdrawing share capital during this period.

3.2 What are our Long Term Plans?

YorSpace aims to disrupt the housing market in York.

Following the successful delivery of Lowfield Green and the establishment of the resident housing Co-op, YorSpace will continue to grow and help facilitate more

community led housing in York. We intend to do at least 2 similar sized developments by 2025, creating 50 more homes.

To fund this, we will do more time bound community share offers and move to an open offer after 3 years, where shares are available for purchase all the time. In this way we aim to keep the society capitalised whilst allowing share withdrawal.

4. The Benefits of this Approach: York's Bank of Mum and Dad

York's Bank of Mum and Dad

Legal and General found that 27% of first time buyer and 34% of second time buyers rely on financial help from family to purchase their homes. In York's high property prices, combined with high rental costs, mean that saving a large enough deposit to buy a home can be impossible. Without significant help from family, many people, especially younger families, are locked out of traditional home ownership.

This is where the community can step in to help.

Through investment in YorSpace community shares, the community can act as the "city's bank of mum and dad". Purchasing shares in YorSpace enables us to reduce the deposits required of residents to 10% of net building costs. Combined with delivering housing at lower cost, this means deposits are significantly lower than city-wide averages for similar properties, see Appendix 9 of the YorSpace Business Plan.

The value of the community share will, effectively, provide two-thirds of the leverage required to raise the remaining development loan to construct the properties.

Lower Cost Housing

With no developer profit the houses are much more affordable, around 80% of current rent or mortgage costs.

Environmentally Sustainable

With access to grants from the Community Housing Fund and other grant aid, homes can be built far more energy efficient and environmentally sustainable, better for the planet and the purse.

Cooperatively Owned

The model we have created is an ownership model. People who live in each development own a part of the whole development. Their equity grows and if they need to move they can take their equity with them to either join another similar development elsewhere in the country or use as equity to buy an individual property.

Equity only grows in line with inflation. In this way if the development is affordable now, it will be affordable in the future. The development will also not be subject to the swings in the general market. This means that while people will not benefit from large increases in the market, no one will be caught in negative equity, a crucial benefit for those entering the market for the first time.

Creating Community

Each housing development will involve a mixture of housing, from one bed apartments to four bed houses, to create a diverse mix of generations, life stages and family sizes.

While everyone has their own front door, there is a common house for residents to share meals and life together.

The nature of the community benefit society also enables the wider community to be involved - those who want to help others gain a stake in the housing market, and see lots of potential from developments of this type. This is also evidenced in the proposed approach to funding the development.

5. First Development at Lowfield Green

YorSpace has agreed the purchase of a site at Lowfield Green, Westfield, York, and have planning permission for our first development of 19 homes. This comprises a mixture of 1 & 2 bed flats, 2, 3 and 4 bed houses.

These are situated around a shared courtyard/garden area and common house with communal facilities including guest accommodation, launderette, flexible office space and a large open plan communal kitchen diner area.

A plan of the development is set out in Figure 5 and visualisation of the completed site shown in Figures 6-8.



Figure 5. The site plan for the first YorSpace development at Lowfield Green, Westfield, York.



Figure 6. 3d Visual showing birdseye view of the proposed development



Figure 7. 3d Visual showing community hub courtyard



Figure 8. 3d Visual showing view down the new car free street

6. What Will This Cost?

The total costs of all YorSpace developments are split between YorSpace and the associated resident's MHOS. YorSpace funds the land purchase and pre-development costs. The MHOS funds the remaining development costs through resident deposits and an institutional development loan.

Total costs of the first development at Lowfield Green are £3.527m. This includes land purchase, professional fees, relevant taxes and interest on loans during the construction of the development - see Table 1 below for how these costs are split if we raise the £475,000 target in share capital.

Costs	Total	YorSpace	MHOS
Land	300,000	300,000	-
Stamp Duty	28,768	4,500	24,268
Development Costs including contingency	2,651,619	36,000	2,615,619
Fees	380,183	327,983	52,200
Contingency	14,994	12,384	2,610
Ethex Fees	14,500	14,500	-
Corporation Tax	57,294	57,294	-
Working Capital	24,383	24,383	-
Development Interest	54,974	-	54,974
Total Costs	3,526,716	777,044	2,749,671

Table 1 -Development Costs based on a £475 000 target share capital raise

The amount of working capital will increase if we raise between the target and maximum amount. In the event of only raising £365,000, the £36,000 of development costs and £48,000 of professional fees will pass to Lowfield Green Housing Cooperative who will increase their mortgage to cover it.

Type	Maximum Raise	Target Raise	Minimum Raise
Fixed Assets	336,00	336,000	300,000
Capitalised Costs	359,868	359,368	309,375
Working Capital (inc CT)	106,177	81,677	57,669
All	802,045	777,045	667,044

Table 2 - Working Capital with different Raise scenarios

7. Where are we going to get the money from?

Building the first development at Lowfield Green involves raising funding from a variety of sources including deposits from residents, grant funding, a mortgage from a lender and community shares - see the schedule below. The grant funding received by YorSpace will be recycled through the Lowfield Green development by including the costs within the premium of the lease. Recycling monies in this way enables multiple developments to benefit from the same grant by creating profit in YorSpace. As a not-for-profit organisation, all our profits will be used to fund subsequent development, building our scope and capacity over time.

Yorspace expects to raise between £365,000 and £500,000 from the Community Share Issue. The £475,000 target is based on our capital requirement to purchase and pre-develop the site at Lowfield Green and provide us with working capital to be used as seed funding for future developments. This is an ambitious target. However, recent community share and loan stock issues by other, similar groups locally (e.g. Leeds Community Homes £360,000; Headingley Development Trust £481,000; and Chapeltown Cohousing £600,000.), give us confidence there is appetite for this scale of investment. This table shows the funding sources based on our target raise of £475,000.

Funding	Total	YorSpace	MHOS
Com Shares	475,000	475,000	-
Grants	1,157,046	302,046	855,000
Resident Deposits	189,467	-	189,467
Mortgage	1,705,204	-	1,705,204
Total Funds	3,526,717	777,046	2,749,671

Table 3 - Funding based on target raise of £475,000

7.1 What happens if we don't raise enough money?

If we haven't raised £365,000 by the close of the share offer, the Directors reserve the right to extend the share offer for a period of up to one year.

If we still haven't raised enough we will give everyone their money back and the project won't go ahead. The project is viable once the £365,000 minimum has been reached.

Below our target raise of £475,000 Lowfield Green Housing Co-operative will increase their borrowing to offset the reduced share capital and take on the development of the car park (see YorSpace Business Plan for further details)

7.2 What happens if we raise too much money?

If we reach our maximum target of £500,000 early we will close the share offer early. There will, however, be other opportunities for you to invest in this exciting project.

7.3 Acceptance of Investment

The Directors do not have to accept all applications for shares. They may decide not to issue shares, or may allocate fewer shares than applied for. They do not have to give any reason for their decision. If the share offer is oversubscribed (i.e. the share offer attracts applicants for more than the amount needed), shares will be allocated in order of receipt of application.

8. Financial Projections

Our business model is based on lending Lowfield Green MHOS the money for the premium over 30 years at an interest rate of 3%. The interest from this loan will cover our costs and our interest on share capital.

The repayment of the premium will enable us to repay you our investors. As we are recycling the grant we make a profit of £244,252 in our first year and consistently between £6000 and £5000 over the next 10 years.

Table 4

The table below gives our headline figures, but shows that we can clearly pay interest of 2.5% on our shares and allow withdrawal of 5% a year after three years.

Funding	1	2	3	4	5
Sale of Lease	695,368	-	-	-	-
Less Cost of Sales	695,368	-	-	-	-
Less Other Running Costs	(500)	-	(525)	(538)	(552)
Plus Grants	302,046	-	-	-	-
Plus Interest Receivable	-	-	20,662	20,221	19,766
Less Share Interest	-	-	(11,875)	(12,172)	(11,868)
Less Corporation Tax	(57,294)	97	(1,472)	(1,427)	(1,396)
Net Profit	244,252	(415)	6,790	6,084	5,951
Money owed by MHOS	695,368	695,368	680,850	665,890	650,476
Cash at Bank	84,299	26,493	61,245	70,071	78,928
Net Current Assets	27,005	26,590	59,773	68,644	77,533
Balance Sheet Total	722,373	721,957	740,622	734,534	728,008
Community Shares	475,000	475,000	486,875	474,703	462,227
Profit and Loss Reserves	247,373	246,957	253,747	259,831	265,781

Table 4 - Profit and Loss

Table 5

Below summarises the combined cashflow of YorSpace and Lowfield Green Housing Cooperative (MHOS) for the first five years of the project. It shows that total member contributions to Lowfield Green Housing Cooperative (the MHOS) are sufficient to cover the cash out after the development period (years 1 and 2) including loan repayments to YorSpace and mortgage repayments. Indeed after that total cash is growing.

Cash In	1	2	3	4	5
Community Shares Invested	475,000	-	-	-	-
Community Shares Invested	302,046	-	-	-	-
Grants to Yorspace	1,634,997	-	-	-	-
Bridging Loan/ Mortgage	1,634,997	-	6,703	-	-
Capital Grants	855,000	-	-	-	-
Total Lowfield Green Resident Contributions	259,674	-	162,133	162,692	163,447
Total In	3,526,717	-	168,835	162,692	163,447
Cash Out					
Cost of Land	(300,000)	-	-	-	-
Fees	(395,368)	-	-	-	-
Building Work	(2,749,671)	-	-	-	-
Total MHOS Running Cost	-	-	(15,155)	(15,534)	(15,922)
Yorspace Running Costs	(500)	(513)	(525)	(538)	(552)
Mortgage Repayments	-	-	(96,914)	(96,914)	(96,914)
MHOS Resident Equity Withdrawal	-	-	(3,004)	(5,996)	(8,925)
Corporation Tax	-	(57,294)	97	(1,472)	(1,427)
Community Shares Repaid	-	-	-	(24,344)	(24,344)
Total Out	(3,445,539)	(57,806)	(115,501)	(144,799)	(148,084)
Net Cash Movement	81,178	(57,806)	53,334	17,893	15,363
Starting Cash	3,120	84,299	26,493	79,827	97,720
Ending Cash	84,299	26,493	79,827	97,720	113,083

Table 5 - Combined Cashflow (NB share interest is accrued into the share account)

9. Your Investment

9.1 How To Invest

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Invest online

Invest online www.ethex.org.uk/YorSpace. This will take you through to the Ethex website where our share offer is listed. Our preferred method for investing is online - it's paperless and efficient. If you have any problems, or if you need help, please call Ethex on **01865 403304**.

Send a cheque

If you would prefer, you can send a cheque with the paper application to Ethex and they will process your investment. (Please see the application form at the end of this document for more details.)

If you would like to nominate a person to whom you wish your shares to be transferred on your death please complete the nomination form available at www.ethex.org.uk/YorSpace.

9.2 Benefits of Investing

The benefits of investing in community shares are considerable, for both investors and for community-led housing in York:

- By becoming a member investor, you will have a direct impact on the future of housing in York. By investing in democratic, not-for-profit development you can help shape housing development in the city. Investors can gear housing in their city toward the needs of the community, for the future, not just for profit for today. Thus making and keeping York a city that everyone wants to live in.
- Community share capital is significantly cheaper than institutional lending from banks. By investing in YorSpace, we can pass those savings directly onto residents and create more affordable housing.
- Long term community shares capital with a three year repayment holiday

will allow YorSpace to focus on bringing forward our first development at Lowfield Green and plan for future projects

- Community shares investment decreases the loan-to-value ratio that Lowfield Green Housing Co-operative (and subsequent MHO Societies) are able to borrow at, further reducing the cost of institutional lending
- Investment through community shares will help build up reserves more quickly, compared with relying on long-term institutional lending. This means future projects can be brought on more swiftly.
- Pioneering this first development at Lowfield Green will help us build a movement in the City of York and will propel us towards our long-term goal of bringing forward five more sites over ten years.

9.3 Who can invest?

Individuals over the age of 16, charities, trust funds, Small Self Administered Pension Schemes, nominee services and corporate entities, groups and associations, and other organisations may invest in this offer. You cannot buy and hold shares on behalf of a child. Shares cannot be held in joint names.

9.4 How much can I invest?

We are offering £50 shares, with a minimum investment of £250 and maximum investment of £47,500 for an individual. We have set this minimum to be low enough to attract as many individuals as possible to invest, without the Society being overburdened with administration costs. To raise our total target raise from £250 investments alone would require reaching 1900 investors. Our maximum has been set at 10% of our target raise to prevent over reliance on a small number of members and to increase the Society's security against large withdrawals. We will allow larger investments by institutions, but please get in touch directly to arrange.

9.5 Will I receive a return on my investment?

This is primarily a social investment, but we are allowed to pay interest on share capital. The Financial Conduct Authority require us to state the maximum interest we will pay and that this is no more than is necessary to attract capital.

We intend to pay 2.5% interest on these shares and this is the maximum we will pay. All interest will be added to your share account and you will be able to withdraw that subject to the rules in 9.7 below.

9.6 What are Community Shares?

While our rules allow for both transferable and withdrawable shares to be issued, the Board is issuing Withdrawable Shares only. We are offering “withdrawable” shares that cannot be sold, traded or transferred between Members, unlike the “transferable” shares of a typical limited company. Only YorSpace can buy YorSpace withdrawable shares back. These shares cannot be traded on any Stock Exchange and there is no possibility that they will increase in worth beyond their nominal value. This prevents speculation on our shares and allows us to have financial certainty.

9.7 Withdrawing capital

Shares are withdrawable by selling them back to the Society. The Society will buy back a maximum of 5% of the total share capital per year. There is a withdrawal holiday during the first three years of development. Withdrawal is subject to 3 months' notice and is at the discretion of the Directors, especially if there are insufficient funds to make repayments. The Directors have decided that no monies can be withdrawn for the first three years to give the growing organisation some resilience and stability.

We strongly encourage investors to view their investment as being a long-term commitment to YorSpace CLT. We are asking investors to leave their money within YorSpace for as long as possible. This will enable us to recycle capital to fund the predevelopment cost of the next and future development.

We are asking investors to view this as a long-term investment which may generate some financial benefits to you, and create a sustained social benefit to people in York over many years to come.

10. Managing Risk

Appendices 13-15 of the business plan outlines our analysis of business opportunities & threats and provides details of how YorSpace will manage and mitigate risks. As part of this analysis we have identified a number of external factors with associated risks.

These include the increased risk of a no deal brexit, how Yorspace intends to manage the risk of the MHOS not being able to afford to make repayments and what would happen if the MHOS received less money from Homes England than planned.

Brexit

There is now an increasing risk of a no deal exit. This would have three main implications for the development:

- **Interest rates**

In view of the impact on the economy, interest rates are likely to be held lower for a longer time than currently assumed in the MHOS business plan which will reduce the amount of interest payments.

- **Disposable income**

Recent falls in the value of the pound have started to factor in a no deal exit which will increase the costs of goods from abroad. World trade arrangements could add to these increased costs especially for food. The Government has already indicated that it would consider reducing this impact by having zero tariffs on some food imports. Lower interest rates would mitigate the impact of lower disposable income.

- **Security of employment**

The York economy is service based and this will mitigate the impact of a no deal Brexit compared to places where there is a greater base of manufacturing industries and jobs with substantial supplier chains with the EU. York has a significant tourism industry which benefits from the fall in the pound.

MHOS unable to make repayments

A similar development LILAC has operated successfully for over 6 years demonstrating risks are minimal. The main risk is earlier on in the term of the loan as the MHOS's equity in the development increases to provide a cushion after the first few years.

In order to minimise the risk of the MHOS being unable to make repayments, Yorspace would place conditions on the loan, that would require:

The Lowfields Green MHOS to have undertaken financial checks on the residents;

- Residents to take out insurance to mitigate against a resident being unable to make payments in the event of loss of employment or serious illness;
- The Lowfields Green MHOS to provide regular financial information in order to provide early warning of any issues to allow Yorspace to offer support to the work MHOS to ensure repayments of loans are made.

In the event of a foreclosure of the MHOS precipitated by the mortgage lender, then the arrangements would first involve selling the development to another MHOS or equivalent where residents would continue to live, or sale on the open market, with residents offered the first option to buy. In both cases there would be sufficient equity in the development (valued as at least £4.2m) to repay the mortgage lender and Yorspace.

MHOS receiving a lower amount or no capital funding from Homes England

All the indications are that the development will receive capital funding from Homes England. The development meets the criteria for capital funding. Its innovative nature means that it would be a high priority for funding. The amount included is based on amounts that other developments have received in the area. This type of development is a high government priority as well as those across the political spectrum as part of the drive to deliver more housing.

A no deal Brexit could have a negative impact on government spending. This could lead to an expectation of funding at half the amount in the current MHOS plan. Under this scenario, the development can proceed through extra mortgage lending albeit at higher costs for residents. In the highly unlikely event that the MHOS development not receiving any funding from Homes England, then it would be possible to proceed with a higher loan and higher deposits (15% rather than 10%), again at higher costs to residents. No development would progress without all the funding in place including the commitments from residents.

If this was not possible, then Yorspace would enter into discussions with its share subscribers to consider the use of funding for alternative purposes or to simply repay the funding received.

11. Team & Partners

11.1 Directors



Susannah Bird, Co-Founder

Susannah Bird co-founded YorSpace in 2014 because she believes that houses should be built by the people who live in them and financed fairly so the whole community can benefit. She is a scientist by profession and enjoys applying her skills in innovation and practical problem solving from the sciences to tackle the problems of community-led housing. Susannah stood down from the Board at the 2019 AGM and was re-elected for 12 months.

James Newton, Co-Founder

James Newton is a highly skilled and experienced freelance Architectural Design Consultant with expertise in low carbon, bio-based construction methods & community led projects. James is also a Community Led Housing Advisor working with Leeds Community Homes. He assists a range of community led groups looking to deliver housing projects, gaining a strong knowledge base. James stood down from the Board at the 2019 AGM and was re-elected for 12 months.



Phil Harding

Phil runs a small partnership, which works with the charitable, voluntary and not for profit sectors. He has served as a board member and chaired a charity, Family Matters, based in York. He has extensive development experience including delivering a wide range of housing investments, community, cultural, leisure, tourism and voluntary sector facilities; as well as joint initiatives with the university sector, the development of a further education college, and a number of business, science and innovation parks. Phil stood down from the Board at the 2019 AGM and was re-elected for 12 months.



John Willoughby

John is a committed member and director of YorSpace, volunteering both on the Board of Directors and as part of the renewable energy working team. John is an Associate Member of the Royal Institution of Chartered Surveyors. He has been a York resident for more than 25 years and recognises the value community-led housing schemes can achieve by working with communities and building affordable homes. John was elected to the Board at 2019 AGM and will stand for re-election in 2020.

Imelda Havers

Imelda is a regeneration consultant with a strong focus on community-led renewal. She has many years experience of developing and delivering urban, rural and coastal regeneration across the UK. She has most recently been involved in successfully delivering the Red Tower regeneration project in York. She is also an ex-Board member of Yorkshire Housing. Imelda offers advice and support on funding and community consultation on both practical and strategic levels. Imelda was elected to the Board at 2019 AGM and will stand for re-election in 2020.



11.2 Key Staff

Lawrence McClelland, Treasurer

A former YorSpace Director, Lawrence is a Chartered Accountant working in a local Accountancy Practice and has been living in York since April 2017. Lawrence grew up and trained as an accountant in Oxfordshire before moving to Yorkshire.

Jennifer Gibbard, Secretary

Jen is currently studying for a Masters in Social Anthropology. She is a professional administrator specialising in Higher Education and currently works at the University of York and as a freelance Virtual Assistant.

11.3 Key Partners

YorSpace has received significant support from the council at the first development at Lowfield Green and the progress through outline planning. We have grant funding to take us through detailed design and looking for a start on site in the Autumn 2019, with construction complete in 2020 and in this way make the most of Community Housing Fund availability.

YorSpace has and continues to benefit from the expertise and experience of YorSpace members which includes people with considerable professional accounting, architectural, construction, development, environmental, funding, housing, legal, planning, project management, surveying expertise and experience.

There is a professional team of other advisers including financial and legal advice. Our project manager managed the successful development of another community owned housing development in Leeds (Lilac), which has been successfully running for over 6 years. YorSpace also benefits from support from Leeds Community Homes.

12. Other important legal information

Anyone interested in applying for shares in YorSpace is strongly advised to take appropriate independent advice. The list of risks contained in this document is not necessarily comprehensive. **Any money you invest in community shares is fully at risk. You could lose some or all your money if the society gets into financial difficulties.**

Capital at risk warning

You could lose some, or all, of the money you invest in this share offer: Community share offers are exempt from or outside the scope of statutory regulations that apply to the public offer of shares and other financial promotions. Applicants have no recourse to the Financial Services Compensation Scheme, or the Financial Ombudsman Service.

If YorSpace made significant losses the Directors may need to write down the value of the shares, upon the advice of the auditor or accountant. Should you then wish to withdraw your shares, you will then only receive the written down value of those shares

Can I leave my shares as a gift in my will?

Any shares up to a £5,000 limit can be left to anyone without probate by completing the nomination form, available at www.ethex.org.uk/YorSpace. Any shares you have above £5,000 or if you don't complete the nomination section will be added to your estate and distributed through the stipulations of your will. YorSpace asks that you consider nominating us for receipt of your share capital.

Governing document

A copy of the society's rules is available on our website www.yorspace.org or by contacting hello@yorspace.org to request copies.

If you require any clarification of anything in our rules, please contact us at:
hello@yorspace.org

Business plan

A copy of our business plan is available on our website www.yorspace.org or by contacting hello@yorspace.org to request copies.

Accounts and Annual Returns

Copies of our last two years accounts and annual returns are available on our website www.yorspace.org or www.mutuals.fca.org.uk/Search/Society/6361 or by contacting hello@yorspace.org to request copies

We will hold your data for both statutory and contractual reasons, for a copy of our privacy policy with full information about how we manage your data and your rights please see www.yorspace.org

Application form

We would prefer you to apply for shares online at: www.ethex.org.uk/YorSpace.

However, if you would rather use a paper application PLEASE COMPLETE BOTH SIDES OF THE SHARE OFFER APPLICATION IN BLACK INK AND CAPITALS AND SEND A CHEQUE TO THE ADDRESS AT THE END OF THIS FORM.

You can also make a BACS payment. If you wish to do this, please tick the box at the end of this page form and be sure to include your email address.

If you would like to nominate someone to receive shares on death, then please complete the Nomination Form available online at www.ethex.org.uk/YorSpace and post alongside this form.

An individual set of application form and nomination form will be needed for each investment and nomination application.

Investment

**I wish/my organisation wishes to invest a total amount of £
in YorSpace CLT based on the Terms and Conditions of the Share Offer document at the
price of £50 per share.**

Your details

First Name:	Surname:
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*Please only complete boxes marked with an asterisk if you are applying on behalf of an organisation. If you are applying on behalf of an organisation, please include the address of the organisation below and suitable contact details.

*Organisation name & Reg no:
*Name of authorised signatory:

Address:
Previous Address (if less than 3 years at above)

Telephone:	Email:
Date of Birth:	Nationality:
How did you find out about YorSpace?:	

I would like to pay by BACS transfer.

Please send me an email with payment details

I CONFIRM MY UNDERSTANDING THAT:

When accepted by YorSpace CLT, this Application forms a contract subject to the law of England and Wales on the Offer Terms of the Share Offer document.

An Applicant who/which is not a UK resident is responsible for ensuring that this Application complies with any laws or regulations applicable outside the UK to which he/she/it is subject, and that he/she/it will need to provide a UK based bank account.

If the Offer is oversubscribed it is possible that an otherwise eligible Application will not be accepted in part or in whole.

I CONFIRM THAT:

I have read the Share Offer document and understood and accept the terms of the Share Offer and the Rules of YorSpace CLT.

I understand that the payment supporting this Application will be presented upon receipt and I warrant that it will be paid on first presentation. I understand that my Application will be handled by Ethex who may need to contact me for further information to be able to complete my Application.

I understand that:

- This Application may be withdrawn if a supplementary Share Offer document is issued, but not otherwise and if and when accepted by the Society forms a contract subject to English law on the Terms and Conditions of the Share Offer document
- This Offer closes on 31 October 2019 or whenever £500,000 is subscribed, whichever is sooner; The Board reserves the right to extend the Closing Date
- If the Offer is oversubscribed it is possible that an otherwise eligible Application will not be accepted in part or in whole; and that
- If insufficient funds are raised by the Offer, my payment may be returned.

I CONFIRM THAT:

- I have read the Share Offer document, including the Risk Factors, the Rules and this Application Form and am not relying on any information or representation in relation to the Offer which is not included in the Share Offer document
- I am responsible for obtaining any financial and tax advice concerning this Offer and I have not relied on the Society or its advisers for any such advice.

- I authorise the Society to make such enquiries as are deemed necessary to confirm the eligibility of my Application
- I am not making an Application or multiple Applications for a total of more than 50,000 Shares in the Society
- I will provide any additional information on request from the Society in connection with this Application (including any information to provide the Society with satisfactory evidence of my identity)
- If signing this Application on behalf of any person/organisation, I have their explicit authority and
- I understand if my Application is successful, I will become a Member of the Society and agree to be bound by its Rules.
- I consent to using the email address above as the primary means of communication for official documents from YorSpace CLT.

PLEASE NOTE THAT BEFORE COMPLETING THIS FORM YOU SHOULD HAVE:

- Read the Share Offer document
- Considered the Offer Terms and the Risks as set out in the Share Offer document
- Considered whether you need to take any financial advice in relation to the Offer Terms

NB: The data that you provide on this application form will be stored within a computerised database, by the Receiving Agent, Ethex and YorSpace CLT. Your information will only be used for the purposes of this Share Offer and will not be disclosed to any third party.

I understand that the cheque supporting this application (if enclosed) will be presented for payment upon receipt and I warrant that it will be paid on first presentation. All applications received will be acknowledged by Ethex.

Signature:	Date:
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ONCE COMPLETED PLEASE SEND YOUR APPLICATION TO:

Ethex, The Old Music Hall, 106-108 Cowley Road, Oxford, OX4 1JE
 Cheques should be made payable to 'Ethex Investment Club Ltd'



www.yorspace.org

YorSpace Ltd. Community Benefit Society Registered number: 7476