

# Frequently Asked Questions on investment in the Collective Ownership Society

## What is the Collective Ownership Society?

The Collective Ownership Society (COS) is an FCA-registered Co-operative Society (Registered Society 5357) acting as a specialised not-for-profit, high-impact and efficient investment vehicle dedicated to addressing housing insecurity and control in the UK. Collective Ownership pools resources from socially minded investors to purchase a portfolio of real estate assets and leases them on to groups of residents organised as housing co-operatives (Member Co-ops). Properties are mutualised and held long term to leverage economic power and deliver growth, while Member Co-ops have direct control over the day-to-day management of their homes.

COS receives a steady rental income stream from the leases to Members Co-ops to provide a fair financial return to investors. Rather than investing to support individual one-off housing schemes, investments into COS is about high impact and systemic change, contributing to growing a collective asset portfolio and rental income stream to perpetually expand the number of secure, affordable and resident-controlled homes. COS offers investments in the form of bonds (also known as loan stock) as well as secured debt instruments for large investors. Bonds can be issued to individuals, organisations, or residents who want to support the mission of Collective Ownership of growing fair, not-for-profit, resident-controlled housing.

Other kinds of support to the mission can be provided in the form donations, direct property asset transfers or loan guarantees.

## What is a bond?

A bond (or loan stock) is a form of fixed-term debt, commonly used to raise funds from a large pool of investors, either through a public issue or as tailored loan contracts between COS and individual investors. With a bond your capital will be returned at the end of a specified term (or on the fulfilment of specified conditions). The rate of interest is agreed between COS and the investor, and interest payments can be made annually or on maturity along with the repayment of capital.

Unlike shares, bonds are debt instruments and not equity, meaning that bond holders are lenders (creditors) rather than owners. Bonds provide a less risky and more predictable return than shares but offer no decision-making rights (unless a particular investor also has a separate role on the COS Board).

## What will my investment be used for?

When you invest in COS, your capital is used to purchase properties that are then leased to Member Co-ops. The lease rent paid by co-ops creates a steady income stream that:

- Services debt repayments on mortgages and investments
- Builds a major works fund for capital improvements
- Covers building insurance costs and professional fees for admin, surveys, legal work etc
- Creates reserves to acquire more properties

The better the terms of investment (lower interest rate, longer term/period), the more affordable their starting rent can be.

If you have a connection to a particular member co-op and want to invest in them specifically this can help to reduce their initial lease rent by allocating your investment to fund their specific property.

## What impact will my investment have?

Investment in COS plays a crucial role in making this alternative housing solution possible. It directly helps people to get housed by providing the capital required to finance property purchases, and make those projects viable at sub-market and affordable rents. The more investment COS raises, the less the model requires traditional mortgages and the more affordable the rent levels can be. Moreover the impact of your

investment has a multiplier effect over time since each property asset brought in to Collective Ownership contributes to leveraging additional property purchases in perpetuity:

Immediate impact:

- Each investment helps COS purchase properties for member co-ops
- Residents gain security, stability, and democratic control over their homes
- People who would otherwise be stuck in precarious private renting gain long-term housing

Medium-term impact:

- Lease rent payments create steady income that funds further property purchases
- Your investment enables multiple housing projects over its lifetime
- Communities develop governance skills, social capital, and mutual support
- Model demonstrates viable alternative to private rental market

Long-term impact:

- Properties are permanently removed from speculative market
- Intergenerational benefits, as co-ops continue to house future residents
- Growing movement influences wider housing policy and practice
- Surplus reinvested to expand collective ownership indefinitely

### **What is the rate of interest offered by COS?**

The default rate of return on COS bonds is between 0% - 3% per annum, at the investor's discretion. The lower the rate chosen by investors, the more supportive it is to the COS mission and the more affordable the rent will be for residents. Specific interest rates can be negotiated on a case-by-case basis for investment above £100,000.

### **What are the minimum and maximum investments in COS?**

Investment in COS can be anything between £5,000 and £10,000,000 per investor (there is no maximum if the investor is a corporate body).

### **What are the minimum and maximum terms of investment?**

The minimum investment period is 5 years and there is no maximum. We tend to favour longer term investments of over 10 years, as this gives us more flexibility.

Investment example:

- Investment amount: £75,000
- Interest rate chosen by the investor: 2.75%
- Term length: 10 years
- Total compound interest payment: £23,374
- Total repayment at the end of the term (capital + interest): £98,374

### **Are bonds issued by COS secured or unsecured?**

COS can offer both secured and unsecured bonds. Security is provided through a legal charge against real estate assets owned by COS. The type of security offered to investors depends primarily on the investment amount and each request will be considered on a case-by-case basis. Investment below £150,000 are usually unsecured, investment below £1m are usually not eligible for a primary charge (but could have secondary or tertiary security).

### **Are COS bonds transferable to someone else?**

No, COS bonds cannot be transferred to somebody else, except in the case of death where they are passed on as part of the estate.

## **Can I get my money back before the end of the term?**

The principle of bonds is that the term is fixed. However investors can make requests for early repayment, and while COS will do its best to service those requests, investors must bear in mind that there is no guarantee or obligation for COS to repay bonds before the end of the term.

## **Why invest in COS rather than investing in individual housing co-ops?**

Investing in COS directly has several advantages:

### For investors:

- COS is professionally managed with expert governance and financial oversight
- Better risk distribution across multiple properties and co-ops
- Higher and longer-term social impact (below)

### Impact on the housing sector:

- Ongoing and revolving impact: properties purchased with your investment help to leverage investment in perpetuity.
- COS keeps on growing an asset portfolio and track record and as such can secure better financing terms than new individual projects for future projects.
- Pooled investment allows COS to act quickly when properties become available
- Enables cross-subsidy where needed to support co-ops serving lower-income groups
- Ensures long-term sustainability and growth of the sector

## **Can an investment support a specific project?**

Investors can choose to either invest in the COS mission generally, or to finance a property purchase for a specific group. If you would like to support a specific group (Member Co-op), your investment will be ringfenced and only used to purchase property for that group.

## **Can I invest to support a friend or family member who wish to live in COS' properties?**

Yes, it is possible to invest in COS to support a friend or relative, however if this is the primary motivation for your investment, there are some considerations you should bare in mind:

### The type of housing your friend/relative benefit from:

- The property will be owned by COS and leased to the housing co-op your friend/relative is a member of
- As a co-op member, your friend/relative has democratic control over the property and can manage their own housing as if they were homeowners with other members.
- Your friend/relative benefits from lower rents thanks to your investment
- Both COS and your friend/relative's co-op are not-for-profit, and the rent is independent from market rent
- COS offers 5-years renewable leases to the co-op your friend/relative manages
- Your friend/relative's co-op is a member of COS and as such has a say on how COS is run
- COS members can overturn a decision not to renew a lease at a Special General Meeting

### The relationship between your investment and your friend/relative being housed:

- Your investment is a contract with COS and is not dependent on your friend/relative living in COS properties. If your friend/relative moves, it does not change the terms of the investment, although you can request repayment (see above). If you stop being an investor it does not impact the ability of your friend/relative to live in a COS property.
- You receive returns regardless of who lives in the property
- If your friend/relative leaves the co-op, your investment remains with COS and continues to support not-for-profit, resident-controlled housing

- The co-op as a whole benefits from lower rents thanks to your investment, even if your friend/relative eventually moves
- If your friend/relative's co-op were to fail, the property remains in COS ownership and would be re-let but your loan terms would remain the same

This structure balances family support with financial prudence and ensures your investment continues to create social impact beyond your friend/relative's immediate housing needs.

## **What security, legal and financial protections are there?**

The Collective Ownership Society operates within a robust legal and financial framework:

### Legal framework:

- Your investment is a legal contract between the investor and COS in the form of a loan agreement. As such it is protected by contract law and binds both parties to the term of the loan agreement, which means that COS has a legal obligation to repay the investment on the terms agreed.
- COS is Co-operative Society registered with the Financial Conduct Authority (FCA) under the Co-operative and Community Benefit Societies Act 2014
- COS is governed by publicly available primary rules which entrench its goal, its not-for-profit nature and democratic oversight by member co-ops through Annual General Meetings
- COS' annual accounts are filed with the FCA and publicly available on the mutuals register.

### Financial governance:

- COS' Board of Directors is composed of professionals with expertise in housing, finance, law, and co-operatives. The organisation places an emphasis on:
  - Professional financial management and regular financial reporting
  - Clear and robust financial policies and risk management frameworks
  - Transparent use of funds with regular reporting to investors

### Financial protection:

- All investments are used to purchase tangible property assets which then sit on COS' balance sheet
- Properties are insured, valued and professionally managed
- Large investors can secure their investment with a legal charge against specific properties
- Projects are professionally assessed, incorporating stress-testing on cost, interest rates, voids in scenario modelling
- Risks are spread across a portfolio of multiple properties

### Financial risks:

- Any investment carries risk. In the case of COS, risks include loss of income from member co-ops, mismanagement, or total project failure following a property market crash.
- If COS were to go bust, investors with a legal charge would be repaid first, then the remaining assets would be disturbed to other investors in proportion to their outstanding loan balance.

## **Can I make a financial donation rather than investing?**

Yes, donations are a very good way of supporting Collective Ownership. There is no minimum donation amount, and donations can be made alongside investments. Donations could include:

- a one-off cash contribution
- a regular cash contribution (monthly, quarterly or yearly)

## Can I contribute a property I own?

Support for COS with properties is very welcome and can create significant impact. If you're considering a property donation, please [contact us](#) to discuss the several options below:

### Outright donation:

- Transfer freehold ownership of a property to COS
- Property is permanently removed from the speculative market
- Creates immediate affordable housing for a member co-op

### Discounted sale:

- Sell property to COS below market value
- Allows you to realise some value while still creating social impact
- Can be structured to suit your needs

### Legacy gift:

- Include COS in your will as a beneficiary
- The property transfers to COS after your death
- Reduces inheritance tax liability for your estate
- Creates a lasting housing legacy

## How do I invest?

If you're interested in investing in the Collective Ownership Society:

1. **Get in touch:** Email us at [info@collectiveownership.co.uk](mailto:info@collectiveownership.co.uk) expressing your interest
2. **Initial discussion:** If you want, we'll arrange a conversation to understand your goals and explain how investment works
3. **Due diligence:** Review the information, ask questions, and seek independent advice if desired
4. **Agree terms:** We'll agree on the amount, interest rate, and term that work for you
5. **Legal documentation:** We'll prepare loan stock agreements setting out the terms
6. **Transfer funds:** Once agreements are signed, you transfer your investment
7. **Ongoing communication:** You'll receive regular updates on COS's progress and financial performance

We welcome conversations with potential investors at any scale, from individuals supporting a family member's co-op to institutional investors interested in large-scale social impact. All inquiries are treated confidentially.

**Ready to discuss investment?**

**Please don't hesitate to contact us:**

[info@collectiveownership.co.uk](mailto:info@collectiveownership.co.uk)



Follow us for updates on:  
Instagram [@collectiveownership](#)  
LinkedIn [@Collective Ownership](#)  
[www.collectiveownership.co.uk](http://www.collectiveownership.co.uk)