



For further information, please
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1 Company details

Company number 0 7 8 9 3 3 9 5

Company name in full The House Crowd Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Frank

Surname Ofonagoro

3 Administrator's address

Building name/number Third Floor

Street 196 Deansgate

Post town Manchester

County/Region

Postcode M 3 3 W F

Country

4 Administrator's name ①

Full forename(s) Jeremy

Surname Woodside

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number Third Floor

Street 196 Deansgate

Post town Manchester

County/Region

Postcode M 3 3 W F

Country

② Other administrator

Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6

Period of progress report

From date	^d 2	^d 4	^m 0	^m 8	^y 2	^y 0	^y 2	^y 1
To date	^d 2	^d 3	^m 0	^m 2	^y 2	^y 0	^y 2	^y 2

7

Progress report

☒ I attach a copy of the progress report

8

Sign and date

Administrator's
signature

Signature

X

[Handwritten Signature]

X

Signature date

^d 2	^d 2	^m 0	^m 3	^y 2	^y 0	^y 2	^y 2
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**Presenter information**

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **Alex Roberts**

Company name **Quantuma Advisory Limited**

Address
Third Floor
196 Deansgate

Post town **Manchester**

County/Region

Postcode **M 3 3 W F**

Country

DX

Telephone **0161 6949144**

**Checklist**

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Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.

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Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

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Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. ❶
Attach this to the relevant form.
Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

→ **Filling in this form**
Please complete in typescript or in bold black capitals.
All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

- ☒ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

❶ You can use this continuation page with the following forms:
- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14, WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s)

Frank

Surname

Wessely

3 Insolvency practitioner's address

Building name/number

2nd Floor

Street

Arcadia House

Post town

15 Forlease Road

County/Region

Maidenhead

Postcode

S L 6 1 R X

Country

The House Crowd Limited (In Administration) (“the Company”)

In the High Court of Justice Business and Property Courts in Manchester CR2021MAN000111

THE JOINT ADMINISTRATORS’ PROGRESS REPORT FOR THE PERIOD 24 August 2021 to 23 February 2022

22 March 2022

Frank Ofonagoro and Jeremy Woodside of Quantuma Advisory Limited, Third Floor, 196 Deansgate, Manchester, M3 3WF and Frank Wessely of Quantuma Advisory Limited, 2nd Floor, Arcadia House, 15 Forlease Road, Maidenhead, SL6 1RX, were appointed Joint Administrators of The House Crowd Limited on 24 February 2021.

The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability.

Frank Ofonagoro is licensed to act as an insolvency practitioner by the Insolvency Practitioners Association. Jeremy Woodside and Frank Wessely are licensed to act as Insolvency Practitioners by the Institute of Chartered Accountants in England & Wales.

This report has been prepared for circulation solely to comply with the Joint Administrators’ statutory duty to report to Creditors under the provisions of The Insolvency (England and Wales) Rules 2016 and for no other purpose. This report is intended for the statutory recipients. The report cannot be used or relied upon by any party other than for its intended statutory purpose.

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ABBREVIATIONS

For the purpose of this report the following abbreviations shall be used:

Borrower	An individual or company which has entered into a loan agreement with HCFSa
Bovill	Bovill Financial Services
CASS	Client Assets Sourcebook (Financial Conduct Authority)
CBILS	Coronavirus Business Interruption Loan Scheme
CDDA	Company Directors Disqualification Act 1986
CEO	Chief Executive Officer
COMI	Centre Of Main Interests
CVL	Creditors' Voluntary Liquidation
Equitivo	Equitivo Advisory Limited
EU	European Union
E-Wallet System	Electronic Wallet System
FCA	Financial Conduct Authority
FOS	Financial Ombudsman Service
FSMA	Financial Services and Markets Act 2000
Group	The House Crowd Limited, its subsidiaries, investments and House Crowd Developments and all HCD & HCP SPVs
HCD(s)	House Crowd Development SPVs typically named House Crowd Development 1, 2, etc.
HCF	House Crowd Finance Limited (in Administration)
HCFSa	House Crowd Finance (Security Agent) Limited (in Administration)
HCP(s)	House Crowd Property SPVs typically named House Crowd Project 1, 2, etc.
HCPM	House Crowd Property Management Limited (in Administration)
HMRC	Her Majesty's Revenue & Customs
ICAEW	Institute of Chartered Accountants in England and Wales
IFISA	Innovative Finance ISA
Retail Lender	A registered member of the Platform
IPA	Insolvency Practitioners Association
IPS	Insolvency Practitioners System
ISA	Individual Savings Account
IT	Information Technology

Jacqui Hewitt Bookkeeping	Jacqui Hewitt Bookkeeping Plus
JMW	JMW Solicitors LLP
Landwood Group	Landwood Commercial (Manchester) Limited
LLP	Limited Liability Partnership
MangoPay	MangoPay SA
NI	National Insurance
P2P	Peer-to-Peer
PAYE	Pay-as-you-earn Tax
Payroll Options	Payroll Options Limited
Platform	www.thehousecrowd.com
POD	Proof of Debt form
PPF	Pension Protection Fund
PP or Prescribed Part	The Prescribed Part of the Company's net property subject to Section 176A of the Act
Reporting Period	Period covered by the report from 24 August 2021 to 23 February 2022
ROC	Registrar of Companies
RPO	The Redundancy Payments Office
SIP	Statement of Insolvency Practice (England & Wales)
SOA	Statement of Affairs
SPV	Special Purpose Vehicle
TBC	To Be Confirmed
THC	The House Crowd Limited (in Administration)
The Act	The Insolvency Act 1986
The Company	The House Crowd Limited (in Administration)
The Court	High Court of Justice Business and Property Courts in Manchester
The House Crowd Business	Collectively THC, HCF, HCFSA, HCPM, HCD SPVs, HCP SPVs
The Joint Administrators	Frank Ofonagoro, Jeremy Woodside and Frank Wessely
The Rules	The Insolvency (England & Wales) Rules 2016
The Proposals	The Statement of the Joint Administrators' Proposals prepared pursuant to Paragraph 49(1) of Schedule B1 of the Act
VAT	Value Added Tax
Woodside Corporate	Woodside Corporate Services Limited

1. INTRODUCTION

Introduction

This report has been prepared to provide creditors with an update on the progress of the Administration of the Company since the Joint Administrators provided creditors with their progress report dated 21 September 2021.

This report is also being used to provide an update to retail lenders on the progress of the Administration and recovery of retail lender assets.

A schedule of statutory information in respect of the Company is attached at **Appendix 1**.

Objective of Administration

The Joint Administrators are continuing to perform their functions with an aim to achieve the Administration objective of achieving a better result for the creditors as a whole than would be likely to be achieved if the Company were wound up (without first being in Administration).

Details of the appointment of the Joint Administrators

Frank Ofonagoro, Jeremy Woodside and Frank Wessely of Quantuma Advisory Limited were appointed Joint Administrators of the Company on 24 February 2021.

The Joint Administrators confirm that they are authorised to carry out all functions, duties and powers by either one or all of them.

Given the information previously provided in the Joint Administrators' earlier reports, detailed background information in respect of the Company has not been included and this report focusses on the progress of the Administration subsequent to those reports.

Extension of Administration

An extension to the usual 12-month period of Administration was granted by creditors on 4 January 2022 via a deemed consent procedure.

The Administration is now scheduled to end on 24 February 2023 unless this period is further extended by Court on request by the Joint Administrators. Based on current information, it is likely that the Administration process will have to be extended further in order to allow sufficient time for the Company's affairs to be concluded and business fully wound down.

2. THE PROGRESS OF THE ADMINISTRATION

Court Applications

First Court proceedings

In several previous reports, the Joint Administrators advised that they have been preparing an application to Court in which they intend to ask for approval to their proposed basis on which they will fund their remuneration and third-party costs.

The reason for the Joint Administrators' application is because the majority of their work since appointment (and in the future) has and will be spent securing, controlling and ultimately realising assets belonging to investors, not the Company's administration estate.

The process of preparing this application has been complex and lengthy due to the nature / composition of the House Crowd's operations and business that the Joint Administrators discovered on their appointment. The Joint Administrators on appointment found a business that was characterised by incomplete books and accounting records; a patchwork of sometimes conflicting contractual agreements purporting to govern THC's relationship with investors; significant cash at bank with indeterminate ownership status; and various other issues.

These factors necessitated upfront work (including support from legal Counsel) by the Joint Administrators to be able to evaluate and outline for the Court the necessary steps that will be required over a period of time to secure and realise assets for the benefits of investors. Furthermore, the FCA, as THC's regulator, were keen that the Joint Administrators prioritise this evaluation phase before considering a Court application for their fees. The Joint Administrators have therefore had to ensure that the FCAs queries and enquiries were sufficiently addressed in advance of any Court application.

The Joint Administrators are pleased to advise that their aforementioned fee basis application to Court has now been filed. The Joint Administrators are currently awaiting an initial trial date and proceedings timetable which will be relayed to investors once received.

Second Court proceedings

The Joint Administrators have previously advised of the need for a separate application to Court for it to approve a proposed distribution mechanism that allows net asset realisations to be returned to investors in the most equitable manner given the limitations inherent in THC's books and accounting records which makes it currently unclear as to how net bridging and development loan realisations should be properly and accurately distributed to retail lenders.

In order to prepare an appropriate model to be put to Court, the Joint Administrators have unfortunately been hampered by the issues outlined above for the First Court Proceedings. In particular, they have had to ask the THC employees retained to assist in the wind down of the Company, to prioritise tasks focussed on investigating, securing, controlling and realising investor assets before latterly turning their attention to establishing the information required by the Joint Administrators to prepare a distribution mechanism.

The Joint Administrators expect to shortly be in a position to provide the Court with their proposed distribution mechanism and will advise investors of the same when filed.

Retail lenders / HCP shareholders

Communication with retail lenders

The Joint Administrators continue to liaise with the Bridging and Development loan books retail lenders (investors) and HCP SPV shareholders as key stakeholders of the Administration process.

In addition, the Joint Administrators continue to deal with email queries from investors as well as chairing regular update meetings of an Investor support group representing over c.1,000 retail lenders. After each meeting the Joint Administrators provide investors with written answers and explanations to investors questions submitted in advance by the Investor support group.

Furthermore, as detailed earlier in the report, the Joint Administrators have provided retail lenders with the second of what will be six monthly updates via the THC platform, on their progress in realising bridging and development loan books. A copy of the latest update is attached at **Appendix 6**.

Monies held pre-Administration

As previously reported, the wider House Crowd Business' operations were structured in a manner that meant the business did not have an obligation to abide by CASS rules which govern how any funds constituting "client monies" should be managed.

Instead, THC engaged a client money service provider, MangoPay, to manage any client monies across all of THC's investment products except the IFISA product (which was managed by Woodside Corporate). Any retail lender funds held by these service providers at the date of Administration were kept in ring fenced accounts operated by these providers.

The Joint Administrators have spent significant time in liaising with the third-party payment providers (Mango pay and Woodside Corporate) in relation to non-invested client monies held by them at the commencement of the Administration.

The Joint Administrators have been able to successfully reconcile the monies held by these providers and have asked all of the concerned retail lenders to provide their bank account details so that their funds can be returned to them.

During the reporting period, the further sum of c.£2,000 has been repatriated back to investors bringing the total sums repatriated to date to £89,782.

The Joint Administrators are still awaiting bank details from some retail lenders in order to return the remaining c.£12,500.

Additionally, the Joint Administrators have also been able to identify cash belonging to investors held by THC in some of its pre-administration bank accounts. To date, the sum of c.£60,803 has been returned to the relevant investors with the Joint Administrators still awaiting bank account details from a number of investors in order to return the remaining sum of c.£169,773 in this regard.

Client monies

THC is not authorised to hold client monies by the FCA and as such did not take steps, pre-administration, to comply with the strict provisions of CASS in relation to funds from retail lenders.

As previously reported, whilst THC appeared not have formal FCA permission to hold funds defined as "client money", it is the Joint Administrators' opinion (supported by legal advice) that given the nature and composition of its operations, THC should probably have formally fallen under the ambit of the FCA's CASS rules. The FCA is supportive of this view.

Accordingly, the Joint Administrators have put in place processes that aim to ensure that any net realisations of investor assets that come into the Joint Administrators' possession and could be considered "client money" will be held to the order of investors in appropriately segregated ring-fenced bank accounts.

Un-deployed monies held by former solicitor

The Joint Administrators have previously reported that the sum of c.£85,000 was recovered from monies previously held by the Company's former solicitor, Jane Hartley Associates. During the Reporting Period retained THC staff have commenced a reconciliation of these funds on a first in first out basis (FIFO) in an attempt to understand which investors are due a distribution accordingly.

There remain a number of anomalies which retained THC staff are currently working through.

Having sought legal advice in this regard, the distribution of these funds is likely to form part of the second Court application as referenced earlier in this report.

Additionally, during the Reporting Period, Jane Hartley also made the Joint Administrators aware that a further c.£6,000 was held on additional ledgers within her client account system. After a protracted period of time seeking to obtain these funds and associated documents, Jane Hartley has provided these monies to the Joint Administrators and are currently held in ring fenced bank accounts. A reconciliation of these monies has commenced accordingly.

Interaction with the FCA

THC remains a regulated entity falling under the ambit of the FCA's oversight.

Since their appointment, the Joint Administrators have continued to liaise with the FCA on various matters that impact the Administration process.

The Joint Administrators will continue to keep the FCA updated on the progress of the Administration and consult on any relevant issues.

Employees

The Joint Administrators continued to retain a small number of THC employees and external consultants to assist in the Administration process.

As the wind down of the wider House Crowd business progresses, the Joint Administrators continue to review the needs of the Administration estate to ensure that costs of retained staff and consultants offer value to the Administration process. During the Reporting Period a reduction in the consultancy costs has been negotiated as well as one THC employee being made redundant.

There remain three THC employees and four consultants that continue to support the Joint Administrators in the wind-down of THC and its subsidiaries. These employees and consultants have an intrinsic knowledge of the House Crowd Business and operations and are essential to the wind down and asset realisation process. They have supported the Joint Administrators in undertaking various tasks throughout the Reporting Period including, but not limited to the following: -

- Aiding the Joint Administrators in their capacity as security agent with the ongoing sales of the development properties in HCFSa;
- Aiding the joint Administrators with the ongoing collect out process of the Bridging loan book;
- Reconciliation of monies held by former solicitor;
- Further review and preparation of redemption statements;
- Providing the management services to the HCP SPV entities via HCPM;
- Assisting the Joint Administrators with addressing retail lender queries; and
- Assisting in the preparation of updates to the FCA and retail lenders.

The Joint Administrators' Receipts and Payments Account

Attached at **Appendix 2** is a receipts and payments account for the Reporting Period. In accordance with the requirements of SIP 7, I confirm that the Joint Administrators' account has been reconciled with that held at the bank.

The rest of this report describes the key developments in the Administration over the Reporting Period.

For a detailed list of work undertaken by the Joint Administrators during the Administration, see **Appendix 4**.

We have also summarised the main asset realisations during the Reporting Period and an estimate of those assets yet to be realised, together with details of costs incurred but as yet remaining unpaid.

VAT Basis

The receipts and payments are shown net of VAT. As the Company is not VAT registered, a separate entry shows the amount of VAT paid and is detailed as irrecoverable.

Administrative, Statutory & Regulatory Tasks

The Joint Administrators have met a considerable number of statutory and regulatory obligations. Whilst many of these tasks have not had a direct benefit in enhancing realisations for the insolvent estate, they have assisted in the efficient and compliant progressing of the Administration, which has ensured that the Joint Administrators and their staff have carried out their work to high professional standards. Details of the tasks carried out during the Reporting Period are included in **Appendix 6**.

Payments.

A full list of payments made during the Reporting Period is detailed in the Joint Administrators' receipts and payments account at **Appendix 2**.

Other Income

HCPM and HCFSa Employee and Consultancy Recharges

As previously reported, following their appointment, the Joint Administrators established that all employees of the House Crowd Business were employed directly by THC, albeit some staff provided services across the different legal entities (including HCFSa and HCPM).

The costs in respect of these employees and consultants are initially met by the THC Administration estate and are subsequently recharged to the respective HCPM and HCFSA Administration estates (these receipts are shown on the receipts and payments account at Appendix 2).

HCFSA inter-estate funding

As previously reported, it was necessary for the Administrations of THC and its subsidiaries to occur simultaneously as although separately incorporated entities, THC's affairs were so inter-linked with its subsidiaries and that they had been operated effectively as a single business with cross pollination of resources, management and funding.

As detailed in prior reports THC is not forecast to have enough future realisations to be self-sufficient. Therefore, in order to be able to continue the Administration process of THC, the Administration estate of HCFSA has provided funding to the Administration estate of THC. It has been estimated that the sum of £335,000 will be provided to the estate of THC throughout the Administration process.

During the Reporting Period the sum of £75,000 has been provided by HCFSA to THC, resulting in the total sum of £205,000 being provided to date to pay third party professional costs together with payroll and consultancy costs.

THC will not be in a position to repay this funding from HCFSA, however, because the continuation of THC Administration is critical for the process of maximising realisations and returning capital to investors, the Joint Administrators will ask the Court to ratify these steps as part of their application to Court (the First Court proceedings).

Realisation of assets

Creditors will note that assets realised only during the Reporting Period will be discussed in this report. Creditors should refer to the Joint Administrators' previously provided reports for details of assets realised during prior Reporting Periods.

Cash as bank

As creditors and investors are already aware, as at the date of appointment, the Company held c.218 bank accounts under the name of "The House Crowd Limited" which were reconciled for estate monies upon appointment.

Following the above reconciliation, it was found that a further immaterial sum (less than £100) belonged to the Company as at Administration and has been transferred to the Administration bank account during the Reporting Period.

Refund

The sum of c.£160 has been received in respect of a miscellaneous refund due to the Administration Estate.

No further realisations are anticipated in this regard.

Gross bank interest

During the Reporting Period, a nominal amount of gross bank interest has been received.

Estimated Future Realisations

HCP SPV Loans

The directors' estimated Statement of Affairs states an asset consisting of loans to various HCP SPVs with a book value of £76,018 but an "uncertain" estimated to realise value.

During the Reporting Period, and as part of preparing the HCP entities for a liquidation process, the Joint Administrators and recently appointed independent director of the individual HCP entities, have started the process of calculating any possible sums that may be due from the HCP entities to THC.

This process remains ongoing and as such the exact quantum and timing of the anticipated realisations, is at this stage, uncertain and will only be known following the sale of all of the buy to let properties held by individual HCPs and any profit arising from the same.

The Joint Administrators will provide an update in this regard in their next progress report.

THC Shares held in HCP's

The directors' estimated Statement of Affairs states an asset consisting of shares held in various HCP SPVs with a book value of £7,000 but an "uncertain" estimated to realise value.

As above, enquiries into this matter remain ongoing, but realisations are anticipated in this regard, the quantum and timing of this are as yet uncertain.

The Joint Administrators will provide an update in this regard in their next progress report.

3. CREDITORS: CLAIMS AND DISTRIBUTIONS

Secured Creditors

There are no secured creditors holding fixed and floating charges over the Company's assets.

Primary Preferential creditors

Following their appointment, the Joint Administrators made eight employees redundant as they were no longer needed.

Preferential claims relating to unpaid holiday pay/wage arrears/pension contributions were estimated at £9,700 in the Director's Estimated Statement of Affairs. To date a claim from the Redundancy Payments Office has been received in the sum of £8,653.

It still remains uncertain whether there will be sufficient realisations to pay a dividend to primary preferential creditors.

Secondary Preferential creditors

In any insolvency process started from 1 December 2020, HM Revenue and Customs ('HMRC') is a secondary preferential creditor for the following liabilities:

- VAT
- PAYE Income Tax
- Employees' NIC
- CIS deductions
- student loan deductions

This will mean that, if there are sufficient funds available, any of the above amounts owed by the Company will be paid after the preferential creditors have been paid in full.

Secondary Preferential claims relating to PAYE contributions were estimated at £9,000 in the Director's Estimated Statement of Affairs. To date a claim of £5,197 has been received.

It still remains uncertain whether there will be sufficient realisations to pay a dividend to secondary preferential creditors.

Prescribed Part

Under Section 176A of the Insolvency Act 1986, where after 15 September 2003 a company has granted to a creditor a floating charge, a proportion of the net property of the company must be made available purely for the unsecured creditors. This equates to:

- 50% of net property up to £10,000

- Plus, 20% of net property in excess of £10,000
- Subject to a maximum of £800,000

THC has not granted a floating charge to any creditor after 15 September 2003 and consequently there will be no Prescribed Part in this Administration.

Unsecured creditors

Unsecured claims were estimated at £96,955 in the Director's Estimated Statement of Affairs and to date claims have been received from unsecured creditors totalling £132,852.

Based on current information, it is not currently anticipated that there will be sufficient realisations to pay a dividend to unsecured creditors.

4. OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS

Investigations

As part of the Joint Administrators' statutory duties, an investigation into the conduct of THC's Directors has been completed.

As previously reported, a confidential report was submitted to The Insolvency Service on 19 May 2021.

Further Information

To comply with the Provision of Services Regulations, some general information about Quantuma Advisory Limited, including the complaints policy and Professional Indemnity Insurance, can be found at <http://www.quantuma.com/legal-information>.

Information about this insolvency process may be found on the R3 website here <http://www.creditorinsolvencyguide.co.uk>.

General Data Protection Regulation

In compliance with the General Data Protection Regulation, Creditors, Employees, Shareholders, Directors and any other Stakeholder who is an individual (i.e. not a corporate entity) in these insolvency proceedings is referred to the Privacy Notice in respect of Insolvency Appointments, which can be found at this link <http://www.quantuma.com/legal-notices>.

5. ETHICS

Please note that the Joint Administrators are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment. Further information can be viewed at the following link <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>. Additionally, the Joint Administrators are also bound by the regulations of their Licensing Bodies.

General Ethical Considerations

During the Reporting Period no threats to compliance with the Code of Ethics have been identified.

Specialist Advice and Services

When instructing third parties to provide specialist advice and services or having the specialist services provided by the firm, the Joint Administrator is obligated to ensure that such advice or work is warranted and that the advice or work contracted reflects the best value and service for the work undertaken. The firm reviews annually the specialists available to provide services within each specialist area and the cost of those services to ensure best value. The specialists chosen usually have knowledge specific to the insolvency industry and, where relevant, to matters specific to this insolvency appointment. Details of the specialists specifically chosen in this matter are detailed below.

6. PRE-ADMINISTRATION COSTS

Included within the Joint Administrators' Proposals dated 15 April 2021 was a Statement of Pre-Administration Costs.

The following Pre-Administration costs have not yet been approved and thus remain unpaid:

Party instructed	Amount (£)
Quantuma Advisory Limited	12,167
Quantuma Advisory Limited (disbursements)	12
JMW Solicitors LLP	1,520
Equitivo – pre-appointment consultancy costs	9,000
TOTAL UNAPPROVED	£13,699

The Joint Administrators' remuneration including the above pre-appointment costs have not yet been approved. The Joint Administrators are seeking approval of these costs in the recently submitted Court application.

An update will be provided in the next progress report.

7. THE JOINT ADMINISTRATORS' FEES AND EXPENSES

A copy of 'A Creditors Guide to Administrators' Fees' effective from 1 April 2021 together with Joint Administrator's current schedule of charge-out rates and chargeable expenses, which includes historical charging information, may be found at <https://www.quantuma.com/guide/creditors-guide-fees/>.

A hard copy of both the Creditors' Guide and Quantuma Advisory Limited's current and/or historic charge-out rate and expenses policies may be obtained on request at no cost.

The Joint Administrators' Fees

As previously reported, In accordance with paragraph 18.16 of the Insolvency (England and Wales) Rules 2016, the Joint Administrators of THC are entitled to receive remuneration for services performed as office-holder. The basis of remuneration must be fixed:

- (a) as a percentage of the value of —
 - (i) the property with which the Joint Administrators has to deal, or
 - (ii) the assets which are realised by the Joint Administrators;
- (b) by reference to the time properly given by the Joint Administrators and the Joint Administrators' staff in attending to matters arising in the Administration; or
- (c) as a set amount

The basis of the Joint Administrators' fees has not yet been fixed. The Joint Administrators are seeking approval of the basis on which their remuneration will be set.

During the Reporting Period, the Joint Administrators have incurred time costs of £140,934 made up of 470 hours at an average hourly rate of £300.

For a detailed schedule of work undertaken by the Joint Administrators during the Administration, see **Appendix 4**.

Joint Administrators' Expenses

The Joint Administrators were not previously able to provide creditors with an estimate position of their expenses at the outset of the Administration, as the costs of the Administration at that time remained uncertain. The expenses, which include disbursements that have been incurred and not yet paid during the period are detailed below:

Expenses	Actual expenses incurred in the Reporting Period	Expenses Paid in Reporting Period	Expenses unpaid from previous Reporting Period	Total incurred but not yet paid
	£	£	£	£
Category 1 Expenses				
Solicitors	12,400	-	9,529	21,929
Legal Counsel	6,625	-	Nil	6,625
Regulatory Consultants	4,019	4,019	-	-
Accountants Fees	7,560	7,704	-	-
Payroll	357	357	-	-
IT Costs AWS	5,927	5,927	-	-
IT Services	2,833	2,833	-	-
Bank Charges	130	130	-	-
Consultancy Fees (IT Consultant)	26,091	26,091	-	-
Pension Contributions	2,653	2,563	-	-
Salary & Tax	80,279	80,279	-	-
TOTAL	148,874	129,903	9,529	28,554

Details of the expenses paid in the Reporting Period and the Whole Period are shown in the Receipts and Payments account at **Appendix 2**.

Cost to Closure

The Joint Administrators estimate that a further £191,000 of time costs will be incurred in continuing the Administration process and finalising the outstanding matters.

Sub-contracted work

The Joint Administrators have sub-contracted work to Payroll Options Ltd in order to assist with submitting payroll information to HM Revenue & Customs in respect of PAYE/NIC contributions from staff that have been retained during the Administration process. Payroll Options Ltd have historically provided payroll services to THC.

During the Reporting Period the sum of £357 has been paid to Payroll Options. Their work remains ongoing.

Other Professional Costs

Solicitors

JMW were instructed by the Joint Administrators to provide advice on appropriate legal matters. Their costs have been agreed on the basis of their standard hourly charge out rates, plus disbursements and VAT. Solicitors' time costs for the Reporting Period amount to £12,400, none of which have been paid.

None of the above costs have been paid during the Reporting Period.

Consultancy Fees – Simon Challinor

Simon has been retained by the Joint Administrators as a former consultant to THC to provide specialist IT services. These costs have been agreed on a fixed monthly cost.

During the Reporting Period, the sum of £26,091 has been paid.

Legal Counsel

Legal Counsel were instructed by the Joint Administrators to advise on appropriate legal matters, such as Court applications, monies held on trust and client money etc.

Legal Counsel's costs have been agreed on the basis of their standard hourly charge out rates, plus disbursements and VAT. Legal Counsel's time costs for the Reporting Period amount to £6,625, none of which has been paid.

All professional costs are reviewed and analysed before payment is approved.

Creditors' right to request information

Any Secured Creditor, or Unsecured Creditor with the support of at least 5% in value of the Unsecured Creditors or with permission of the Court, may request in writing the Joint Administrators to provide additional information regarding remuneration or expenses to that already supplied within this report. Such requests must be made within 21 days of receipt of this report.

Creditors' right to challenge remuneration and/or expenses

Any Secured Creditor, or Unsecured Creditor with the support of at least 10% in value of the Unsecured Creditors or with permission of the Court, may apply to the Court for one or more orders, reducing the amount or the basis of remuneration which the Joint Administrators are entitled to charge or otherwise challenging some or all of the expenses incurred.

Such applications must be made within 8 weeks of receipt by the applicant(s) of the progress report detailing the remuneration and/or expenses being complained of.

Please note that such challenges may not disturb remuneration or expenses disclosed in prior progress reports.

CONCLUSION

As previously advised in the Proposals, it is anticipated that the Administration process would be concluded within 18 – 24 months of their appointment and this remains the case.

The Administration will continue in order to finalise the following outstanding matters:

- Submit a second Court application to Court for directions as to the fairest distribution mechanism to return funds to auto-invest and self-select retail lenders;
- Payment of all Administration expenses (including the Joint Administrators' remuneration);
- Reconcile and repatriate any remaining un-deployed retail lender funds;

- Continue to comply with statutory and regulatory obligations; and
- Distribute net bridging and development loan realisations to retail lenders.

Exit route

As previously reported, the Joint Administrators intend to exit the Administration process in one of the following ways, appropriate to the circumstances at the time

- (i) in the event that there is no remaining property that might permit a distribution to the Company's creditors, they shall file a notice of dissolution of the Company pursuant to Paragraph 84 of Schedule B1 of the Act; or
- (i) however, in the event that the Joint Administrators think that a distribution will be made to unsecured creditors (and they have not sought the Court's permission, and are otherwise unable, to pay the distribution whilst the Company is in Administration), they shall send to the registrar of companies notice to move the Company from Administration to Creditors' Voluntary Liquidation. In such circumstances, Frank Ofonagoro, Jeremy Woodside and Frank Wessely will be appointed Joint Liquidators and will be authorised to act either jointly or separately in undertaking their duties as Liquidator. Creditors may nominate a different person or persons as the proposed liquidator or liquidators in accordance with Paragraph 83(7)(a) of Schedule B1 of the Act and Rule 3.60(6)(b) of the Rules, but they must make the nomination or nominations at any time after they receive the Statement of Proposals, but before it is approved. Information about the process of approval of the Statement of Proposals is set out at Section 10.

Should you have any queries in regard to any of the above please do not hesitate to contact Alex Roberts on 0161 694 9144 or by e-mail at Alex.Roberts@quantuma.com.



Frank Ofonagoro
Joint Administrator

The affairs, business and property of The House Crowd Limited (in Administration) are managed by the Joint Administrators, who act as agents of the Company and without personal liability.

The House Crowd Limited - (In Administration) STATUTORY INFORMATION

Company Name	The House Crowd Limited
Trading Address	91-95 Hale Road, Hale, Altrincham, WA15 9HW
Proceedings	In Administration
Date of Appointment	24 February 2021
Joint Administrators	Frank Ofonagoro Jeremy Woodside Quantuma Advisory Limited Third Floor 196 Deansgate Manchester M3 3WF Frank Wessely Quantuma Advisory Limited 2 nd Floor, Arcadia House 15 Forlease Road Maidenhead SL6 1RX
Registered office Address	C/o Quantuma Advisory Limited Third Floor, 196 Deansgate, Manchester, M3 3WF
Company Number	07893395
Incorporation Date	29 December 2011

Appendix 2

The House Crowd Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

VAT Basis

As the Company is not registered for VAT the receipts and payments are shown net of VAT. A separate entry shows the amount of VAT paid.

Appendix 3

The House Crowd Limited - (In Administration)

SCHEDULE OF PRE-APPOINTMENT TIME COSTS

Time Entry - SIP9 Time & Cost Summary

6008059 - The House Crowd Limited
Project Code: PRE

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Admin & Planning	0.00	0.00	0.00	16.40	16.40	2,226.50	135.75
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cashiering	0.00	0.00	0.00	0.20	0.20	27.00	135.00
Closing Procedures	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Directors	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pre-Appointment	6.00	18.00	2.60	3.30	29.90	9,913.00	331.54
Realisation of Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	6.00	18.00	2.60	19.90	46.50	12,166.50	261.65
Total Fees Claimed						0.00	
Total Disbursements Claimed						0.00	

Appendix 4

The House Crowd Limited - (In Administration)

SCHEDULE OF THE JOINT ADMINISTRATORS' TIME COSTS DURING THE REPORTING PERIOD AND THE WHOLE PERIOD

Time Entry - SIP9 Time & Cost Summary + Cumulative

6008059 - The House Crowd Limited
All Post Appointment Project Codes
From: 24/08/2021 To: 23/02/2022

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)	Total Hours Cum (POST Only)	Total Time Costs Cum (POST Only)
Admin & Planning	84.65	33.90	171.18	0.00	289.73	90,089.31	310.94	1,148.21	364,780.02
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cashiering	7.85	0.00	3.40	30.00	41.25	8,121.00	196.87	88.45	17,240.00
Closing Procedures	0.75	0.00	0.00	0.00	0.75	300.00	400.00	0.75	300.00
Creditors	28.50	17.00	41.97	0.00	87.47	26,911.14	307.68	351.22	106,195.90
Investigations	6.05	0.00	2.96	0.00	11.03	3,905.32	353.97	69.33	21,612.62
Pre Appointment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.30	1,104.00
Realisation of Assets	0.40	0.50	22.90	0.00	23.80	5,047.00	212.06	140.87	37,963.93
Trading	16.40	0.00	0.00	0.00	16.40	6,560.00	400.00	35.20	13,732.00
Total Hours / Costs	146.60	51.40	242.43	30.00	470.43	140,933.77	299.58	1,836.33	562,928.67
Total Fees Claimed						0.00			
Total Disbursements Claimed						0.00			

The House Crowd Limited - (In Administration)

DETAILED NARRATIVE LIST OF WORK UNDERTAKEN BY THE JOINT ADMINISTRATORS DURING THE REPORTING PERIOD

Description of work undertaken	Includes
ADMINISTRATION & PLANNING	
Administration & Planning	General Administration work
General Administration - Dealing with all routine correspondence and emails relating to the case.	
Case strategy & completing file reviews at 6 months.	Discussions regarding strategies to be pursued, the Joint Administrators and their team have regular meetings to ensure the case is being progressed in a timely manner. Meetings with team members and independent advisers to consider practical, technical and legal aspects of the case Periodic file reviews Periodic reviews of the application of ethical, anti-money laundering and anti-bribery safeguards Maintenance of statutory and case progression task lists/diaries Updating checklists
VAT & Corporation Tax matters and returns.	Preparing information for a third party to submit corporation tax returns
Corresponding with retail lenders	The Joint Administrators have sent a further c.250 emails to retail lenders Facilitated a further five Retail Lender Support Group Meetings; each meeting attended by a minimum of one of the Joint Administrators and a Director.
Court Application	The Joint Administrators have spent significant time, engaging with legal advisors and counsel as to the court application. This has included providing a line by line narrative of all time costs incurred to date for submission to the Court together with a detailed Short Term Cashflow Forecast of anticipated costs and recoveries. A detailed and lengthy review of the application has also been undertaken by senior members of the team.
Total	£90,090
CREDITORS	
Creditors	
ERA - completing documentation for submission to the Redundancy Payments Office ("RPO") and liaising with the RPO regarding employee claims	
Employees - obtaining information from records about employee claims and dealing with employee correspondence/calls regarding their claims	Assisting employees to pursue claims via the RPO
Dealing with creditor correspondence, emails and telephone conversations.	Receive and follow up creditor enquiries via telephone Review and prepare correspondence to creditors and their representatives via email and post
Progress Reports	Preparing, circulating and filing progress reports. Disclosure of sales to connected parties
Total	£26,911

Description of work undertaken	Includes
<u>INVESTIGATIONS</u>	
Investigations	
SIP 2 Review - Conducting an initial investigation with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties, such as the bank, accountants, solicitors, etc.	making further enquiries of third parties continuing to review company's books and records Preparation of deficiency statement Review of specific transactions and liaising with Directors regarding certain transactions Liaising with the committee/creditors or major creditors about further action to be taken
Total	£3,905
<u>REALISATION OF ASSETS</u>	
Realisation of Assets	
Cash at bank	Continued review of 218 bank statements for any further sums that are due to the estate.
Monitoring Insurance	Review of employers liability insurance and renewal of premium
Total	£5,047
<u>CASHIERING</u>	
Maintaining and managing the Office Holders' cashbook and bank account.	Requesting bank statements Correspondence with bank regarding specific transfers Maintenance of the estate cash book
Dealing with cheque requisitions	Issuing cheques/BACS payments
Dealing with deposit forms	Banking remittances
Bank Reconciliations	
Total	£8,120
Reporting Period Total	£140,934

. *during the Reporting Period, the sum of £300 has been incorrectly recorded as time spent on closure procedures instead of Administration & Planning, this has since been rectified and will be reflected properly in the next report to creditors.

Current Charge-out Rates of the staff working on the case

Time charging policy

Support staff and executive assistants do not charge their time to each case except when the initial set up is being performed or when a sizeable administrative task or appropriate ad hoc duty is being undertaken
Support staff include secretarial and administrative support.
The minimum unit of time recorded is 6 minutes.
Rates are likely to be subject to periodic increase.

Grade of Staff	Rate from 15 June 2020
CEO/Managing Director	£480.00 - £580.00
Appointment Taking Director	£400.00 - £500.00
Director	£370.00 - £475.00
Senior Manager	£340.00 – £415.00
Manager	£310.00 - £375.00
Assistant Manager	£275.00 – £335.00
Senior Administrator	£235.00 – £285.00
Administrator	£200.00 – £240.00
Assistant Administrator	£135.00 - £160.00
Case Accountant	£135.00
Junior Administrator	£100.00 - £115.00
Support Staff/Executive Assistant	£100.00 – £135.00

The House Crowd Limited – in Administration (“THC”)

House Crowd Finance (Security Agent) Limited - in Administration (“HCFSA”)

- Together (“the Companies”)

Following the one-year anniversary (on 24 February 2022) of their appointment the Joint Administrators are now in a position to provide an update to all investors on their efforts to recover the due and outstanding bridging book loans (“the bridging book loans”).

Important notice:

- This update has been prepared for the sole purpose of updating the investors in the bridging book loans. This update is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by investors or by any other person for any purpose whatsoever other than for information purposes in order to understand the recovery of the bridging loan book.
- This update should be read in conjunction with all previously provided updates by the Joint Administrators, including statutory reports provided to the Companies’ respective creditors as required under the Insolvency Act.
- The Capital outstanding figures have been provided in accordance with information contained within the Companies’ books and records at the time of reporting and may be subject to change. The Joint Administrators are not auditors and have therefore not carried out what could be considered an audit verification of this information.
- As a result of the Companies’ inability to consistently create and maintain detailed and robust information and records relating to investor funds and the subsequent deployment and tracking of the same by development or bridging loan, the Joint Administrators are unable to accurately determine what funds are rightfully payable to individual investors as and when investments are realised. The Joint Administrators therefore intend to seek Court directions (“the second Court proceedings”) on the fairest mechanism to utilise in distributing funds back to investors.
- However, the Joint Administrators are unable to substantially commence the work required to produce such a distribution mechanism until the basis on which they will be remunerated for their work and necessary administration expenses will be funded, is decided by Court (“the first Court Proceedings”).
- The Joint Administrators are due to issue their application in the first Court Proceedings imminently. The lodging of this application has taken a significant amount of time to be finalised as the Joint Administrators have had to clear a variety of complex legal and regulatory hurdles including satisfying the FCA of the merits of their application before being able to proceed.
- The Joint Administrators act as agents of the Companies and without personal liability.

Outstanding loans subject to recovery action by Property Receivers

HCF180 – The Vicarage

Total outstanding Investor Capital - £49,000

Following their appointment, the Joint Administrators were advised by Property Receivers (“the Property Receivers”) already appointed by HCFSa over the Vicarage (the borrowers’ home) that the borrowers had been making attempts to repay this loan through the sale of a hotel which they owned and were operating as a business.

However, the sale of this hotel failed to materialise and the Joint Administrators’ attempts to commence repossession proceedings were prevented by legislation enacted by the UK Government under the Corporate Insolvency and Governance Act 2020 (“CIGA”), which restricted enforcement action against tenants during the pandemic.

Following the relaxation of CIGA, a possession hearing was listed for 25 November 2021, however shortly before the hearing the borrowers contacted the Property Receivers to advise that they were in poor health and that the property subject to the possession proceedings was their only home and would cause them significant hardship if repossessed.

Upon legal advice, the Joint Administrators agreed for the borrowers to pay £7,500 per month whilst attempting to sell their hotel business. To date the Joint Administrators have received payment for the months of December 2021, January 2022 and February 2022.

The Joint Administrators have now been recently informed that a separate set of Property Receivers have been appointed over the hotel and are now marketing this for sale. We have requested that the Receivers appointed by HCFSa contact the borrowers to immediately establish what impact this will have on their ability to maintain the ongoing monthly payments and ultimately repay the loan on the Vicarage following a sale of their hotel.

Until the above information is received the Joint Administrators are unable to advise whether investor capital and interest will be recovered in full.

Fiddler - HCF179 – Parkland Close – Possession Documents submitted to Court

Total outstanding Investor Capital - £156,000

Following their appointment, the Joint Administrators were advised by Property Receivers (“the Property Receivers”) already appointed by HCFSa that the borrower had recently requested a loan redemption statement as part of an effort to raise finance to repay the outstanding loan.

The Property Receivers have since advised that there has been little evidence from the borrower that a refinance process is progressing. Accordingly, the Joint Administrators agreed with the Property Receivers’ recommendation (in June 2021), that an offer from the borrower to pay £10,000 a month from 1st July 2021 whilst pursuing a refinance strategy, should be accepted provided the loan was repaid in full no later than 30 September 2021. The borrower subsequently made a total of three £20,000 payments (totaling £60,000) however stopped paying the agreed instalments when he became aware that HCFSa was in Administration.

Upon being contacted by the Joint Administrators the borrower agreed to make a further repayment of £20,000 no later than the end of January 2022 providing he could be allowed a further 3 months to refinance the loan. Disappointingly however, the borrower failed to make this further repayment which left the Joint Administrators with no option but to instruct the Property Receivers to apply to Court for possession of the property. A hearing has been listed for the end of March 2022.

Should possession of both properties be obtained, it is expected that capital and an element of accrued interest can be recovered.

HCF187 – Colridge Court – legal advisors assessing recovery strategy
Total outstanding Investor Capital - £57,000

Following their appointment, the Joint Administrators were advised by Property Receivers (“the Property Receivers”) already appointed by HCFSA that the borrower had recently requested a loan redemption statement as part of an effort to raise finance to repay the outstanding loan. The Joint Administrators provided this redemption statement in May 2021.

Following receipt of the redemption statement, the borrower advised that they would provide a credible repayment proposal for the Property Receivers / Joint Administrators to consider. A settlement offer of £60,000 was received in January 2022 however, after deduction of costs, this would have resulted in a shortfall in investor capital. This offer was therefore rejected by the Joint Administrators who instructed the Property Receivers to commence repossession proceedings.

However, while preparing repossession proceedings, the Property Receivers established that the property is currently occupied by the borrower’s mother following the recent passing of her partner who also lived at the property. The Property Receivers’ legal advisors have recommended that given the current circumstance any possession proceedings should be deferred in the short term and until an optimal recovery strategy can be agreed.

The Joint Administrators will update investors on an agreed recovery strategy when this has been established. Until then the extent to which investor capital and interest will be repaid is uncertain.

HCF101 – Ash Lodge – borrower attempting to refinance
Total outstanding Investor Capital - £466,000

Following their appointment, the Joint Administrators established that a second lender with a registered legal charge over the borrower’s property had appointed a Property Receiver (“the Property Receivers”).

The Joint Administrators have pro-actively engaged with the Property Receivers who haven in turn been providing regular updates on their interaction with the borrower. On various occasions the Property Receivers advised that the borrower was taking steps to raise third party finance in order to repay the outstanding loan.

Disappointingly however, despite these assurances from the borrower there has been no tangible evidence that the borrower is able to arrange a refinance. The Property Receivers subsequently set the borrower a repayment deadline of 18 February, which was missed by the borrower. The Joint Administrators are now awaiting the Property Receivers for an update on their proposed next steps which is likely to involve a Court application for possession of the property with a view to a sale.

The Joint Administrators will update investors on the extent to which investor capital will be returned as soon as the Property Receivers have confirmed their recovery strategy and estimated net realisation proceeds that HCFSA can expect. Based on current information the Joint Administrators do not anticipate that any interest will be paid on this loan.

Loans in Default

HCF191 – Old Lluesty Hospital development
Total outstanding Investor Capital - £2,793,000

Following their appointment, the Joint Administrators established that the borrower had defaulted on this loan in October 2020 but that HCFSA had agreed to extend the repayment deadline for the borrower to June 2021.

Accordingly, the Joint Administrators subsequently contacted the borrower and offered to honour the extension granted by HCFSa. In response, the borrower made a full and final settlement offer of £1,800,000 in May 2021 to the Administrators to settle their outstanding debt. This offer was rejected by the Joint Administrators as it would have left investors with a significant shortfall especially when considering accrued default interest. Furthermore, independent professional agents instructed by the Joint Administrators have confirmed that the development's realisable value is in excess of the offer made by the borrower.

The borrower has since made a further increased offer of £2,650,000 on 21 December 2021 however this has also been rejected. Based on current information the Joint Administrators are unable to justify accepting an offer from the borrower at levels mentioned above but continues to negotiate with the borrower.

HCF181 – Mead Crescent

Total outstanding Investor Capital - £314,000

Following their appointment, the Joint Administrators were advised by Property Receivers ("the Property Receivers") already appointed by HCFSa that the borrower was awaiting funds from the sale of certain assets to enable a full redemption of the loan and has been in regular contact to provide update on progress.

However, despite the Property Receivers making several requests for the source of these funds to be disclosed, the borrower has been unable to provide the Joint Administrators with corroborative evidence of their ability to repay the outstanding loan.

The Property Receivers are therefore now in the process of applying to Court for possession of the property. The sale of the property will be subject to the ability of the Property Receivers to obtain vacant possession (we understand that the property is currently occupied by the borrower's mother with the borrower and her husband also residing at the property on a temporary basis). An application has been made for possession of the property and the Joint Administrators are awaiting an update from their lawyers.

Based on the Property Receivers' initial assessment of the likely vacant property realisation value for the property, a full recovery of investor capital is expected however this is subject to vacant possession being obtained. Subject to the level of costs incurred by the Property Receivers, it is expected that an element of interest may be recovered from the sale of the property.

HCF165 – Cherry Tree

Total outstanding Investor Capital - £125,000

Following their appointment, the Joint Administrators were advised that a Tomlin Order was in existence in favour of HCFSa which ordered the borrower to pay £150,000 to HCFSa by no later than 23 March 2020, failing which HCFSa could commence repossession and sale of the property.

When the Joint Administrators contacted the borrower seeking the payment of £150,000 as stipulated in the Tomlin Order, the borrower advised that they had encountered numerous issues in 2020 whilst attempting to sell the property and were now attempting to complete refinance of the property in order to repay the outstanding loan.

A formal valuation of the property was carried out at the request of the Joint Administrators which highlighted various issues with the property's title which may prevent the borrower from being able to refinance the property. Given the issues with the property, the valuation suggests that the property may only be suitable for cash buyers.

The Joint Administrators have since requested, on numerous occasions, corroborative evidence of the borrower's attempt to refinance and likelihood of success. However, to date the borrower has failed to provide the same and the Joint Administrators have therefore on 28

February 2021 instructed solicitors to issue formal demand to the borrower giving him 14 days to repay the loan in full failing which repossession proceedings would immediately commence as provided for under the Tomlin Order. The borrower has since responded advising that the offer of refinance had lapsed and they would be asking the new lender to re-issue this offer.

Given the issues with the title, concerns exist as to whether the property can be refinanced. The extent to which investor capital and interest can be returned is currently uncertain unless the issues with the title of the property can be resolved.

HCF186 – Hale Road

Total outstanding Investor Capital - £240,000

On appointment, the Joint Administrators contacted the borrower to request full repayment of the outstanding loan balance or an acceptable repayment proposal.

However, the borrower immediately disputed the outstanding loan amount per HCFSA's records and has continued to do so ever since. The Joint Administrators have repeatedly asked the borrower for a written explanation (with corroborating evidence) of the basis on which he asserts that the outstanding loan amount is inaccurate.

However, to date the borrower has failed to provide any acceptable explanation or supporting evidence in respect of the disputed amount. Legal proceedings have now been issued by the borrower purportedly seeking to prove a claim against the Joint Administrators. The basis of the claim is that funds were paid to an account held by The House Crowd and these funds should be taken in reduction of the capital outstanding on this loan.

The borrower's application is seeking the Court's permission to override the administration order moratorium on any creditor enforcement action against HCFSA and has been listed for hearing in June 2022. The Joint Administrators now intend to commence proceedings in respect of the security held.

The view of the Joint Administrators is that the full amount of the loan (including the disputed amount plus accrued default interest) is due and payable by the borrower and will continue to push for repayment.

HCF185 – Micheldelving

Total outstanding Investor Capital - £534,000

On appointment the Joint Administrators were provided with a detailed summary of the history of the loan.

Full details of the nature of the dispute with the borrower cannot be disclosed at this time so as not to prejudice any future legal proceedings or negotiations that may occur with the borrower. An offer of partial settlement (£135,000) was submitted by the borrower's solicitor to the Joint Administrators on May 2021 however this was rejected given the significant loss to investors that this would represent.

The borrower has since failed to make any further settlement offers to the Joint Administrators who have therefore instructed solicitors to consider the optimal recovery strategy open to the Joint Administrators. The Joint Administrators will update investors in their next update on the steps to be taken to recover the loan.

In light of the current status of the loan it is highly unlikely that investor capital will be repaid in full.

HCF193 – Derwen Y Fron**Total outstanding Investor Capital - £691,000**

At the time of the Joint Administrators' appointment the existence of this loan was not immediately apparent from the Companies' records. The existence of this loan came to light as part of the reconciliation of the Auto Invest monies and has been funded solely by Auto Invest investors. This loan is secured by a 1st legal charge over a pub in Nefyn known as The Ship Inn and a 2nd legal charge over the borrower's domestic property which is also in Nefyn.

The Ship Inn was valued on behalf of HCFSA in June 2019 at £595,000. At the same time the borrower's private residence was valued at £885,000 which was made up of £635,000 for the main house and £250,000 for large barn outbuildings. At drawdown of the loan, there was a prior 1st ranking mortgage on the borrower's private residence of £235,000.

On discovering the loan the Joint Administrators immediately contacted the borrower seeking full repayment of the loan which defaulted on 1 February 2020. The borrower advised that they were looking to refinance the loan however to date have failed to redeem the loan. A review of the files prior to the appointment of the Joint Administrators revealed that previous comments had been made by the borrower and their broker regarding unsuccessful attempts to refinance the loan.

The Joint Administrators have now issued formal demand for repayment to the borrower given that this loan has been in default for a long period of time. Since issuing demand, no correspondence has been received from the borrower and the Joint Administrators are now proceeding to appoint Property Receivers over the properties held as security for this loan.

Based on the current information available, the level of return of investor capital is currently uncertain.

HCMF002 – The Chimes**Total outstanding Investor Capital - £450,000**

Funds raised from investors in respect of this loan were invested via an online investment platform called Cogress. Cogress are a property investment platform who provide mezzanine funding to property developers. These funds were lent to The Chimes Broxbourne Limited to assist with the development of houses in Broxbourne. The scheme is known as The Chimes and phase 1 of this development consisted of 33 private houses as well as an affordable housing element. The senior debt element for this development was provided by a lender called Lendinvest who hold a 1st ranking legal charge over the development site.

All security and loan documentation relating to the Chimes name Cogress as principal as opposed to HCFSA or investors, therefore the ability to enforce security following any default by the developer would fall to Cogress and not the Joint Administrators (on behalf of HCFSA/investors).

The Joint Administrators are in regular contact with Cogress who provide quarterly updates in respect of the ongoing Chimes development. The last update provided to the Joint Administrators by the Cogress confirmed that 24 of the 28 houses being built as part of phase 1 have been completed and sold.

In relation to the remaining 4 properties, 3 are reserved and 1 is currently being marketed for sale. The 3 reserved properties are all scheduled to complete during March 2022 with an aggregate sales price of £2,292,000 with the last available property on the market for sale at £830,000. The Lendinvest loan has now been repaid in full therefore any future sales proceeds will be paid directly to Cogress.

The balance on the Cogress loan as at 31 January 2022 was capital of £2,631,906 plus accrued interest of £1,984,887. Based on the gross sales prices for the 4 remaining properties, these should be sufficient to repay the entire capital outstanding owed to Cogress plus provide a contribution towards the accrued interest. In respect of any shortfall in payment of accrued interest, Cogress hold a 1st legal charge over a piece of land designated for the 2nd phase of the Chimes development. This was valued at £1,000,000 without the benefit of planning permission. An application has been submitted for planning permission to build more properties on this land. If this application is granted, it is expected that the value of this land will increase.

Cogress are in discussions with the borrower and the full repayment of the loan and accrued interest is ongoing.

Interest and Capital Shortfall Loans

The list below details those loans which are in default and may have previously been in receivership, where the secured property/asset has been sold, with funds used to part redeem the loan. As such, there remains either a capital shortfall or where capital has been repaid in full, an interest shortfall. Details of these loans have been passed to the Joint Administrators' solicitors for them to advise on the appropriate recovery steps:

HCF021 – 214, 216 & 218 Rice Buildings (Capital Shortfall)

The borrower's listed address per HCFSA's records appeared to be rented accommodation and was likely out of date. Therefore, in order for the Joint Administrators to pursue the shortfall they have to establish the borrower's current address in order to be able to issue Letter before Action (LBA). The Joint Administrators anticipate that any recovery action would have limited success at this stage.

HCF028 – 1 & 3 Falstaff Road (Capital Shortfall)

The borrower's listed address per HCFSA's records appeared to be a housing association property. Therefore, in order for the Joint Administrators to pursue the shortfall they would need to issue a Letter before Action (LBA). This letter would be issued by the solicitor appointed to deal with this matter. The Joint Administrators anticipate that any recovery action would have limited success at this stage.

HCF071 – Nursery, The Elms Golf Centre (Capital Shortfall) & HCF076 – 73 High Street (Capital Shortfall)

The corporate borrower of these two loans provided as security to HCFSA as well as an unlimited personal guarantee from its Director. The Joint Administrators' solicitors have located two separate addresses linked to the guarantor and are in the process of issuing a Letter before Action in respect of the shortfall.

HCF077 – 23 Mendip Road (Capital Shortfall)

The Joint Administrators have identified potential irregularities relating to the manner in which this loan was obtained. Accordingly, solicitors have been instructed to approach the borrower's solicitors regarding the conveyance and the legal due diligence that was undertaken at the time of the loan was issued.

At this stage, the Joint Administrators are unable to provide any further comment regarding this matter so as not to prejudice any recovery action that may be taken to recover investor funds.

HCF131 – Cadoxton Carehome Site (Capital Shortfall)

The borrower of this loan is a limited company through which development of land was being undertaken.

The Joint Administrators have established from records at Companies House that the Company's last set of accounts were filed for the year ending 2018. From a review of this information the only asset the company appeared to own was the development land which has now been sold by a Property Receiver ("the Property Receivers") appointed prior to the commencement of HCFSA's administration. All sales proceeds have been paid over to the Joint Administrators by the Property Receivers and a shortfall of £281,000 remains.

In light of the above it is not viable for the Joint Administrators to pursue the corporate borrower for the current shortfall. HCFSA does have the benefit of an unlimited personal guarantee from the Director of the corporate and the Joint Administrators' have instructed their appointed solicitors to formally call upon this guarantee.

HCF102 – 5 Copse Hill (Interest Shortfall)

The Joint Administrators' solicitors believe they have located an address for the borrower and will now look to issue a Letter before Action for repayment of the interest shortfall on the loan.

HCF053 – 9a & 9b Daleview Road (Interest Shortfall)

The Joint Administrators have established that the property address provided by the borrower at the time the loan was applied for was sold in 2019. Therefore, to pursue the borrower their current address will have to be located. We will now look to instruct solicitors and a tracing agent to try and locate the borrower.

HCF081 – 10 Raphael Drive – (Interest Shortfall)

The Joint Administrators have established that the property address provided by the borrower at the time the loan was applied for was sold in 2021. Therefore, to pursue the borrower their current address will have to be located. We will now look to instruct solicitors to ask a tracing agent to try and locate the borrower.

HCF049 – Les Bouviers (Interest Shortfall)

The Joint Administrators have established that the property address provided by the borrower at the time the loan was applied for was sold in 2020. Therefore, to pursue the borrower their current address will have to be located. We will now look to instruct solicitors and a tracing agent to try and locate the borrower.

Redeemed Loans

HCF192 – Windsor Street – May 2021

Original investor capital - £35,000

Original gross loan - £36,779

Redemption after costs - £47,129

Following a review of HCFSA's records, the Joint Administrators received correspondence from the borrower's solicitor requesting a redemption statement with a view to repaying the loan. The borrower subsequently made a net payment of was £47,129.

A distribution to investors will be made following receipt of direction from the Court at the second Court proceedings as discussed earlier.

HCF27 – Hertford Way, York Road Industrial Estate – July 2021

Total outstanding Investor Capital - £Nil

Having repaid the investor capital advanced under the loan, the borrower had entered into a settlement agreement whereby they would adhere to a payment schedule to pay £165,000 in final settlement of any interest due under the loan.

The borrower adhered to the terms of the settlement agreement and the final payment of £100,000 was received on 30 June 2021.

We are awaiting final cost details from advisors in respect of this loan before we can advise the final amount available for distribution to investors.

A distribution to investors will be made following receipt of direction from the Court at the second Court proceedings.

HCF160 – 41 Bryanston Road – September 2021

Original Investor Capital - £165,000

Original gross loan - £165,000

Redemption after costs - £241,974

Following their appointment, the Joint Administrators were advised by HCFSA's legal advisors that, whilst Property Receivers had been appointed over this property, they were awaiting vacant possession to enable them to progress a sale of the property.

The Property Receivers significantly accepted an offer in the sum of £265,000 with the sale completing in September 2021.

Following completion, the Property Receivers remitted the net sale proceeds to HCFSA. It is anticipated that investor capital will be recovered in full and there will be a payment of an element of interest.

A distribution to investors will be made following receipt of direction from the Court at the Second Court proceedings.

HCF087 – 107 Frith Road – February 2022

Original Investor Capital - £980,000

Original Gross Loan - £980,000

Redemption after costs - £680,000

A settlement was reached with the borrower prior to the appointment of the Joint Administrators. This settlement involved the borrower voluntarily surrendering the property with vacant possession to allow the appointed Property Receivers to sell the property.

The property was sold and funds were paid across to HCFSA in January 2021. A small amount of the sales proceed were retained to cover final bills associated with the receivership. The Joint Administrators have recently been advised that all costs have now been settled by the Property Receivers and a final distribution of c£4,400 will be made. These funds represent the final amount of sales proceeds that were retained by the Property Receivers.

A final distribution to investors will be made following receipt of direction from the Court at the Second Court proceedings.

HCF20 – Caverswall Castle – March 2021

HCF35 – The Moathouse – March 2021

Total outstanding Investor Capital - £706,000 (HCF20 £430,000; HCF35 £276,000)

As detailed in the previous update provided by the Companies on 15 January 2021 (prior to the appointment of the Joint Administrators), the above properties had been sold by Property Receivers ("the Property Receivers") appointed by the Companies with completion due to take place in March 2021.

The sale completed and the Property Receivers remitted an initial payment of £315,000 from the sale proceeds to HCFSA. The Property Receivers retained the balance of the proceeds pending the finalization of costs associated with the sale. These costs have now been settled and a final distribution of £82,693 has been received.

As has been previously communicated, the total combined sale proceeds will be apportioned 80:20 in favour of HCF20 as it houses the larger property. As a result, the net proceeds received to date after costs are £318,154 for HCF20 and £79,538 for HCF35 respectively.

A distribution to investors will be made following receipt of direction from the Court at the Second Court proceedings.

HCF137 – Broadland Cottages – February 2022

Original Investor Capital - £87,000

Redemption after costs – £139,181

Following their appointment, the Joint Administrators established that the borrower had previously advised that they were seeking third party funding to refinance the loan and in the interim period had agreed to make contributions towards their default interest liability under their loan agreement.

The borrower since decided to sell the property and the sale completed on 22 February 2022 and the proceeds to redeem our charge were remitted by the solicitor who acted on behalf of the borrower.

A distribution to investors will be made following receipt of direction from the Court at the Second Court proceedings.

HCF68 – 260 Newport Road – Sale Completed – July 2021

Total outstanding Investor Capital - £262,000

Following their appointment, the Joint Administrators were advised by Property Receivers ("the Property Receivers") already appointed by HCFSA that the property had been placed into auction for sale.

However, following this sale completion became protracted as on several occasions, sales were agreed only for the prospective purchasers to fail to exchange contracts. The Property Receivers placed the property into auction one more time on 18 May 2021 following which contracts were exchanged with a purchaser for a sale price of £265,000. A sale of the property subsequently completed on 22 July 2021.

The sum of £193,500 has been received after deduction of the Property Receivers' recovery costs with a further sum of £3,000 retained to cover any final accounts which may need settling. The Joint Administrators have now requested that any remaining funds are paid over.

In respect of the capital shortfall on this loan, this matter will now be passed to solicitors to review the merits of pursuing the borrower for the same.

The House Crowd Limited – in Administration (“THC”)

House Crowd Finance (Security Agent) Limited - in Administration (“HCFSA”)

- Together (“the Companies”)

Following the one-year anniversary (on 24 February 2022) of their appointment, the Joint Administrators are now in a position to provide an update to all investors on their efforts to recover the due and outstanding development loans (“the development loans”).

Important notice:

- This update has been prepared for the sole purpose of updating the investors in the development loans. This update is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by investors or by any other person for any purpose whatsoever other than for information purposes in order to understand the recovery of the development book.
- This update should be read in conjunction with all previously provided updates by the Joint Administrators, including statutory reports provided to the Companies’ respective creditors as required under the Insolvency Act.
- The Capital outstanding figures have been provided in accordance with information contained within the Companies’ books and records at the time of reporting and may be subject to change. The Joint Administrators are not auditors and have therefore not carried out what could be considered an audit verification of this information.
- From their analysis of the books and records of the House Crowd companies the Joint Administrators have established that the House Crowd Development (“HCD”) companies which house the developments funded by investors, have significant outstanding intercompany loans amongst them. This shows that significant sums have been lent by THC/HCD companies to other HCD companies to allow constructions works to continue uninterrupted. Details of these intercompany balances are listed below for each HCD company. These balances have not been audited and are provided for information purposes. Where there is an estimated shortfall to investors outlined below this has been stated without factoring in the aforementioned intercompany debtor or creditor. Should these intercompany loans be repaid, there will be either a positive or negative impact on the final level of returns to investors. The Joint Administrators are currently seeking legal advice in relation to the validity of enforcing these intercompany positions.
- As a result of the Companies’ inability to consistently create and maintain detailed and robust information and records relating to investor funds and the subsequent deployment and tracking of the same by development or bridging loan, the Joint Administrators are unable to accurately determine what funds are rightfully payable to individual investors as and when investments are realised. The Joint Administrators therefore intend to seek Court directions (“the second Court proceeding”) on the fairest mechanism to utilise in distributing funds back to investors.

- However, the Joint Administrators are unable to substantially commence the work required to produce such a distribution mechanism until the basis on which they will be remunerated for their work and necessary administration expenses will be funded, is decided by Court (“the first Court Proceeding”).
- The Joint Administrators are due to issue their application in the first Court Proceedings imminently. The lodging of this application has taken a significant amount of time to be finalised as the Joint Administrators have had to clear a variety of complex legal and regulatory hurdles including satisfying the FCA of the merits of their application before being able to proceed.
- The Joint Administrators act as agents of the Companies and without personal liability.

1. HC Development Co 2 Limited (“HCD2”) - Alderley Edge

Plots on site – 4

Plots sold to date – 4

Outstanding Investor Capital - £1,784,385

Intercompany payables owing to other HCD/THC companies:

HCD1 – c.£2,500

HCD3 – c.£6,200

HCD4 – c.£8,348

HCD5 – c.£24,000

HCD10 – c.£58,386

House Crowd Finance Limited – c.£8,650

Total - £108,084

Funds currently held - £1,374,326

Current anticipated Capital Shortfall - £410,059

Update - This development site has been completed with all properties sold. The current level of funds held by HCFSa from sale proceeds totals £1,374,326, however investors should note that these funds will not be available for return to investors until the following matters are decided:

- a. Establishing the extent to which inter-company loans to HCD 2 from other HCD companies may need to be repaid. There is currently a sum of £107,934 owing to other HCD companies and House Crowd Finance Limited as outlined above;
- b. The first Court proceeding is concluded and a decision handed down by the Court on the basis on which the costs of the Companies’ administrations including the Joint Administrators’ fees, will be funded; and

- c. The second Court proceeding is concluded, and a decision handed down by the Court on the fairest mechanism by which the Joint Administrators can return funds to investors

HC Development Co 3 Limited (“HCD3”) – The Woodlands

Plots on site – 28

Plots sold to date – 28

Outstanding Investor Capital - £1,291,902

Intercompany receivables from other HCD/THC companies:

HCD2 – c.£6,200

HCD25 – c.£91,000

HCD19 – c.£78,000

Total - £175,200

Intercompany payables owing to other HCD/THC companies:

HCD10 – c.£635

House Crowd Property Management Limited – c.£40,405

Total - £41,040

Funds currently held - £419,000

Current anticipated Capital Shortfall - £872,902

Update – In our last update to investors in September 2021 the Joint Administrators advised that there was one plot remaining to be sold. The Joint Administrators are pleased to advise that this plot was sold on 11 February 2022.

As previously reported, this development has been adversely impacted by the need for a significant level of unforeseen remedial work (snagging, drainage issues, complying with planning notices etc.) The costs associated with these remedial works have had to be met out of the proceeds from previous plot sales.

Unfortunately, on current information it is likely that investors exposed to HCD3 will suffer a capital loss of £872,902. Investors should note that this is subject to change and the level of returns will most likely decrease further, once costs associated with the development company have been paid.

Funds will not be available for return to investors until the following matters are decided:

- a. Establishing the extent to which intercompany payables can be repaid and intercompany receivables collected;

- b. The first Court proceeding is concluded and a decision handed down by the Court on the basis on which the costs of the Companies' administrations including the Joint Administrators' fees, will be funded; and
- c. The second Court proceeding is concluded and a decision handed down by the Court on the fairest mechanism by which the Joint Administrators can return funds to investors

HC Development Co 14 Limited ("HCD14") – Library House

Plots on site – 14

Plots sold to date – 13

Outstanding Investor Capital - £937,000

Intercompany payables owing to other HCD/THC companies:

HCD15 – c.£250

HCD16 – c.£49,363

HCD19 – c.£27,527

HCD25 – c.£47,000

Total - £124,121

Funds currently held - £746,000

Current anticipated Capital Shortfall – c.£96,000

Update – Since the Joint Administrators' last update, a further 5 properties have been sold.

On completion of the build and commission phase of these properties a significant amount of snagging issues arose which the Joint Administrators have worked with HCD14's directors to resolve over a few months to enable the sale of the properties.

There remains one property plot to be sold which is currently under offer at £115,000. This is a smaller unit than the other properties in the development and was therefore always going to be the most problematic to sell.

HCD14's instructed sales agents have advised that this sale is expected to complete by the end of March 2022.

As already advised above, funds will not be available for return to investors until the following matters are decided:

- a. The first Court proceeding is concluded, and a decision handed down by the Court on the basis on which the costs of the Companies' administrations including the Joint Administrators' fees, will be funded; and
- b. The second Court proceeding is concluded, and a decision handed down by the Court on the fairest mechanism by which the Joint Administrators can return funds to investors

HC Development Co 15 Limited ("HCD15") – Buckton View

Plots on site – 36

Plots sold to date – 36

Outstanding Investor Capital - £3,402,999

Funds currently held - £2,408,000

Current anticipated Capital Shortfall - £994,999

Intercompany receivables from other HCD/THC companies:

HCD19 – c.£83,500

HCD14 – c.£250

HCD19 – c.£74,253 (created post appointment)

HCD16 – c.£25,534 (created post appointment)

HCD22 – c.£7,890 (created post appointment)

HCD3 – c.£1,500 (created post appointment)

Total - £192,927

Update – Following their appointment, the Joint Administrators were informed that all contractors working on the development had stopped all works and left site due to non-payment. Furthermore, the site required significant work to reach a stage of practical completion.

The Joint Administrators subsequently took practical steps to secure the site before promptly agreeing with the directors of HCD15 the basis on which the site contractors could be approached to get work re-started on the site.

The Joint Administrators agreed with the directors of HCD15 that acting on behalf of HCFA (as Security agent), they would facilitate a treasury function for HCD15 to enable site contractors to be paid their outstanding invoices in order that onsite work could re-start.

Since the introduction of the treasury function which allows the Joint Administrators to control and oversee the flow of development related cash inflows and outflows and safeguard investor interests, a total of 12 properties have been built and sold by HCD15 under the supervision of the Joint Administrators.

Where an intercompany position has been created after the Joint Administrators' appointment, this has been at the request of the directors of the relevant HCD company and was necessary to make critical payments.

The anticipated capital shortfall to investors from this site has been caused by a combination of several unexpected issues such as the site being mothballed and incurring holding costs whilst subcontractors were sourced. In addition, the general increase in material prices and availability of materials have further exacerbated the likely shortfall in investor returns

In summary funds will not be available for return to investors until the following matters are decided:

- a. Establishing the extent to which inter-company loans to HCD15 from other HCD companies may need to be repaid;
- b. The first Court proceeding is concluded, and a decision handed down by the Court on the basis on which the costs of the Companies' administrations including the Joint Administrators' fees, will be funded; and
- c. The second Court proceeding is concluded, and a decision handed down by the Court on the fairest mechanism by which the Joint Administrators can return funds to investors

HC Development Co 16 Limited ("HCD16") – Moss Lane, Crewe

Plots on site – 12

Plots sold to date – 0

Outstanding Investor Capital - £2,115,971

Intercompany receivables from other HCD/THC companies:

HCD25 c.£40,000

HCD14 – c.£49,363

Total - £89,363

Intercompany payables owing to other HCD/THC companies:

House Crowd Finance Limited – c.£7,700

HCD1 – c.£7,000

HCD15 – c.£25,534 (created post appointment)

Total - £40,234

Current funding provided by Third Party lender - £321,327

Current funding gap to complete the development - £152,039

Current anticipated Capital Shortfall - £342,971

Update – Following their appointment, the Joint Administrators were informed that the Moss Lane development was unable to reach practical completion stage without additional funding from a Third-party lender to bring outstanding payments to site subcontractors up to date.

The Joint Administrators subsequently took practical steps to secure the site before promptly agreeing with the directors of HCD16 the basis on which the site subcontractors could be approached to get work re-started on the site. The Joint Administrators agreed to facilitate payments to certain key contractors whilst third party funding was sought by HCD16's director.

On 26 May 2018, HCD16 entered into an agreement with Together Money for the sum of £325,000 to be lent to HCD16 to ensure the completion of the development site. This followed an investor vote in April 2021 by which investors agreed to consent to the granting of prior ranking charge in favour of Together Money to allow the development to be completed.

The loan to HCD16 was secured by a first priority fixed charge over the development properties. This loan will therefore have to be repaid in full prior before any funds can be repaid to investors.

Since building works re-commenced on the Moss Lane site, this development has unfortunately been beset with various issues relating to the quality of the work carried out by subcontractors.

Furthermore, frequent changes in personnel have arisen which has resulted in the relationship with the contractor breaking down. As a result, the site is now being managed by the directors of HCD16 with new subcontractors being employed to rectify defective work and complete the development. Unfortunately, this has resulted in an additional funding requirement of £152,039 which Together Money has agreed to provide under its facility.

It is anticipated that the Moss Lane development will be completed and all plots sold by September 2022.

In summary funds will not be available for return to investors until the following matters are decided (in priority):

- a) The completion and sale of the remaining plots;
- b) Establishing the extent to which intercompany payables can be repaid and intercompany receivables collected;
- c) The first Court proceeding is concluded and a decision handed down by the Court on the basis on which the costs of the Companies' administrations including the Joint Administrators' fees, will be funded; and
- d) The second Court proceeding is concluded and a decision handed down by the Court on the fairest mechanism by which the Joint Administrators can return funds to investors

HC Development Co 17 Limited – Parkside

Outstanding Investor Capital - £nil

Plots on site – 14

Plots sold to date – 14

Update – Following their appointment, the Joint Administrators were advised that one plot sale remained, and that investor capital had been repaid in full prior to their appointment.

The remaining property sold in March 2021. It is currently anticipated that there will be surplus funds available to pay an element of interest to investors

In summary funds will not be available for return to investors until the following matters are decided:

- a. The first Court proceeding is concluded, and a decision handed down by the Court on the basis on which the costs of the Companies' administrations including the Joint Administrators' fees, will be funded; and
- b. The second Court proceeding is concluded, and a decision handed down by the Court on the fairest mechanism by which the Joint Administrators can return funds to investors

HC Development Co 19 Limited ("HCD19") – Fox Owl Rise

Outstanding Investor Capital - £8,417,440

Plots on site – 54

Plots sold to date – 22

Intercompany receivables from other HCD/THC companies:

HCD14 - £27,527

Intercompany payables owing to other HCD/THC companies:

HCD3 - £78,000

HCD15 - £83,507

HCD21 - £248,483

HCD20 - £46,069

HCD15 - £74,253 (created post appointment)

Total - £530,312

Funding provided by Third Party lenders fully repaid - £0

Current anticipated Capital Shortfall – c.£1,700,000

Update - Following their appointment, the Joint Administrators were informed that the Fox Owl Rise development was unable to reach practical completion stage without additional funding from a Third-party lender to bring outstanding payments to site subcontractors up to date.

The Joint Administrators subsequently took practical steps to secure the site before promptly agreeing with the directors of HCD19 the basis on which the site subcontractors could be approached to get work re-started on the site.

Where an intercompany position has been created after the Joint Administrators' appointment, this has been at the request of the directors of the relevant HCD company and was necessary to make critical payments.

In relation to the development funding gap, the Joint Administrators worked with the directors of HCD19 to find a willing Third-party lender to bridge this gap. This funding was provided on 28 May 2021 by Together Money and subsequently fully repaid in September 2021 when a local housing association completed a bulk purchase of 10 properties for a total consideration of £1,800,000. These sales generated a net surplus of £850,000 after repayment of the funding from Together Money, payment of Section 106 agreement plus sales costs.

This surplus has broadly been recycled to cover the cost of the ongoing works at Fox Owl Rise. All payments made from the recycled sales proceeds have been made under the strict supervision of an independent monitoring surveyor instructed by the Joint Administrators as part of the treasury function being provided by the Joint Administrators as explained earlier.

A further sale of 7 properties to the housing association was completed for a total consideration of £1,277,500 on 7 January 2022.

It is anticipated that the Fox Owl Rise development will be completed and all remaining plots sold by March 2023.

The anticipated capital shortfall to investors has therefore been caused primarily by costs overruns and the need to obtain a prior ranking loan from Together Money which has been repaid but will reduce the overall future returns available for investors. Please note that extent of investor loss will be dependent upon ongoing build costs to complete the development plus actual plot sale proceeds which may vary from current estimates.

In summary funds will not be available for return to investors until the following matters are decided (in priority):

- a) The completion and sale of the remaining plots;
- b) Establishing the extent to which intercompany payables can be repaid and intercompany receivables collected;
- c) The first Court proceeding is concluded and a decision handed down by the Court on the basis on which the costs of the Companies' administrations including the Joint Administrators' fees, will be funded; and
- d) The second Court proceeding is concluded and a decision handed down by the Court on the fairest mechanism by which the Joint Administrators can return funds to investors

HC Development Co 20 Limited ("HCD20") – Rudheath

Outstanding Investor Capital - £627,400

Plots on site – 19

Plots sold to date – 19

Funds currently held - £889,000

Current anticipated Capital Shortfall - £nil

Intercompany receivables from other HCD/THC companies:

HCD19 - £46,069

Update - Following their appointment, the Joint Administrators were informed that five plots remained to be sold due to various snagging work that need to be resolved across the properties. These snagging resulted in delays to the completion of the properties across the 5 plots as well as reductions in the sale prices.

The Joint Administrators are pleased to report that since their last update to investors, the 5 property plots have been sold and funds transferred to a bank account under the control of the Joint Administrators. Based on current information, whilst investors should recover their capital in full there will only be a partial recovery of accrued interest as this will be impacted by the Joint Administrators' costs once the Court has approved the basis of recovery at the first Court proceeding.

As already advised above, funds will not be available for return to investors until the following matters are decided:

- a. The first Court proceeding is concluded, and a decision handed down by the Court on the basis on which the costs of the Companies' administrations including the Joint Administrators' fees, will be funded; and
- b. The second Court proceeding is concluded, and a decision handed down by the Court on the fairest mechanism by which the Joint Administrators can return funds to investors

House Crowd Development Co 21 Limited ("HCD21") - 101 Manchester Road

Outstanding Investor Capital - £3,102,193

Plots on site – 6

Plots sold to date – 0

Intercompany receivables from other HCD/THC companies:

HCD19 – c.£248,483

Intercompany payables owing to other HCD/THC companies:

HCD25 – c.£75,000

HCD1 – c.£34,000

Total - £109,000

Current funding provided by Third Party lenders - £558,089

Current funding gap to complete the development - £208,692

Current anticipated Capital Shortfall – c.£200,000

Update - Following their appointment, the Joint Administrators were advised that the site required continued development work and that third-party funding was required to reach a stage of practical completion.

The Joint Administrators took steps to arrange site security, ensuring that the development was secure and entered discussions with site contractors. The Joint Administrators facilitated payments to certain contractors whilst third party funding was sought to ensure continuity in the build process.

The Joint Administrators also liaised with the directors of the development company in respect of the third-party funding required for the site. In relation to the development funding gap, the Joint Administrators worked with the directors of HCD21 to find a willing Third party lender to bridge this gap. This funding was provided on 27 May 2021 by Together Money. . This followed an investor vote in April 2021 by which investors agreed to consent to the granting of prior ranking charge in favour of Together Money to allow the development to be completed.

The third-party funding detailed above ranks as a first charge over the development properties and will be required to be repaid in full prior to repayments to investors.

Since building works re-commenced on the 101 Manchester Road site, this development has unfortunately been beset with various issues relating to the quality of the work carried out by subcontractors. Furthermore, frequent changes in personnel have arisen which has resulted in the relationship with the contractor breaking down.

As a result, the site is now being managed by the directors of HCD21 with new subcontractors being employed to rectify defective work and complete the development. Unfortunately, this has resulted in an additional funding requirement of £208,692 which Together Money has agreed to provide under its facility.

It is anticipated that the 101 Manchester Road development will be completed and all plots sold by March 2023. Currently only 2 (the Coach House and one of the five apartments) of the 6 plots are under offer.

The anticipated capital shortfall to investors has therefore been caused primarily by costs overruns and the need to obtain a prior ranking loan from Together Money which when repaid will reduce the overall future returns available for investors. Please note that extent of investor loss will be dependent upon the actual plot sale proceeds which may vary from current estimates.

In summary funds will not be available for return to investors until the following matters are decided (in priority):

- e) The completion and sale of the remaining plots;
- f) Establishing the extent to which intercompany payables can be repaid and intercompany receivables collected;
- g) The first Court proceeding is concluded and a decision handed down by the Court on the basis on which the costs of the Companies' administrations including the Joint Administrators' fees, will be funded; and

- h) The second Court proceeding is concluded, and a decision handed down by the Court on the fairest mechanism by which the Joint Administrators can return funds to investors

House Crowd Development Co 22 Limited (“HCD22”) - Heywood

Outstanding Investor Capital - £1,730,000

Plots on site – 13

Plots sold to date – 0

Current funding provided by Third Party lenders - £590,143

Current funding gap to complete the development - £154,459

Current anticipated Capital Shortfall – c.£83,000

Intercompany payables owing to other HCD/THC companies:

HCD15 – c.£7,890 (created post appointment)

Update - Following their appointment, the Joint Administrators were advised that the site required continued development work and that third-party funding was required to reach a stage of practical completion.

The Joint Administrators took steps to arrange site security, ensuring that the development was secure and entered discussions with site contractors. The Joint Administrators facilitated payments to certain contractors whilst third party funding was sought to ensure continuity in the build process.

The Joint Administrators also liaised with the directors of the development company in respect of the third-party funding required for the site. In relation to the development funding gap, the Joint Administrators worked with the directors of HCD22 to find a willing Third-party lender to bridge this gap. This funding was provided on 14 May 2022 by Together Money.

The third-party funding detailed above ranks as a first charge over the development properties and will be required to be repaid in full prior to repayments to investors.

Since building works re-commenced on the Heywood site, this development has unfortunately been beset with various issues relating to the quality of the work carried out by subcontractors. Furthermore, frequent changes in personnel have arisen which has resulted in the relationship with the contractor breaking down.

As a result, the site is now being managed by the directors of HCD22 with new subcontractors being employed to rectify defective work and complete the development. Unfortunately, this has resulted in an additional funding requirement of £154,459 which Together Money has agreed to provide under its facility.

It is anticipated that the Heywood development will be completed and all plots sold by March 2023. Currently all of the three bed houses are reserved and a bulk sale of six 4-bedroom houses has been agreed with a local housing association.

The anticipated capital shortfall to investors has therefore been caused primarily by costs overruns and the need to obtain a prior ranking loan from Together Money which when

repaid will reduce the overall future returns available for investors. Please note that extent of investor loss will be dependent upon the actual plot sale proceeds which may vary from current estimates.

In summary funds will not be available for return to investors until the following matters are decided (in priority):

- a) The completion and sale of the remaining plots;
- b) The first Court proceeding is concluded and a decision handed down by the Court on the basis on which the costs of the Companies' administrations including the Joint Administrators' fees, will be funded; and
- c) The second Court proceeding is concluded and a decision handed down by the Court on the fairest mechanism by which the Joint Administrators can return funds to investors

House Crowd Development Co 23 Limited ("HCD23") - The Downs

Outstanding Investor Capital - £9,716,934

Current anticipated Capital Shortfall – c.£8.2m

As investors are already aware, a property receiver was appointed over the Downs on 22 February 2021 (3 days before the Joint Administrators' appointment over HCFSA) by the vendor of the land who was still owed an element of deferred consideration. Shortly thereafter in order to ensure that investors' interests could be protected where possible the Joint Administrators appointed Jason Elliott and Craig Johns of Cowgill Holloway Business Recovery LLP ("Cowgills") as administrators of HCD23 on 29 March 2021.

The Downs site was subject to significant historical delays in planning which have led to significant holding costs being incurred by HCD23. This was compounded by the actions of the vendor in appointing a property receiver focused on realising assets to repay the vendor's deferred consideration as opposed to maximising returns for House Crowd investors. Immediately following his appointment, the vendor's property receiver formally commenced a sales process to sell the site.

For their part the Administrators' from Cowgills tried to establish the options available to them and with the help of the Joint Administrators sought to seek the appetite of investors to provide further funding to develop the Downs, however, investors failed to pledge the required level of funding which would have settled the vendor's claims and supported the development of the land. This therefore left the sale of the land as the only realistic option.

Protracted negotiations ensued between Cowgills and 2 prospective purchasers with both interested parties walking away from the transaction before contracts could be exchanged. Negotiations subsequently commenced with the Downs' vendor who expressed an interest in purchasing the site back. A deal was agreed to sell the Downs site for £1,950,000 on 22 December 2021.

Investors should note that several costs such as Receiver and Administrator fees (together with their legal costs) will need to be discharged from the aforementioned sale proceeds before and funds will be made available for investors.

The Administrators from Cowgills are currently in discussions with their legal advisors in order to understand the merits of possibly pursuing the solicitors who acted for HCD23 in the negotiation of the sales contract which appears to have been heavily weighted in favour of the site's vendor.

It is currently forecast that this development site causes a total minimum loss to investors of c.£8.2m. This figure excludes any potential recovery from any litigation claim against HCD23's former solicitor.

House Crowd Development Co 25 Limited ("HCD25") – Chapel Walks

Outstanding Investor Capital - £4,506,190

Properties on site – 14

Properties sold to date – 0

Intercompany receivables from other HCD/THC companies:

HCD14 – c.£47,000

HCD21 – c.£75,000

Total - £122,000

Intercompany payables owing to other HCD/THC companies:

HCD3 – c.£91,000

HCD16 – c.£40,000

Total - £131,000

Current funding provided by Third Party lender - £900,000

Current anticipated Capital Shortfall – c.£825,000

Update – At the time of the appointment of the Joint Administrators, works on this site were being funded by a private individual. Following their appointment, the Joint Administrators were advised that the site required continued development work and that additional third-party funding from the private individual was required to reach a stage of practical completion.

The Joint Administrators liaised with the directors of the development company in respect of the additional third-party funding required for the site.

The third-party funding detailed above ranks as a first charge over the development properties and will be required to be repaid in full prior to repayments to investors.

This site has now reached the practical completion stage with minor snagging works being undertaken. Sales agents instructed by HCD25 have now started to market the development with a view to sourcing potential buyers.

As this development is located in Manchester city-centre, effective marketing was not possible until all works had been completed and the finished properties available for prospective purchasers to view. The sales agents had been in discussions with an interested party who was looking to purchase all 14 apartments and had made an offer of c£4,750,000.

However, as the sales agents have been unable to test the market, they have informed the Joint Administrators that it would be imprudent for them to accept the current offer which

would have been at a significant discount to the aggregate value of the individual apartments. The Joint Administrators agreed with this conclusion and the sales agent's decision to reject the offer. Currently, 3 apartments have been reserved with strong interest in 1 other.

It is currently forecast that the development site will provide a capital loss to investors of c.£825,000. This is after repayment of the first ranking third party funding.

In summary, funds will not be available for return to investors until the following matters are decided (in priority):

- a) The completion and sale of the remaining plots;
- b) Establishing the extent to which intercompany payables can be repaid and intercompany receivables collected;
- c) The first Court proceeding is concluded, and a decision handed down by the Court on the basis on which the costs of the Companies' administrations including the Joint Administrators' fees, will be funded; and
- d) The second Court proceeding is concluded, and a decision handed down by the Court on the fairest mechanism by which the Joint Administrators can return funds to investors

Future investor updates

The Joint Administrators will provide their next detailed update to investors within 4 weeks of the next 6-month anniversary of this matter.

House Crowd Property Management Limited – in Administration (“HCPM”)

House Crowd Project Companies (“HCP Companies”)

The Joint Administrators are now able to provide an update in respect of the HCP Companies and the proposed strategy for the return of funds back to shareholders.

Whilst the HCP Companies fall outside the Administration estate of The House Crowd Limited and other associated companies, there is still a significant link between these companies and the HCP Companies in terms of House Crowd employees being utilized to provide support as well as the shareholding that HCPM has in the various HCP Companies.

Prior to the appointment of the Joint Administrators, a divestment program had already commenced to dispose of the properties owned by the HCP Companies. This program has continued and at the time of writing 6 properties are left to sell as follows:

- HCP137
- HCP177
- HCP176
- HCP181
- HCP135
- HCP121

Discussions regarding the return of funds back to HCP shareholders commenced with the incumbent director, Frazer Fearnhead (“FF”), in May 2021, and a proposed strategy was issued which if agreed then would have allowed process to return funds back to shareholders to commence some time ago.

FF subsequently indicated that he no longer wished to continue his role as director of c.81 HCP companies and advised that he would assist in an orderly handover to a replacement director. The Joint Administrators introduced an individual called Michael Hall (“MH”) to FF with a view to taking over the running of the HCP Companies from FF. A short handover period ensued and in October 2021 MH was appointed a director of 72 HCP companies by FF. FF then resigned from his position as director in November 2021.

Discussions regarding the return of funds back to shareholders continued with MH and as communicated in the open letter sent to shareholders of the HCP Companies in December 2021, the return of sales proceeds back to shareholders will be dealt with by a solvent liquidation, known as a Members Voluntary Liquidation (“MVL”).

Prior to these companies being placed into MVL a review of the articles of association (the documents that set out the rules for how the company is run and administered) has been undertaken to ensure that the correct process is followed when placing each company into MVL.

Tasks carried out since this advice was received have included:

- Shared the advice with the HCP director, MH
- Ongoing liaison with retained House Crowd staff who have been preparing y/end accounts for the companies
- Drafted and issued engagement letters to cover the project
- Completed 56 client onboarding packs covering conflict checks, AML/KYC checks, risk assessments etc.
- Agreed how the project is to be implemented by the various staff who will be involved
- Agreeing that the liquidations will be processed in batches of 5 on a FIFO basis meaning that those companies who sold their property longest ago will be processed first. This process

will start by 24 March 2022 with the director swearing declarations of solvency for the first batch, followed in 28 March 2022 with notice being issued to shareholders for the statutory meetings. This is the point when shareholders would start to receive the various notices for returning their proxies for the relevant shareholder meetings.

- The second batch should then be processed 2/3 weeks thereafter. Overall, there's around 1,500-1,800 hours work involved in this project.
- With 56 cases to process this process will take c.22-33 weeks to implement, although this is of course dependent on finalising the o/s sales and completing all the work that is associated with those sales – closing off accounts, settling CT etc
- Distributions will come at some time later, but the proposal is that this should commence 3 months following the appointment of a liquidator. This will be either after tax clearance from HMRC or much earlier on receipt of a signed indemnity from the shareholder where clearance has not been received. We have but a backstop date of 6 months in place.
- The first batch will include the 4 companies where a partial distribution was processed prior to our involvement in February 2021. This is because we are applying a strict FIFO policy based on the selling date of the relevant properties held by each individual company.
- The schedule for the processing and return of funds is as follows:

HCP Entity	Milestone	Declaration of Solvency	Notice of General Meeting	General Meeting Held	Enters Liquidation	Estimated Distribution Date	
HCP 058							
HCP 074							
HCP 103		24/03/2022	28/03/2022	25/04/2022	25/04/2022	23/06/2022	22/09/2022
HCP 129							
HCP 042							
HCP 102							
HCP 149							
HCP 170		11/04/2022	15/04/2022	13/05/2022	13/05/2022	11/07/2022	10/10/2022
HCP 164							
HCP 171							
HCP 175							
HCP 160							
HCP 161		29/04/2022	03/05/2022	31/05/2022	31/05/2022	29/07/2022	28/10/2022
HCP 179							
HCP167							
HCP 168							
HCP 169							
HCP 162		17/05/2022	21/05/2022	18/06/2022	18/06/2022	16/08/2022	15/11/2022
HCP 141							
HCP 151							
HCP 083							
HCP 124							
HCP 123		04/06/2022	08/06/2022	06/07/2022	06/07/2022	03/09/2022	03/12/2022
HCP 173							
HCP 085							
HCP 147							
HCP 165							
HCP 130		22/06/2022	26/06/2022	24/07/2022	24/07/2022	21/09/2022	21/12/2022
HCP 105							
HCP 126							
HCP 144							
HCP 150							
HCP 178		10/07/2022	14/07/2022	11/08/2022	11/08/2022	09/10/2022	08/01/2023
HCP 182							
HCP 183							
HCP 163							
HCP 166							
HCP 172		28/07/2022	01/08/2022	29/08/2022	29/08/2022	27/10/2022	26/01/2023
HCP 174							
HCP 142							
HCP 031							
HCP 146							
HCP 120		15/08/2022	19/08/2022	02/09/2022	02/09/2022	14/11/2022	13/02/2023
HCP 122							
HCP 153							
HCP 154							
HCP 155							
HCP 157		02/09/2022	06/09/2022	20/09/2022	20/09/2022	02/12/2022	03/03/2023
HCP 139							
HCP 150							
HCP 159		20/09/2022	24/09/2022	08/10/2022	08/10/2022	20/12/2022	21/03/2023
HCP 137							
HCP 177							
HCP 176		Properties still to be sold - Liquidation Date TBC once property sold					
HCP 181							
HCP135							

House Crowd Bridging Co 1 Limited ("HCBC1")

The Administrators of the various House Crowd companies wish to provide an update on the position with HCBC1. Whilst this company is not in Administration, there is a link to The House Crowd in that HCBC1 made investments in various loans promoted by The House Crowd.

HCBC1 was incorporated in January 2015 and the Directors at the time of incorporation were Frazer Fearnhead and Suhail Nawaz. HCBC1 raised funds by issuing preference shares, these funds were then used to make investments in loans promoted by The House Crowd. Mr Fearnhead resigned from his role of Director of HCBC1 in July 2021 at which point the company was subject to a strike off notice for failing to file its statutory accounts for the year ending March 2020.

Suhail Nawaz left the House Crowd business in 2019, but due an oversight, he remained a Director of HCBC1. Mr Nawaz was approached by the Joint Administrators and asked if he would assist with the appointment of a Director to HCBC1 which in turn would allow him to step down from this position; what should have been the position back in 2019. Mr Nawaz agreed to co-operate and assisted with the appointment of Michael Hall who is now the sole Director of HCBC1.

Since Mr Hall's appointment, the statutory filing has been brought up to date and the compulsory strike off notice has been discontinued. Had this appointment not been made and HCBC1 struck off the company register; the assets of the company (investments made in loans) would have vested in the Crown and been classed as *bona vacantia*. This would have prevented any return to investors in HCBC1. It was therefore quite fortuitous that Mr Nawaz erroneously remained in office and allowed this appointment to be made.

HCBC1 has invested in the following loans:

- HCF185
- HCF131
- HCF 191
- HCD2
- HCD14
- HCD21
- HCD16
- HCD22
- HCD25
- HCD23
- HCD19

The return of monies back to the preference shareholders is reliant upon the repayment of these development and bridging loans.

Due to the late filing of accounts, HCBC1 has significant corporation tax liabilities that it is unable to meet. In addition, the company has been subject to several fines from Companies House in respect of late filing of annual accounts that were not filed prior to the Administration of The House Crowd Limited and other associated companies.

The latest correspondence from Companies House is that they will look to pass this matter to solicitors who will take further action. On the basis that the company is unable to pay its debts as they fall due it is insolvent. It is therefore likely that HCBC1 will enter liquidation as a protective measure to prevent any amounts owing to HMRC or Companies House increasing as costs are applied to the outstanding debts. Assets will then be realised in liquidation as and when the

investments listed above mature. This liquidation process is expected to commence before 30 April 2022.