
CROWD PROPERTY LIMITED

UNAUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

THURSDAY



ABW1QX4P

A14

26/01/2023

#152

COMPANIES HOUSE

CROWD PROPERTY LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Market

Whilst the current economic backdrop is volatile, there are many fundamentals as to why this country needs more homes and how undersupply persists. Critical to housing supply is our target market - the small and medium sized developer (given the plentiful supply of small / medium site opportunities). Naturally we keep very careful track of the end market for our asset class and development economics, overviews of which we publish in our monthly State of the Market reports (distributed to registered customers and published on our blog at www.blog.crowdproperty.com). We are proceeding with caution in the market, underpinned by our long-proven due diligence rigour, although do see significant opportunity ahead to support quality developers undertaking quality property projects as traditional sources of lending capital characteristically retrench.

Looking forward, we are expecting market uncertainty at best and most likely a recessionary environment, and are therefore acting with caution accordingly. Whilst a recession dampens the demand-side, there will still be supply-side shortages and constraints in housing. We will be using our core strengths to our advantage – the robust, proven and well-resourced business, that is underpinned by a proposition that is proven to be in demand by new and returning borrowers, proven robust credit decision making / governance and reliable diverse sources of capital. Whilst continuing to lend in the same prudent way as in the past and further enhancing our expert portfolio and recoveries teams, the market will present opportunity for CrowdProperty to continue strong growth and significant development finance market share gains. Times of economic uncertainty mean that for a developer, it's even more important to have a lender that intimately understands the intricacies of the market and the challenges of property development from a hands-on perspective. At CrowdProperty, we work closely and productively with the developers we back - tackling market, site and situational challenges together in partnership, offering reliable development finance in uncertain times in the transparent, no hidden fees, partnering way that our many repeat property developer customers value so highly.

These fundamentals will also attract further talent (with the above recognitions, our active regional presence and work on our CSR/ESG credentials also contributing to an ever strengthening employer brand), enabling us to expand the team and reach deeper into the market, further driving the virtuous circle to realise our potential and maximise shareholder value. We may also look to raise further equity capital to seize the advantage (having yet again proven the step changing of the business after an equity raise) as this could be the best strategy for our shareholders, borrowers and lenders alike (and actually the overall economy).

CROWD PROPERTY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022

Introduction

The directors present their Strategic Report for the year ended 31 March 2022

Business review

About CrowdProperty

CrowdProperty (www.crowdproperty.com) is the UK's leading specialist property development lending platform.

CrowdProperty is a proven and profitable fintech/proptech lending innovator, exceptionally efficiently matching the demand (quality property professionals undertaking quality property projects) and supply (major global financial institutions and private investors) of capital for value-creating property projects. CrowdProperty has built a leading property development lender in the small and medium sized developer market, with a distinct 'property finance by property people' proposition. Consistent since the founding of the business in 2013, our mission is to transform property finance to unlock the potential of small and medium sized property developers to build more much needed, under-supplied homes, helping them to grow their businesses quicker and drive spend in the economy on labour, materials and services.

Actual property development and investment experience lies at the heart of the business meaning hands-on, expertise-led due diligence and loan monitoring. Lending is focused on the SME property professional market, a key segment for supplying much needed UK housing stock, which has been poorly and inefficiently served by traditional funding sources for years. CrowdProperty funds property professionals undertaking any sort of property project, structuring the perfect funding product and doing so with greater speed, ease, certainty, transparency and expertise than the market. As property people providing property finance, we intimately understand the market pain and needs of small and medium sized property developers, serving those needs with a very strong customer-centric proposition, leveraging technology for efficiency and expertise for effectiveness of lending.

CrowdProperty has now funded the development of £620,000,000 of property projects, the construction of 2,750 homes, agreed £345,000,000 of facilities and lent over £270,000,000, all expertly curated from over £10bn of funding applications. CrowdProperty has now repaid over £160,000,000 to investors with average realised returns of 8.09%.

CrowdProperty is directly FCA authorised and regulated, and a founding member and only property specialist platform in the Innovate Finance Platform Lending Group.

CROWD PROPERTY LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Business Performance

The strength of the CrowdProperty proposition for developers in terms of delivering against developers' needs for speed, ease, certainty, transparency and expertise of finance was validated as one of the few reliable development lenders throughout the COVID-19 pandemic, which has been reinforced with reliability throughout 2022. This is enabled by CrowdProperty's increasingly diverse sources of capital (across major global financial institutions and private investors), a proven 8-year lending track record attracting high demand from capital providers and a technology-underpinned operating model enabling more efficient and effective service provision and scalability.

CrowdProperty's approach as a value-adding partner to SME developers has proven invaluable during these times, with the business focused on working in partnership more closely than ever with new and existing property developer customers to support in practical and knowledgeable ways to mitigate development risks and enhance the probability of success of their projects. The business continues to deliver strong lending and revenue growth of 459%, and 186% respectively through the last 3 financial years. We have grown the total value of projects funded by 337%, the number of homes funded by 253% and the total facilities originated by 392% through the last 3 financial years. Furthermore, we are proving the successful execution of our proposition promises with 43% of our lending to developers who have borrowed more than once (even though that figure is naturally suppressed by a high rate of new customer acquisition) – becoming a long-term partner for developers was a primary reason we set this business up.

Importantly, through the 21/22 financial year, CrowdProperty further proved the effectiveness and economics of the business model by returning an operating profit of £147,035 (before exceptional costs, including those associated with closing a major institutional funding line and an equity capital raise), during a post-equity raise invest cycle for the business. This is the second consecutive profitable year and we expect to report another profit next year. Whilst profitable and robust, the business continues to invest significantly in the long-term development of the in-house built proprietary technology platform, team capacity/capability and brand awareness amongst our target customer segments on both sides of the marketplace to ensure ongoing growth momentum through 22/23 and beyond. We have a well-resourced, strong, committed and motivated team of 55 that we continue to invest in. Our Birmingham cost base supports this better resourced business – both for robust operations and the ability to invest in the strategic development of the business for future growth, all with the robustness of profitability – significantly more so than if the business was based in the capital.

In April 2022, CrowdProperty launched CP Capital (www.cpcapital.com), our second charge mezzanine finance product line for property developers, aligned to our mission and going further to support the unlocking of their potential in another poorly served property finance market segment. CP Capital exists to serve developers' additional funding needs above and beyond senior debt finance requirements, bringing senior and junior finance under one roof, with powerful benefits to developers. There are many applications of mezzanine finance and CP Capital can support projects at any stage, for example: to purchase a property in order to move to development; to cover additional costs incurred as a result of external factors; or on completion of a project where value has already been created.

In May 2021 after much planning, we successfully launched the CrowdProperty Australia joint venture. This had been carefully structured benefiting from years of international expansion experience with private equity owned businesses of the senior team. The business has gained promising market traction since launch and the self-funding Australian entity closed a AU\$1.5m equity fundraise in October 2021. Within a year of launch, CrowdProperty Australia had built a pipeline of quality property projects similar to the level the trailblazing UK business had built in 3 years.

CROWD PROPERTY LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

These results prove the effective investment of the April 2019 equity capital fundraise (£1.1m), which was followed in the 21/22 financial year by a further equity capital fundraise of £1.8m in August 2021. In July 2021 we announced the closing of a £300m strategic discretionary funding line with a new major investment manager to support a major growth push alongside our platform investors. Our rigour, asset class expertise, market-leading track record and differentiated business model attracts more and more institutional sources of capital who look to work with proven, high quality lenders after months of due diligence, which will be one enabler of further lending growth and ongoing lending capital certainty through a strategy of diverse sources of capital. Following a number of large marketplace lending platforms closing their doors to platform investors, we see platform investors as an important part of our long-term strategy of diverse sources of capital and commit to bringing more and more rigorously curated lending opportunities to both CrowdProperty and CP Capital, enabling ever stronger diversification potential for all investor segments.

For the second successive year, we were recognised as one of the fastest growing business in Europe in the Financial Times FT1000 report. Furthermore, we were selected to join the prestigious TechNation Fintech 5.0 programme (31% of all UK unicorns have been through Tech Nation programmes), selected to join the WIRED Trailblazer programme and invited to be a Department of International Trade Export Champion. Our innovation, customer focus and strong performance continues to be widely recognised and awarded across many technology, property, financial services, alternative finance, investment, growth business and entrepreneurship awarding bodies.

We also recognise developer customer success with our annual 'Project of the Year' awards which are now in their 4th year. Infront of over 500 investors and developers each November, we showcase 6 shortlisted projects that impress our judges and present both our 'Project of the Year' award and our 'Sustainable Project of the Year' award. Both recognitions serve to celebrate great project successes and inspire other SME developers, with the latter award highlighting the importance of ESG considerations in our sector, as part of our overall ESG agenda.

CROWD PROPERTY LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Wrap up

CrowdProperty has built a leading property development lender with a clear vision to continue to scale rapidly as we have done across multiple dimensions, underpinned by a scalable, in-house built, proprietary technology platform and scalable capital sources, that will see the business unlock the potential for many more SME property developers in building more homes and spending more in the UK economy. Whilst we have an absolute focus on the asset class we have deep expertise in to continue building a world class property development lender, we are looking to deepen our competitive advantage and bring a progressively more valuable proposition to both sides of the marketplace, underpinned by a clear strategy to build ever-stronger differentiators, scalability and lending volumes.

Our mission is to transform property finance to unlock the potential of small and medium sized property developers to build more much needed, under-supplied homes, helping them to grow their businesses quicker and drive spend in the economy on labour, materials and services. We are ever more efficiently and effectively matching the supply and demand of capital for the benefit of all.

We are very proud of our achievements to date but still see this as the beginning of our potential as we further develop technology, operations, distribution and proposition advantages.

Together we build.

This report was approved by the board and signed on its behalf.



M C Bristow
Director

Date: 23/12/2022

CROWD PROPERTY LIMITED
REGISTERED NUMBER:08764786

BALANCE SHEET
AS AT 31 MARCH 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	4	594,496	299,048
Tangible assets	5	69,782	43,735
		<u>664,278</u>	<u>342,783</u>
Current assets			
Debtors: amounts falling due within one year	6	2,310,686	1,497,080
Cash at bank and in hand		1,085,605	573,205
		<u>3,396,291</u>	<u>2,070,285</u>
Creditors: amounts falling due within one year	7	(418,696)	(209,488)
Net current assets		<u>2,977,595</u>	<u>1,860,797</u>
Total assets less current liabilities		<u>3,641,873</u>	<u>2,203,580</u>
Creditors: amounts falling due after more than one year	8	(246,681)	(255,847)
Net assets		<u><u>3,395,192</u></u>	<u><u>1,947,733</u></u>
Capital and reserves			
Called up share capital	10	13,558	12,274
Share premium account		3,854,294	2,060,228
Profit and loss account		(472,660)	(124,769)
Shareholders' funds		<u><u>3,395,192</u></u>	<u><u>1,947,733</u></u>

CROWD PROPERTY LIMITED
REGISTERED NUMBER:08764786

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2022

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The Company has opted not to file the Statement of Comprehensive Income and the Statement of Changes in Equity in accordance with provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



M C Bristow
Director

Date: 23/12/2022

The notes on pages 8 to 16 form part of these financial statements.

CROWD PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. General information

Crowd Property Limited is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 08764786). The registered office address is 54 Hagley Road, Edgbaston, Birmingham, B16 8PE.

The Company's functional and presentational currency is GBP.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis.

The directors have made an assessment in preparing these financial statements as to whether the Company is a going concern and have concluded that there are no material uncertainties that may cast doubt on the Company's ability to continue as a going concern.

2.3 Revenue recognition

Crowd funding property website development and deployment turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Crowd funding property website development and deployment turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Crowd funding property website development and deployment turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.5 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.9 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

CROWD PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.10 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Development expenditure	-	3	years
Intellectual property	-	4	years
Website development	-	4	years

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	-	25% straight-line
Computer equipment	-	25% straight-line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.12 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.13 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured on initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

CROWD PROPERTY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Employees

The average monthly number of employees, including directors, during the year was 45 (2021 - 31).

4. Intangible assets

	Development expenditure £	Intellectual property £	Total £
Cost			
At 1 April 2021	339,540	5,102	344,642
Additions - internal	483,273	-	483,273
At 31 March 2022	822,813	5,102	827,915
Amortisation			
At 1 April 2021	45,275	319	45,594
Charge for the year	186,260	1,565	187,825
At 31 March 2022	231,535	1,884	233,419
Net book value			
At 31 March 2022	591,278	3,218	594,496
At 31 March 2021	294,265	4,783	299,048

CROWD PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

5. Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 April 2021	30,019	35,790	65,809
Additions	2,425	46,423	48,848
At 31 March 2022	<u>32,444</u>	<u>82,213</u>	<u>114,657</u>
Depreciation			
At 1 April 2021	9,338	12,736	22,074
Charge for the year	7,807	14,994	22,801
At 31 March 2022	<u>17,145</u>	<u>27,730</u>	<u>44,875</u>
Net book value			
At 31 March 2022	<u>15,299</u>	<u>54,483</u>	<u>69,782</u>
At 31 March 2021	<u>20,681</u>	<u>23,054</u>	<u>43,735</u>

CROWD PROPERTY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

6. Debtors

	2022	2021
	£	£
Trade debtors	39,799	6,690
Other debtors	1,992,142	1,308,500
Prepayments and accrued income	142,058	60,063
Tax recoverable	88,948	121,827
Deferred taxation	47,739	-
	2,310,686	1,497,080

7. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Bank loans	10,000	9,167
Trade creditors	123,727	77,862
Other taxation and social security	165,907	40,696
Other creditors	74,522	32,037
Accruals and deferred income	44,540	49,726
	418,696	209,488

8. Creditors: Amounts falling due after more than one year

	2022	2021
	£	£
Bank loans	31,667	40,833
Other creditors	215,014	215,014
	246,681	255,847

CROWD PROPERTY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

9. Loans

Analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due within one year		
Bank loans	10,000	9,167
Amounts falling due 1-2 years		
Bank loans	10,000	10,000
Amounts falling due 2-5 years		
Bank loans	21,667	30,000
Amounts falling due after more than 5 years		
Bank loans	-	833
	41,667	50,000

CROWD PROPERTY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

10. Share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
1,295,759 Ordinary Full Voting A Shares of £0.01 each	12,958	12,133
14,055 Ordinary Non Voting B Shares of £0.01 each	141	141
45,996 Ordinary Non Voting C Shares shares of £0.01 each	459	-
	<hr/> 13,558 <hr/>	<hr/> 12,274 <hr/>

On 10 July 2021, the Company issued 82,410 Ordinary A shares of £0.01 each, for a total consideration of £1,794,890 resulting in a share premium of £1,794,066. On 26 August 2021, the Company created a new class of Ordinary share to be designated as 'C' Ordinary shares of £0.01 each. 45,996 of these shares were issued.

11. Reserves

Share premium account

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at an amount in excess of nominal value.

Profit and loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

12. Related party transactions

At the balance sheet date, £215,014 (2021 - £215,014) was owed to a related party by virtue of a common shareholder.

At the balance sheet date, £61,406 (2021 - £61,406) was owed by another related party by virtue of a common shareholder.

Neither of these loans are repayable on demand, and there are no plans for repayment for the immediate foreseeable future