

Filed on behalf of: Applicants

**Witness: Franklyn Chidi Iheanyichukiou
Ofonagoro**

No. of Witness Statement: Fourth

Exhibit: FO4

Date: 23 March 2023

CR-2021-MAN-000111

CR-2021-MAN-000118

CR-2021-MAN-000117

**IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS IN MANCHESTER
INSOLVENCY AND COMPANIES LIST (ChD)**

**IN THE MATTER OF THE HOUSE CROWD LIMITED (IN ADMINISTRATION)
(07893395)**

**AND IN THE MATTER OF HOUSE CROWD FINANCE LIMITED (IN
CREDITORS VOLUNTARY LIQUIDATION) (10564875)**

**AND IN THE MATTER OF HOUSE CROWD FINANCE (SECURITY AGENT)
LIMITED (IN CREDITORS VOLUNTARY LIQUIDATION) (09893838)**

AND IN THE MATTER OF THE INSOLVENCY ACT 1986

FO4

I verify that this is the exhibit marked "FO4" to my witness statement dated 23 March 2023.



FRANKLYN CHIDI IHEANYICHUKIOU OFONAGORO

Dated: 23 March 2023

1 June 2022 - 28 February 2023

All Cases (c.£740k)	% of Time Costs
Statutory Obligations	8%
Administration Tasks	26%
Case Strategy and Review	10%
Cashflow	2%
Case specific matters	4%
Investor Communications	11%
Employees	3%
Other	5%
Development Loan Related Matters	18%
Bridging Loan Book Related Matters	13%
Total	100%

HCFSa (c.£469k)	% of Time Costs
Statutory Obligations	6%
Administration Tasks	15%
Cash flow	3%
Case Strategy and Review	14%
Case specific matters	5%
Treasury Function and general cashiering	4%
Development Loan Related Matters	29%
Bridging Loan Book Related Matters	21%
Other	4%
Total	100%

THC (c.£239k)	% of Time Costs
Statutory Obligations	7%
Administration Tasks	47%
Case Strategy and Review	4%
Investor Communications	33%
Employees	9%
Total	100%

HCF (c.£32k)	% of Time Costs
Statutory Obligations	48%
Administration Tasks	32%
Case Strategy and Review	6%
Case specific matters	14%
Total	100%

House Crowd Finance (Security Agent) Limited

Between 1st June 2022 to 28th February 2023, the Joint Administrators have incurred £469,056 in respect of time costs, made up of 1,328 hours.

The time costs incurred have been done so in the completion of various tasks, some of which are solely for the benefit of investors and others in respect of the Joint Administrators statutory obligations

A detailed breakdown the same is provided below, with headline category expenditure included.

What	Why	Benefit	Future activity
Statutory Obligations (c.£26k)			
Reporting to Creditors/Creditor Correspondence	The Joint Administrators have a statutory duty to provide reports to creditors and deal with ad-hoc queries as they arise	To keep creditors apprised of the Administration and its progress	Y
Peperation and drafting of Ctax computations	Statutory obligations for VAT and CAT matters	To ensure the Joint Administrators comply with their obligations and make appropriate filings to HMRC.	
Drafting and preparation of Joint Administrators Progress reports	To comply with statutory obligations and update creditors as to progress of the Administration	To keep investors (as major stakeholders) apprised of the Administration and its progress	Y
Providing updates to the FCA in respect of developments and bridging recoveries	To provide visibility to the FCA on steps taken to recover investor monies	To provide comfort to the FCA that investors are being provided with sufficient information on the steps being taken by the Joint Administrators to recover assets and address any concerns expressed by investors	Y
Liaising with internal compliance team	To ensure ongoing statutory and regulatory compliance for the Administration process	To ensure the Joint Administrators comply with their obligations to all stakeholders including creditors, investors, employees and relevant regulators	Y
Provide the FCA with the narrative updates ahead of these being sent to investors	To allow the FCA to comment on the narrative being provided to investors and make any required amends	To provide comfort to the FCA that investors are being provided with sufficient information on the steps being taken by the Joint Administrators to recover monies	Y
Administration Tasks (c. £69k)			
The Joint Administrators have carried out a number of general Administration tasks, including but not limited to, bank reconciliations, filing, calls, and facilitation of estate payments	To comply with regulatory guidance and ensure that the progression of the Administration process in a timely manner	To comply with regulatory guidance and ensure that the progression of the Administration process in a timely manner	Y
Investor Communications			
Manage the dedicated House Crowd email address to allow investors contact with the Administrators regarding specific questions or queries. In the period a further c.950 emails have been received, processed and responses provided to investors	Continue to deal with investor queries expediently	Investors continue to have a direct and open line of communication with the Joint Administrators and their staff about matters pertaining to their investments and recoveries of the same	Y
The Joint Administrators have continued to deal with ad-hoc queries from investors that are now deceased or are classed as vulnerable	Continue to deal with investor queries expediently	Investors continue to have a direct and open line of communication with the Joint Administrators and their staff about matters pertaining to their investments and recoveries of the same	Y
The Joint Administrators have continued to arrange and attend Investor Support Group Meetings	Continue to deal with investor queries expediently	Continue to deal with investor queries professionally and expediently	Y
Cash flow (c. £14k)			
Monthly update of cash flow forecast for actual results achieved	To record and cross check actual receipts and payments against forecast	Provides investors with clear visibility of receipts and payments incurred and forecast to be incurred in the future by the Joint Administrators in dealing with investor assets	Y
Extension of existing cash flow forecast to February 2025 with detailed explanatory assumptions	To enable the Joint Administrators to forecast the level of anticipated costs and recoveries over the remainder of the Administration process in order to provide this information to the Court as and when required in support of applications (e.g. recovery of costs and fees, distribution mechanism etc)	Provides investors with clear visibility of receipts and payments incurred and forecast to be incurred in the future by the Joint Administrators in dealing with investor assets	Y
Case Strategy and Review (c. 64k)			
The Joint Administrators have held frequent strategy meetings as part of their periodic case review	To ensure continued momentum in progression of outstanding issues	To ensure investor and creditor interests remain a key focus of the Administration process and to identify matters for progression	Y
Preparation of file notes and strategy documents on relevant matters arising during the period under review	To properly detail important case decisions and/or actions taken	To ensure that any case files reviewed by the Joint Administrators regulatory bodies, clearly reflect the rational and reasoning behind important decisions made by the Joint Administrators that could impact stakeholders	Y
Ongoing evaluation of engagement economics	To ensure that the WIP and incurred times costs are periodically sense checked and accurately reflect the work in relation to the Administration and realising the bridging and development loan books	To ensure that the WIP and incurred times costs are periodically sense checked and accurately reflect the work in relation to the Administration and realising the bridging and development loan books	Y

As part of the ongoing case strategy, the Joint Administrators have spent time in preparing an updated estimated outcome statement	To better understand the outcome for each class of statutory creditor and formulate a decision on whether to extend the Administration process or exit to creditors voluntary liquidation	Ensures that case strategy is followed and the Joint Administrators are able to update creditors on the prospects of any dividend distributions that may apply	Y
Statutory Investigations (c. £3k)			
The Joint Administrators have continued to investigate matters brought to their attention by third parties (creditors or investors)	To comply with statutory obligations and bring any matters that may require further investigation to the attention of the Insolvency Service, and understand any possible rights of action that may result in further realisations for creditors or investors	Designed to give investors confidence that the Joint Administrators are acting objectively to investigate and ensure that any instances of wrong doing or misfeasance is brought to the attention of the relevant authorities	Y
The Joint Administrators have submitted their director conduct report following their investigations into the Company's affairs	To comply with statutory obligations and bring any matters that may require further investigation to the attention of the Insolvency Service, and understand any possible rights of action that may result in further realisations for creditors or investors	Designed to give investors confidence that the Joint Administrators are acting objectively to investigate and ensure that any instances of wrong doing or misfeasance is brought to the attention of the relevant authorities	N
Case specific matters (c. £24k)			
Regular correspondence liaising with counsel and solicitors, in relation to the Joint Administrators consideration of duration and appropriate exit route relating to the Administration process	In relation to Joint Administrators consideration of duration and proper and appropriate exit route relating to the Administration process	to provide the Court with an accurate record of current and forecast net cashflow on a monthly basis arising from the Joint Administrators management and realisation of the Administration estate and more pertinently investor assets	Y
Extension of Administration - the Joint Administrators have spent a significant amount preparing the formalities relating to extension of the Administration process	To formulate an accurate strategy as to any anticipated extension to the Administration process	To ensure that the insolvency process is conducted with all relevant stakeholders in mind, whilst complying with any statutory duties	Y
Administering of Berkeley Applegate costs order - reconciling of all previously recovered realisations and 1% uplift taken	To accurately deduct the relevant percentage as directed by the Court from recoveries to date	To ensure transparency in any fees deducted from net realisations	Y
Treasury Function and general cashing (c.£17k)			
The Joint Administrators continue to provide a treasury function to the HCD developers	At the outset of the Administration process, the Joint Administrators insisted on overseeing the treasury function (previously provided by THC) to the developers of the HCDs in order to ensure that there was transparency and clear visibility of an ongoing development cashflows. To date a total of c.£1.6m in encompassing transactions have been reviewed, approved where appropriate and paid for general site costs such as sub-contractors etc	Provides investors with confidence that there is oversight of ongoing development site cash outflows to prevent any unauthorised expenditure	Y
Development Loan Related Matters (c. £136k)			
Regular correspondence, (calls, meetings etc) with independent development site monitoring surveyor	Provide independent oversight of ongoing work across all live developments focusing on rate of progress, validation of reported roadblocks/issues and authorisation of any unexpected material funding requests	Provides investors with confidence that there is oversight of ongoing development site cash outflows, to prevent any unauthorised expenditure. In addition this provides the Joint Administrators with the basis to provide accurate site development progress updates to investors	Y
Regular correspondence, (calls, meetings etc) with the sales agent appointed by the developers	To gain frequent Understanding of current sales pipeline of completed and uncompleted properties with associated disposal timelines	Provide accurate and up to date sales data to investors and allow for meaningful forecast of completions	Y
Regular correspondence, (calls, meetings etc) with third-party funder of HCD25	Provide independent oversight of ongoing work across all live developments focusing on rate of progress, validation of reported roadblocks/issues	Provides the Joint Administrators with the basis to provide accurate site development progress updates to investors	Y
Agreement of revised mechanism of how sales receipts are accounted for on a property by property basis	To streamline the accounting process for post completion sales proceeds	Expedite the availability of net sales proceeds for the benefit of investors	Y
Sale of further (23) properties	Following acceptance of suitable purchase price offers the developers sold a further 23 properties during the period	the Joint Administrators hold funds totalling £xx, in relation to the net sales proceeds from the sale of the aforementioned properties for the benefit of investors	Y
Review 23 completion statements in respect of property sales and sign applicable documents to release security	Ensure costs of sale are appropriate and in line with expectations	Maximise return to investors and ensure no cash leakage	Y
Regular correspondence, (calls, meetings etc) with external Administrators of HCD23	To ensure that the interests of investors are constantly represented and that any potential recoveries for investors are maximised where possible	To ensure that the interests of investors are constantly represented and that any potential recoveries for investors are maximised where possible	Y
Bridging Loan Book Related Matters (c. £99k)			
Internal meetings and correspondence in relation to ongoing realisation of the bridging loan book	To ensure that the Joint Administrators remain sighted on the progress of the realisations process and any potential obstacles that may affect their ability to maximise realisations for investors	To ensure that the Joint Administrators remain sighted on the progress of the realisations process and any potential obstacles that may affect their ability to maximise realisations for investors	Y

Extensive discussions and negotiations with the borrower of the Lluestry development prior to agreeing a settlement of c.£3m	To ensure that the return to investors in relation to the Lluestry loan was maximised	Commercial settlement with the borrower ensured the timely return of funds whilst keeping the associated costs of recovery to a minimum (i.e. no enforcement action)	Y
Preparation of instruction briefs to solicitors prior to commencement of enforcement action against borrowers in default	Continue to collate information necessary from the company's records for the ongoing instruction of solicitors in relation to recovery actions against borrowers that have not demonstrated sufficient intention or actions to redeem their loans	Progress the redemption/recovery of investor funds expeditiously	Y
Production and issuance of redemption statements in relation to the bridging loan book	To provide redemption statements to borrowers and their advisors on demand to ensure that are certain about the amounts required to settle outstanding loans	Progress the redemption/recovery of investor funds expeditiously	Y
Regular correspondence, (calls, meetings etc) with third-party Property Receivers	To understand the current position in relation to recovery actions for specific loans and the receivers current strategies to expedite the same	Progress the redemption/recovery of investor funds expeditiously	Y
Exploring potential recovery action against third party professionals	Obtaining legal advice about the merits of pursuing various third party-professionals for previous advice given to THCL following which the outcome for investors has been sub-optimal	Possible increase in recoveries available to investors should the THCL be proven to have a strong arguable case	Y
Regular correspondence, (calls, meetings etc) with P2P platform overseeing investors investment in the Chimes Broxbourne development	To be apprised of the progress in realising funds to be paid to the Joint Administrators for the benefit of Investors	To date the Joint Administrators have successfully recovered the sum of c.£500k for investors	Y
Numerous correspondence and attendance at settlement meeting with various borrowers	To ensure that efforts to maximise recoveries for investors are focused and momentum is maintained	Progress the redemption/recovery of investor funds expeditiously	Y
Bank Accounts			
Ongoing management of 32 bank accounts, including fixed charge receivables accounts for development realisations and borrower loan accounts for bridging loan recoveries	To accurately ringfence recoveries made in respect of each individual loan, taking steps to comply with the spirit of CASS guidance	To ensure that as and when funds are distributed this can be done in as accurately and expedient manner as possible	Y

The House Crowd Limited - In Administration

From 1st June 2022 to 28th February 2023, the Joint Administrators have incurred £239,702 in respect of time costs, made up of 860 hours. A detailed breakdown of how this time has been incurred has been provided below. A detailed breakdown the same is provided below, with headline category expenditure included.

What	Why	Benefit	Future activity
Statutory Obligations (c.£17k)			
Reporting to Creditors/Creditor Correspondence	The Joint Administrators have a statutory duty to provide reports to creditors and deal with ad-hoc queries as they arise	To keep creditors apprised of the Administration and its progress	Y
Drafting and preparation of Joint Administrators Progress reports	To comply with statutory obligations and update creditors as to progress of the Administration	To keep investors (as major stakeholders) apprised of the Administration and its progress	Y
Providing updates to the FCA in respect of developments and bridging recoveries	To provide visibility to the FCA on steps taken to recover investor monies	To provide comfort to the FCA that investors are being provided with sufficient information on the steps being taken by the Joint Administrators to recover assets and address any concerns expressed by investors	Y
Liaising with internal compliance team	To ensure ongoing statutory and regulatory compliance for the Administration process	To ensure the Joint Administrators comply with their obligations to all stakeholders including creditors, investors, employees and relevant regulators	Y
Peperation and drafting of Ctax computations	Statutory obligations for VAT and CAT matters	To ensure the Joint Administrators comply with their obligations and make appropriate filings to HMRC.	
Administration Tasks (£112k)			
The Joint Administrators have carried out a number of general Administration tasks, including but not limited to, bank reconciliations, filing, calls, and facilitation of estate payments	To comply with regulatory guidance and ensure that the progression of the Administration process in a timely manner	To comply with regulatory guidance and ensure that the progression of the Administration process in a timely manner	Y
Provide the FCA with the narrative updates ahead of these being sent to investors	To allow the FCA to comment on the narrative being provided to investors and make any required amends	To provide comfort to the FCA that investors are being provided with sufficient information on the steps being taken by the Joint Administrators to recover monies	Y
Monthly update of cash flow forecast for actual results achieved	To record and cross check actual receipts and payments against forecast	Provides investors with clear visibility of receipts and payments incurred and forecast to be incurred in the future by the Joint Administrators in dealing with investor assets	Y
Extension of existing cash flow forecast to February 2025 with detailed explanatory assumptions	To enable the Joint Administrators to forecast the level of anticipated costs and recoveries over the remainder of the Administration process in order to provide this information to the Court as and when required in support of applications (e.g. recovery of costs and fees, distribution mechanism etc)	Provides investors with clear visibility of receipts and payments incurred and forecast to be incurred in the future by the Joint Administrators in dealing with investor assets	Y
Regular correspondence liaising with counsel and solicitors, in relation to the Joint Administrators consideration of duration and appropriate exit route relating to the Administration process	In relation to Joint Administrators consideration of duration and proper and appropriate exit route relating to the Administration process	To provide the Court with an accurate record of current and forecast net cashflow on a monthly basis arising from the Joint Administrators management and realisation of the Administration estate and more pertinently investor assets	Y
Extension of Administration - the Joint Administrators have spent a significant amount preparing the formalities relating to extension of the Administration process	To formulate an accurate strategy as to any anticipated extension to the Administration process	To ensure that the insolvency process is conducted with all relevant stakeholders in mind, whilst complying with any statutory duties	Y
Case Strategy and Review (c.£9k)			
The Joint Administrators have held frequent strategy meetings as part of their periodic case review	To ensure continued momentum in progression of outstanding issues	To ensure investor and creditor interests remain a key focus of the Administration process and to identify matters for progression	Y
Preparation of file notes and strategy documents on relevant matters arising during the period under review.	To properly detail important case decisions and/or actions taken	To ensure that any case files reviewed by the Joint Administrators regulatory bodies, clearly reflect the rational and reasoning behind important decisions made by the Joint Administrators that could impact stakeholders.	Y
Ongoing evaluation of engagement economics	To ensure that the WIP and incurred times costs are periodically sense checked and accurately reflect the work in relation to the Administration and realising the bridging and development loan books	To ensure that the WIP and incurred times costs are periodically sense checked and accurately reflect the work in relation to the Administration and realising the bridging and development loan books	Y
As part of the ongoing case strategy, the Joint Administrators have spent time in preparing an updated estimated outcome statement	To better understand the outcome for each class of statutory creditor and formulate a decision on whether to extend the Administration process or exit to creditors voluntary liquidation	Ensures that case strategy is followed and the Joint Administrators are able to update creditors on the prospects of any dividend distributions that may apply	Y
Case specific matters			
IFISA - Reporting to HMRC			
The Joint Administrators have spent further time dealing with matters in respect of THCL's role as ISA manager	THCL remains the ISA manager. THCL therefore has to continue to meet its obligations to HMRC until such a time as it relinquishes its ISA manager status	By ensuring that THCL continues to comply with its obligations as ISA manager the Joint Administrators are able to ensure that the ISA wrapper status of the THCL IFISA scheme is maintained for the relevant investors	Y
The Joint Administrators have continued to instruct consultants to assist in the preparation IFISA returns to HMRC	THCL remains the ISA manager. THCL therefore has to continue to meet its obligations to HMRC until such a time as it relinquishes its ISA manager status	By ensuring that THCL continues to comply with its obligations as ISA manager the Joint Administrators are able to ensure that the ISA wrapper status of the THCL IFISA scheme is maintained for the relevant investors	Y
IFISA - ISA Manager status			
The Joint Administrators have spent additional time seeking to find a replacement ISA manger firm to transfer this obligation from THCL. As part of this process the Joint Administrators have had to engage extensively with the FCA to ensure that the FCA was comfortable with any eventual choice of replacement ISA a manger	This will ensure the ISA wrapper status is maintained for investors after the Joint Administrators vacate office	This will ensure the ISA wrapper status is maintained for investors after the Joint Administrators vacate office	N

Investor Communications (c.£79k)			
Manage the dedicated House Crowd email address to allow investors contact with the Administrators regarding specific questions or queries. In the period a further c.950 emails have been received, processed and responses provided to investors	Continue to deal with investor queries expediently	Investors continue to have a direct and open line of communication with the Joint Administrators and their staff about matters pertaining to their investments and recoveries of the same	Y
The Joint Administrators have continued to deal with ad-hoc queries from investors that are now deceased or are classed as vulnerable	Continue to deal with investor queries expediently	Investors continue to have a direct and open line of communication with the Joint Administrators and their staff about matters pertaining to their investments and recoveries of the same	Y
The Joint Administrators have continued to arrange and attend Investor Support Group Meetings	Continue to deal with investor queries expediently	Continue to deal with investor queries expediently	Y
Frequent preparation and issuance of detailed loan by loan updates in relation to the Bridging and development loan books	Keep investors apprised of the latest position with each development site and progress made	Investors are provided with bespoke updates on their specific loan investments and the timing and prospect of recoveries	Y
Statutory Investigations (c. £1k)			
The Joint Administrators have continued to investigate matters brought to their attention by third parties (creditors or investors)	To comply with statutory obligations and bring any matters that may require further investigation to the attention of the Insolvency Service, and understand any possible rights of action that may result in further realisations for creditors or investors	Designed to give investors confidence that the Joint Administrators are acting objectively to investigate and ensure that any instances of wrong doing or misfeasance is brought to the attention of the relevant authorities	Y
The Joint Administrators have submitted their director conduct report following their investigations into the Company's affairs	To comply with statutory obligations and bring any matters that may require further investigation to the attention of the Insolvency Service, and understand any possible rights of action that may result in further realisations for creditors or investors	Designed to give investors confidence that the Joint Administrators are acting objectively to investigate and ensure that any instances of wrong doing or misfeasance is brought to the attention of the relevant authorities	N
Employees (c. £21k)			
The Joint Administrators have continued to attend weekly meetings with retained employees to review progress on the tasks associated with matters arising in the ADM process and relating to the realisation of the bridging and development loan books	The Joint Administrators have been able to ensure that key tasks such as the management of HCP properties, continued sale of development plots and reconciling of bank accounts have all progressed which has resulted in ongoing recoveries for investors	The Joint Administrators have been able to ensure that key tasks such as the management of HCP properties, continued sale of development plots and reconciling of bank accounts have all progressed which has resulted in ongoing recoveries for investors	Y
Monthly payroll review and sign off and payment of employee and contractor costs	To comply with the Joint Administrators statutory obligations and need to keep retained employees and contractors engaged	Enables the Joint Administrators to keep retained staff and contractors that are key to ongoing efforts to maximise realisations from the Development and bridging loan books motivated	Y

House Crowd Finance Limited - In Administration

From 1st June 2022 to 28th February 2023, the Joint Administrators have incurred £32,675 in respect of time costs, made up of 117 hours.

A detailed breakdown the same is provided below, with headline category expenditure included.

What	Why	Benefit	Future activity
Statutory Obligations (c.£15k)			
Reporting to Creditors/Creditor Correspondence	The Joint Administrators have a statutory duty to provide reports to creditors and deal with ad-hoc queries as they arise	To keep creditors apprised of the Administration and its progress	Y
Drafting and preparation of Joint Administrators Progress reports	To comply with statutory obligations and update creditors as to progress of the Administration	To keep investors (as major stakeholders) apprised of the Administration and its progress	Y
Providing updates to the FCA in respect of developments and bridging recoveries	To provide visibility to the FCA on steps taken to recover investor monies	To provide comfort to the FCA that investors are being provided with sufficient information on the steps being taken by the Joint Administrators to recover assets and address any concerns expressed by investors	Y
Liaising with internal compliance team	To ensure ongoing statutory and regulatory compliance for the Administration process	To ensure the Joint Administrators comply with their obligations to all stakeholders including creditors, investors, employees and relevant regulators	Y
Provide the FCA with the narrative updates ahead of these being sent to investors	To allow the FCA to comment on the narrative being provided to investors and make any required amends	To provide comfort to the FCA that investors are being provided with sufficient information on the steps being taken by the Joint Administrators to recover monies	Y
Administration Tasks (c.£8.5k)			
The Joint Administrators have carried out a number of general Administration tasks, including but not limited to, bank reconciliations, filing, calls, and facilitation of estate payments	To comply with regulatory guidance and ensure that the progression of the Administration process in a timely manner	To comply with regulatory guidance and ensure that the progression of the Administration process in a timely manner	Y
Case Strategy and Review (c.£2k)			
The Joint Administrators have held frequent strategy meetings as part of their periodic case review	To ensure continued momentum in progression of outstanding issues	To ensure investor and creditor interests remain a key focus of the Administration process and to identify matters for progression	Y
Preparation of file notes and strategy documents on relevant matters arising during the period under review	To properly detail important case decisions and/or actions taken	To ensure that any case files reviewed by the Joint Administrators regulatory bodies, clearly reflect the rational and reasoning behind important decision made by the Joint Administrators that could impact any stakeholders	Y
Ongoing evaluation of engagement economics	To ensure that the WIP and incurred times costs are periodically sense checked and accurately reflect the work in relation to the Administration and realising the bridging and development loan books	To ensure that the WIP and incurred times costs are periodically sense checked and accurately reflect the work in relation to the Administration and realising the bridging and development loan books	Y
As part of the ongoing case strategy, the Joint Administrators have spent time in preparing an updated estimated outcome statement	To better understand the outcome for each class of statutory creditor and formulate a decision on whether to extend the Administration process or exit to creditors voluntary liquidation	Ensures that case strategy is followed and the Joint Administrators are able to update creditors on the prospects of any dividend distributions that may apply	Y
Cashflow (c. £1.5k)			
Regular updates of existing cash flow forecast up to Feb 2023	To record and cross check actual receipts and payments against forecast	Provides investors with clear visibility of receipts and payments incurred and forecast to be incurred in the future by the Joint Administrators in dealing with investor assets	Y
Rollout of existing cash flow forecast to February 2025 with detailed explanatory assumptions	To enable the Joint Administrators to forecast the level of anticipated costs and recoveries over the remainder of the Administration process in order to provide this information to the Court as and when required in support of applications (e.g. recovery of costs and fees, distribution mechanism etc)	Provides investors with clear visibility of receipts and payments incurred and forecast to be incurred in the future by the Joint Administrators in dealing with investor assets	Y
Case specific matters (£4.5k)			
Regular correspondence liaising with counsel and solicitors, in relation to the Joint Administrators consideration of duration and appropriate exit route relating to the Administration process	In relation to Joint Administrators consideration of duration and proper and appropriate exit route relating to the Administration process	To provide the Court with an accurate record of current and forecast net cashflow on a monthly basis arising from the Joint Administrators management and realisation of the Administration estate and more pertinently investor assets	Y
Rocket Finance - Liaising with solicitors as regards the outcome of the court decision and the quantum of recoveries available for the Administration estate	To understand the likelihood and quantum of recoveries potentially available to the Administration estate and investors	To understand the likelihood and quantum of recoveries potentially available to the Administration estate and investors	Y
Extension of Administration - the Joint Administrators have spent a significant amount preparing the formalities relating to extension of the Administration process	To formulate an accurate strategy as to any anticipated extension to the Administration process	To ensure that the insolvency process is conducted with all relevant stakeholders in mind, whilst complying with any statutory duties	Y

Joint Administrators fee estimate for the THC, HCF & HCFS Administration Estates

£

Development Loan Book	
Total estimated net sales proceeds	33,012,559
Third party funding	(5,267,975)
Available for JA from Development loans	27,744,584
Recovery of HCD23 - deferred consideration	120,000
Total Available for JA from Developments	27,864,584
11% of Development Loan Proceeds	3,065,104
Bridging Loan Book	
Total estimated net sales proceeds	7,263,244
11% of Bridging Loan Proceeds	798,957

Total forecast recoveries for the THC, HCFS & HCF Administration estates (excl. inter-estate transfers):

Development Loan Book (as above)	3,065,104
Bridging Loan Book (as above)	798,957
11% of Total Forecast Loan Proceeds	3,864,061

Total forecast Administration/Liquidation expenses (excl. JA fees & inter-estate transfers) per STCFF:

THC	1,382,148
HCFS	2,259,918
HCF	14,244
Administration/Liquidation expenses	3,656,311

JA/JL Fee Estimate (for dealing with investor matters) (based on 100% recovery of estimated time costs): 6,055,423

Total Cost of the Administrations 9,711,734

Current estimated shortfall Administrators'/Liquidators' Fees if 11% of loan proceeds available (5,847,673)

Based upon Administration/Liquidation fees and expenses being payable from 11% of total Net Loan Proceeds in accordance with the Order made 28 July 2022, the Joint Administrators/Liquidators face an estimated c.£5.8m shortfall in forecasted fees up to February 2025. Therefore, the Joint Administrators/Liquidators seek the Court's permission that 26% of total Net Loan Proceeds be available to meet such fees and expenses. This will reduce the estimated shortfall to £578k (being 10% of forecasted time costs). In the event that this shortfall occurs, the Joint Administrators/Liquidators will forgo those fees.

£

	33,012,559
	(5,267,975)
	27,744,584
	120,000
	27,864,584
26% of Development Loan Proceeds	7,244,792
	7,263,244
26% Bridging Loan Proceeds	1,888,443

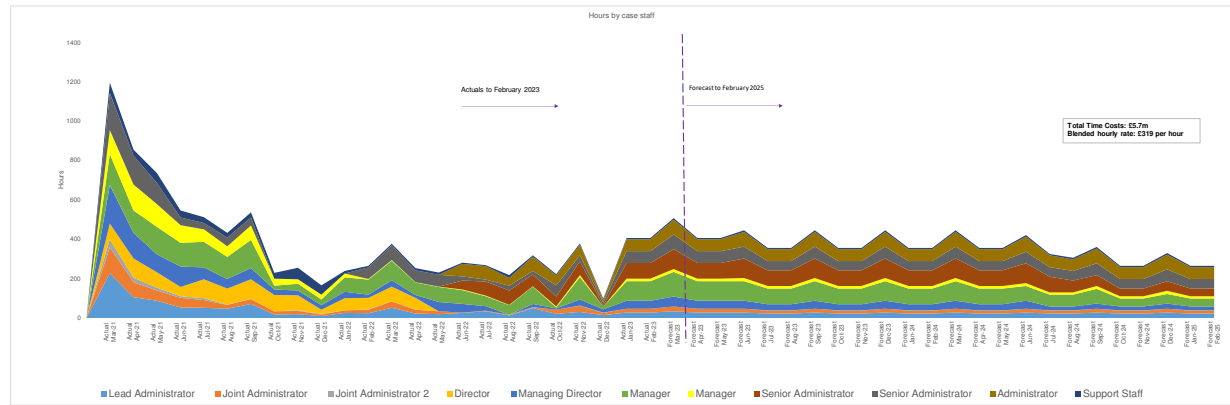
	7,244,792
	1,888,443
26% of Total Forecast Loan Proceeds	9,133,235

	1,382,148
	2,259,918
	14,244
	3,656,311

6,055,423

9,711,734

Estimated shortfall in Administrators'/Liquidators' Fees if 26% of Loan Proceeds available (578,499)

[illegible][illegible]

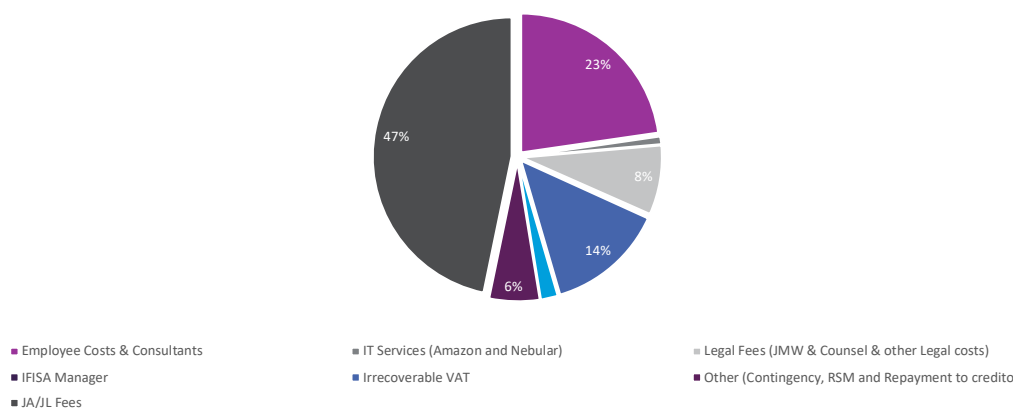
PER MONTH		Mar-21		Apr-21		May-21		Jun-21		Jul-21		Aug-21		Sep-21		Oct-21		Nov-21		Dec-21		Jan-22		Feb-22		Mar-22		Apr-22		May-22		Jun-22		Jul-22		Aug-22		Sep-22		Oct-22		Nov-22		Dec-22		Jan-23		Feb-23		Mar-23		Apr-23		May-23		Jun-23		Jul-23		Aug-23		Sep-23		Oct-23		Nov-23		Dec-23		Jan-24		Feb-24		Mar-24		Apr-24		May-24		Jun-24		Jul-24		Aug-24		Sep-24		Oct-24		Nov-24		Dec-24		Jan-25		Feb-25		Mar-25		Apr-25		May-25		Jun-25		Jul-25		Aug-25		Sep-25		Oct-25		Nov-25		Dec-25		Jan-26		Feb-26		Mar-26		Apr-26		May-26		Jun-26		Jul-26		Aug-26		Sep-26		Oct-26		Nov-26		Dec-26		Jan-27		Feb-27		Mar-27		Apr-27		May-27		Jun-27		Jul-27		Aug-27		Sep-27		Oct-27		Nov-27		Dec-27		Jan-28		Feb-28		Mar-28		Apr-28		May-28		Jun-28		Jul-28		Aug-28		Sep-28		Oct-28		Nov-28		Dec-28		Jan-29		Feb-29		Mar-29		Apr-29		May-29		Jun-29		Jul-29		Aug-29		Sep-29		Oct-29		Nov-29		Dec-29		Jan-30		Feb-30		Mar-30		Apr-30		May-30		Jun-30		Jul-30		Aug-30		Sep-30		Oct-30		Nov-30		Dec-30		Jan-31		Feb-31		Mar-31		Apr-31		May-31		Jun-31		Jul-31		Aug-31		Sep-31		Oct-31		Nov-31		Dec-31		Jan-32		Feb-32		Mar-32		Apr-32		May-32		Jun-32		Jul-32		Aug-32		Sep-32		Oct-32		Nov-32		Dec-32		Jan-33		Feb-33		Mar-33		Apr-33		May-33		Jun-33		Jul-33		Aug-33		Sep-33		Oct-33		Nov-33		Dec-33		Jan-34		Feb-34		Mar-34		Apr-34		May-34		Jun-34		Jul-34		Aug-34		Sep-34		Oct-34		Nov-34		Dec-34		Jan-35		Feb-35		Mar-35		Apr-35		May-35		Jun-35		Jul-35		Aug-35		Sep-35		Oct-35		Nov-35		Dec-35		Jan-36		Feb-36		Mar-36		Apr-36		May-36		Jun-36		Jul-36		Aug-36		Sep-36		Oct-36		Nov-36		Dec-36		Jan-37		Feb-37		Mar-37		Apr-37		May-37		Jun-37		Jul-37		Aug-37		Sep-37		Oct-37		Nov-37		Dec-37		Jan-38		Feb-38		Mar-38		Apr-38		May-38		Jun-38		Jul-38		Aug-38		Sep-38		Oct-38		Nov-38		Dec-38		Jan-39		Feb-39		Mar-39		Apr-39		May-39		Jun-39		Jul-39		Aug-39		Sep-39		Oct-39		Nov-39		Dec-39		Jan-40		Feb-40		Mar-40		Apr-40		May-40		Jun-40		Jul-40		Aug-40		Sep-40		Oct-40		Nov-40		Dec-40		Jan-41		Feb-41		Mar-41		Apr-41		May-41		Jun-41		Jul-41		Aug-41		Sep-41		Oct-41		Nov-41		Dec-41		Jan-42		Feb-42		Mar-42		Apr-42		May-42		Jun-42		Jul-42		Aug-42		Sep-42		Oct-42		Nov-42		Dec-42		Jan-43		Feb-43		Mar-43		Apr-43		May-43		Jun-43		Jul-43		Aug-43		Sep-43		Oct-43		Nov-43		Dec-43		Jan-44		Feb-44		Mar-44		Apr-44		May-44		Jun-44		Jul-44		Aug-44		Sep-44		Oct-44		Nov-44		Dec-44		Jan-45		Feb-45		Mar-45		Apr-45		May-45		Jun-45		Jul-45		Aug-45		Sep-45		Oct-45		Nov-45		Dec-45		Jan-46		Feb-46		Mar-46		Apr-46		May-46		Jun-46		Jul-46		Aug-46		Sep-46		Oct-46		Nov-46		Dec-46		Jan-47		Feb-47		Mar-47		Apr-47		May-47		Jun-47		Jul-47		Aug-47		Sep-47		Oct-47		Nov-47		Dec-47		Jan-48		Feb-48		Mar-48		Apr-48		May-48		Jun-48		Jul-48		Aug-48		Sep-48		Oct-48		Nov-48		Dec-48		Jan-49		Feb-49		Mar-49		Apr-49		May-49		Jun-49		Jul-49		Aug-49		Sep-49		Oct-49		Nov-49		Dec-49		Jan-50		Feb-50		Mar-50		Apr-50		May-50		Jun-50		Jul-50		Aug-50		Sep-50		Oct-50		Nov-50		Dec-50		Jan-51		Feb-51		Mar-51		Apr-51		May-51		Jun-51		Jul-51		Aug-51		Sep-51		Oct-51		Nov-51		Dec-51		Jan-52		Feb-52		Mar-52		Apr-52		May-52		Jun-52		Jul-52		Aug-52		Sep-52		Oct-52		Nov-52		Dec-52		Jan-53		Feb-53		Mar-53		Apr-53		May-53		Jun-53		Jul-53		Aug-53		Sep-53		Oct-53		Nov-53		Dec-53		Jan-54		Feb-54		Mar-54		Apr-54		May-54		Jun-54		Jul-54		Aug-54		Sep-54		Oct-54		Nov-54		Dec-54		Jan-55		Feb-55		Mar-55		Apr-55		May-55		Jun-55		Jul-55		Aug-55		Sep-55		Oct-55		Nov-55		Dec-55		Jan-56		Feb-56		Mar-56		Apr-56		May-56		Jun-56		Jul-56		Aug-56		Sep-56		Oct-56		Nov-56		Dec-56		Jan-57		Feb-57		Mar-57		Apr-57		May-57		Jun-57		Jul-57		Aug-57		Sep-57		Oct-57		Nov-57		Dec-57		Jan-58		Feb-58		Mar-58		Apr-58		May-58		Jun-58		Jul-58		Aug-58		Sep-58		Oct-58		Nov-58		Dec-58		Jan-59		Feb-59		Mar-59		Apr-59		May-59		Jun-59		Jul-59		Aug-59		Sep-59		Oct-59		Nov-59		Dec-59		Jan-60		Feb-60		Mar-60		Apr-60		May-60		Jun-60		Jul-60		Aug-60		Sep-60		Oct-60		Nov-60		Dec-60		Jan-61		Feb-61		Mar-61		Apr-61		May-61		Jun-61		Jul-61		Aug-61		Sep-61		Oct-61		Nov-61		Dec-61		Jan-62		Feb-62		Mar-62		Apr-62		May-62		Jun-62		Jul-62		Aug-62		Sep-62		Oct-62		Nov-62		Dec-62		Jan-63		Feb-63		Mar-63		Apr-63		May-63		Jun-63		Jul-63		Aug-63		Sep-63		Oct-63		Nov-63		Dec-63		Jan-64		Feb-64		Mar-64		Apr-64		May-64		Jun-64		Jul-64		Aug-64		Sep-64		Oct-64		Nov-64		Dec-64		Jan-65		Feb-65		Mar-65		Apr-65		May-65		Jun-65		Jul-65		Aug-65		Sep-65		Oct-65		Nov-65		Dec-65		Jan-66		Feb-66		Mar-66		Apr-66		May-66		Jun-66		Jul-66		Aug-66		Sep-66		Oct-66		Nov-66		Dec-66		Jan-67		Feb-67		Mar-67		Apr-67		May-67		Jun-67		Jul-67		Aug-67		Sep-67		Oct-67		Nov-67		Dec-67		Jan-68		Feb-68		Mar-68		Apr-68		May-68		Jun-68		Jul-68		Aug-68		Sep-68		Oct-68		Nov-68		Dec-68		Jan-69		Feb-69		Mar-69		Apr-69		May-69		Jun-69		Jul-69		Aug-69		Sep-69		Oct-69		Nov-69		Dec-69		Jan-70		Feb-70		Mar-70		Apr-70		May-70		Jun-70		Jul-70		Aug-70		Sep-70		Oct-70		Nov-70		Dec-70		Jan-71		Feb-71		Mar-71		Apr-71		May-71		Jun-71		Jul-71		Aug-71		Sep-71		Oct-71		Nov-71		Dec-71		Jan-72		Feb-72		Mar-72		Apr-72		May-72		Jun-72		Jul-72		Aug-72		Sep-72		Oct-72		Nov-72		Dec-72		Jan-73		Feb-73		Mar-73		Apr-73		May-73		Jun-73		Jul-73		Aug-73		Sep-73		Oct-73		Nov-73		Dec-73		Jan-74		Feb-74		Mar-74		Apr-74		May-74		Jun-74		Jul-74		Aug-74		Sep-74		Oct-74		Nov-74		Dec-74		Jan-75		Feb-75		Mar-75		Apr-75		May-75		Jun-75		Jul-75		Aug-75		Sep-75		Oct-75		Nov-75		Dec-75		Jan-76		Feb-76		Mar-76		Apr-76		May-76		Jun-76		Jul-76		Aug-76		Sep-76		Oct-76		Nov-76		Dec-76		Jan-77		Feb-77		Mar-77		Apr-77		May-77		Jun-77		Jul-77		Aug-77		Sep-77		Oct-77		Nov-77		Dec-77		Jan-78		Feb-78		Mar-78		Apr-78		May-78		Jun-78		Jul-78		Aug-78		Sep-78		Oct-78		Nov-78		Dec-78		Jan-79		Feb-79		Mar-79		Apr-79		May-79		Jun-79		Jul-79		Aug-79		Sep-79		Oct-79		Nov-79		Dec-79		Jan-80		Feb-80		Mar-80		Apr-80		May-80		Jun-80		Jul-80		Aug-80		Sep-80		Oct-80		Nov-80		Dec-80		Jan-81		Feb-81		Mar-81		Apr-81		May-81		Jun-81		Jul-81		Aug-81		Sep-81		Oct-81		Nov-81		Dec-81		Jan-82		Feb-82		Mar-82		Apr-82		May-82		Jun-82		Jul-82		Aug-82		Sep-82		Oct-82		Nov-82		Dec-82		Jan-83		Feb-83		Mar-83		Apr-83		May-83		Jun-83		Jul-83		Aug-83		Sep-83		Oct-83		Nov-83		Dec-83		Jan-84		Feb-84		Mar-84		Apr-84		May-84		Jun-84		Jul-84		Aug-84		Sep-84		Oct-84		Nov-84		Dec-84		Jan-85		Feb-85		Mar-85		Apr-85		May-85		Jun-85		Jul-85		Aug-85		Sep-85		Oct-85		Nov-85		Dec-85		Jan-86		Feb-86		Mar-86		Apr-86		May-86		Jun-86		Jul-86		Aug-86		Sep-86		Oct-86		Nov-86		Dec-86		Jan-87		Feb-87		Mar-87		Apr-87		May-87		Jun-87		Jul-87		Aug-87		Sep-87		Oct-87		Nov-87		Dec-87		Jan-88		Feb-88		Mar-88		Apr-88		May-88		Jun-88		Jul-88		Aug-88		Sep-88		Oct-88		Nov-88		Dec-88		Jan-89		Feb-89		Mar-89		Apr-89		May-89		Jun-89		Jul-89		Aug-89		Sep-89		Oct-89		Nov-89		Dec-89		Jan-90		Feb-90		Mar-90		Apr-90		May-90		Jun-90		Jul-90		Aug-90		Sep-90		Oct-90		Nov-90		Dec-90		Jan-91		Feb-91		Mar-91		Apr-91		May-91		Jun-91		Jul-91		Aug-91		Sep-91		Oct-91		Nov-91		Dec-91		Jan-92		Feb-92		Mar-92		Apr-92		May-92		Jun-92		Jul-92		Aug-92		Sep-92		Oct-92		Nov-92		Dec-92		Jan-93		Feb-93		Mar-93		Apr-93		May-93		Jun-93		Jul-93		Aug-93		Sep-93		Oct-93		Nov-93		Dec-93		Jan-94		Feb-94		Mar-94		Apr-94		May-94		Jun-94		Jul-94		Aug-94		Sep-94		Oct-94		Nov-94		Dec-94		Jan-95		Feb-95		Mar-95		Apr-95		May-95		Jun-95		Jul-95		Aug-95		Sep-95		Oct-95		Nov-95		Dec-95		Jan-96		Feb-96		Mar-96		Apr-96		May-96		Jun-96		Jul-96		Aug-96		Sep-96		Oct-96		Nov-96		Dec-96		Jan-97		Feb-97		Mar-97		Apr-97		May-97		Jun-97		Jul-97		Aug-97		Sep-97		Oct-97		Nov-97		Dec-97		Jan-98		Feb-98		Mar-98		Apr-98		May-98		Jun-98		Jul-98		Aug-98		Sep-98		Oct-98		Nov-98		Dec-98		Jan-99		Feb-99		Mar-99		Apr-99		May-99		Jun-99		Jul-99		Aug-99		Sep-99		Oct-99		Nov-99		Dec-99		Jan-00		Feb-00		Mar-00		Apr-00		May-00		Jun-00		Jul-00		Aug-00		Sep-00		Oct-00		Nov-00		Dec-00		Jan-01		Feb-01		Mar-01		Apr-01		May-01		Jun-01		Jul-01		Aug-01		Sep-01		Oct-01		Nov-01		Dec-01		Jan-02		Feb-02		Mar-02		Apr-02		May-02		Jun-02		Jul-02		Aug-02		Sep-02		Oct-02		Nov-02		Dec-02		Jan-03		Feb-03		Mar-03		Apr-03		May-03		Jun-03		Jul-03		Aug-03		Sep-03		Oct-03		Nov-03		Dec-03		Jan-04		Feb-04		Mar-04		Apr-04		May-04		Jun-04		Jul-04		Aug-04		Sep-04		Oct-04		Nov-04		Dec-04		Jan-05		Feb-05		Mar-05		Apr-05		May-05		Jun-05		Jul-05		Aug-05		Sep-05		Oct-05		Nov-05		Dec-05		Jan-06		Feb-06		Mar-06		Apr-06		May-06		Jun-06		Jul-06		Aug-06		Sep-06		Oct-06		Nov-06		Dec-06		Jan-07</	
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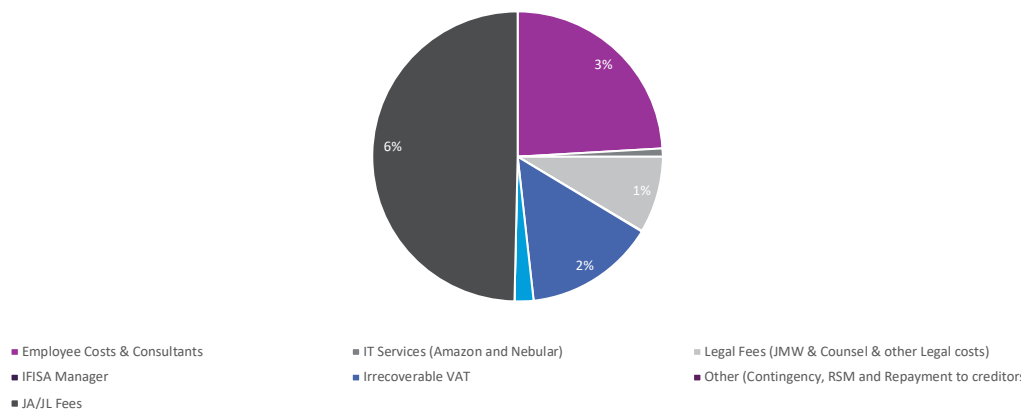
Total Investor related time		
Total Time Costs	5,696,186	
Less HCPIH	400,000	
HCPISA / THC / HCIF	5,296,186	
Less Creditor time to date - Feb 21 to Feb 23		
HCPISA	50,000	
HCIF	50,000	
THC	150,000	
	<u>250,000</u>	
Total Investor Time	5,046,186	
Gross fee (100%)	6,055,423	
Write off due to shortfall in funds	578,499	10%
Reduced gross fee	5,476,925	
recoverable VAT	912,821	
Revised net fee	4,564,104	

Consolidated Forecast	As per Exhibit "FO2/ page 25"			Current		
	Feb 21 - Feb 23	% of total costs	% of net Loan Proceeds	Feb 21 - Feb 25	% of total costs	% of net Loan Proceeds
Development Loans	29,260,116			27,864,584		
Bridging Loans	7,744,675			7,263,244		
Total net loan proceeds	37,004,791			35,127,827		
Employee Costs & Consultants	1,002,629	23%	3%	1,448,335	16%	4%
IT Services (Amazon and Nebular)	39,257	1%	0%	66,059	1%	0%
Legal Fees (JMW & Counsel & other Legal costs)	353,917	8%	1%	911,265	10%	3%
IFISA Manager	5,000	0%	0%	72,000	1%	0%
Irrecoverable VAT	605,093	14%	2%	1,525,489	17%	4%
Agent Fees	87,787	2%	0%	233,247	3%	1%
Other (Contingency, RSM and Repayment to creditors)	256,972	6%	0%	312,735	3%	1%
JA/JL Fees	2,063,422	47%	6%	4,564,104	50%	13%
Total Costs	4,414,077	100%	11%	9,133,235	100%	26%
Costs as a proportion of net loan proceeds	11.0%			26.0%		

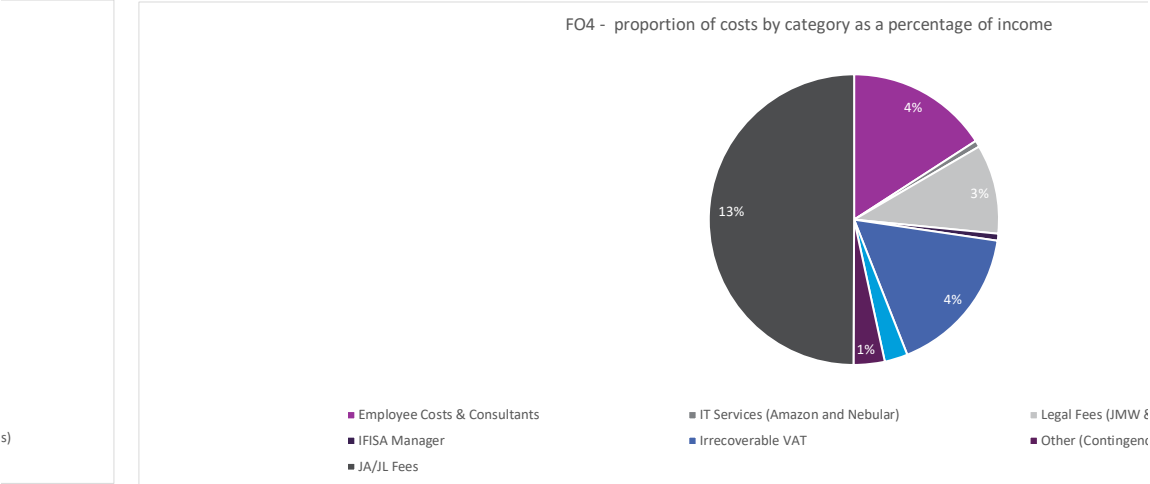
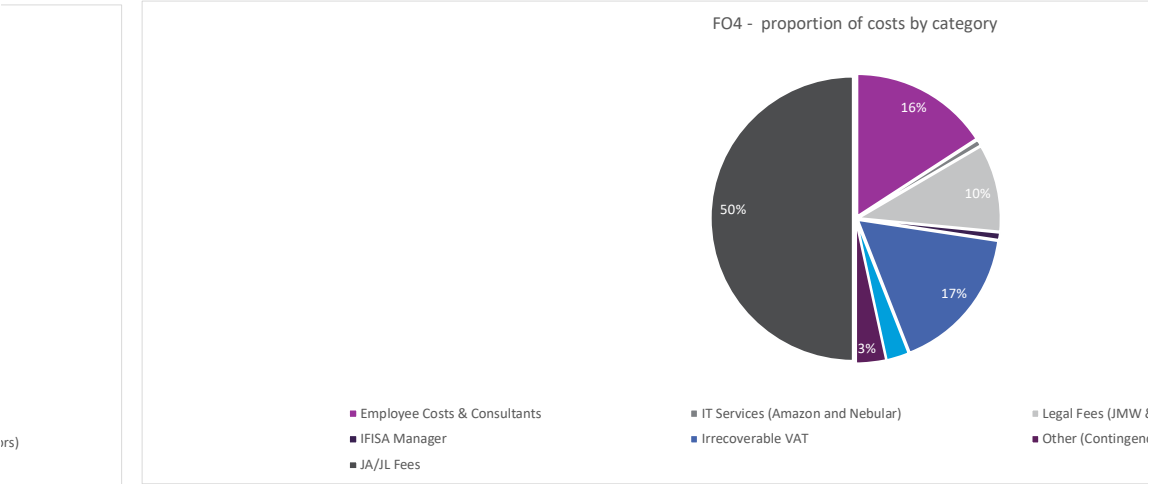
The First Statement - proportion of costs by category



The First Statement - proportion of costs by category as a percentage of income



Variance	Explanatory Notes
- 1,395,532	Additional Third party funding and delays have reduced anticipated realisations
- 481,431	Settlements and write off have reduced anticipated realisations
- 1,876,964	
445,707	Employees retained for an additional two years
26,802	Small variance
557,348	Function of being in office for additional two years and foreseeable court applications
67,000	Small variance
920,396	A factor of increased costs
145,460	Additional monitoring required due to costs overruns and delayed build plans
55,763	Includes, financial modelers, contingency and refund to insolvency estates from investors
2,500,682	The sum of £4,564,104 is the net value of the available funds following the write off of the shortfall (£578k)
4,719,158	



Grade of Staff	Rate from 15 June 2020	Rate from 23 June 2022
CEO/Managing Director	£400.00	£495.00
Director	£370.00	£400.00
Senior Manager	£400.00	£345.00
Manager	£310.00	£325.00
Assistant Manager	£275.00	£295.00
Senior Administrator	£235.00	£250.00
Administrator	£200.00	£200.00
Assistant Administrator	£135.00	£160.00
Case Accountant	£135.00	£110.00
Junior Administrator	£100.00	£110.00
Support Staff/Executive Assistant	£100.00	£110.00

Statement of Affairs		From 24/08/2022 To 23/02/2023	From 24/02/2021 To 23/02/2023
£		£	£
RECEIPTS			
	Bank Interest Gross	11.18	15.58
	Book Debts	10,750.00	10,750.00
109,504.21	Cash at Bank	NIL	110,695.96
	HCF consultancy recharges	NIL	3,510.00
	HCFSA consultancy recharges	NIL	7,750.00
	HCFSA PAYE/NI recharges	7,789.43	22,687.90
	HCFSA pension contributions recharge	1,393.21	4,077.53
	HCFSA wages recharges	18,099.33	51,378.22
	HCPM consultancy recharges	NIL	5,150.00
	HCPM PAYE/NI recharges	29,228.71	74,329.11
	HCPM pension contributions recharge	2,868.84	8,951.41
	HCPM tax consultants recharges	NIL	1,250.00
	HCPM wages recharges	58,227.23	138,759.05
	Inter-estate loan from HCFSA	NIL	265,000.00
	Misc Refunds	NIL	159.57
	Office equipment	NIL	100.00
	Rates Refund	NIL	1,316.54
	Repayment of HCP Loans	14,648.66	41,278.66
		<u>143,016.59</u>	<u>747,159.53</u>
PAYMENTS			
	Accountants fees	8,097.00	30,785.00
	Bank Charges	75.00	503.68
	Collection of books & records	NIL	1,583.38
	Consultancy fees	30,456.56	182,553.16
	Equitivo Pre-appointment	9,000.00	9,000.00
	Expenses	142.98	202.98
	Insurance	301.97	905.91
	IT Costs - AWS	4,834.24	20,458.08
	IT Services	2,058.00	21,121.89
	Joint Administrators Disbursements	416.08	1,134.64
	Legal disbursements	12,300.00	12,354.30
	PAYE & NI	18,802.20	102,363.96
	Payroll Services	196.20	1,265.90
	Pensions Contributions	2,598.65	14,108.97
	Post Appointment Legal Fees	1,990.00	40,971.00
	Postage	48.56	374.16
	Regulatory Consultants	NIL	24,293.75
	Specific Bond	NIL	135.00
	Statutory Advertising	NIL	88.00
	Storage Costs	NIL	516.60
	Tax Consultants	NIL	1,250.00
	VAT Irrecoverable	12,109.66	51,455.21
	Wages & Salaries	45,354.26	209,599.72
		<u>148,781.36</u>	<u>727,025.29</u>
<u>109,504.21</u>		<u>(5,764.77)</u>	<u>20,134.24</u>

MADE UP AS FOLLOWS

Bank 1 Current 20,134.24

20,134.24

The House Crowd Limited - Outcome Statement for Creditors as at 22 February 2023

	Estimated to Realise £
Assets not specifically pledged	
Refund from Investor Funds	138,448
Estimated dividend from HCPM	22,104
HCP Shares	Uncertain
	<hr/> 160,552
Costs	
Administrators' Fees - Pre-Appt	(12,167)
Administrators' Fees - Post-Appt	(67,000)
Pre Apt legal fees	(1,250)
Specific Bond	(135)
Statutory Advertising	(176)
VAT Irrecoverable	(17,246)
Post	(100)
Accountants fees	(600)
Storage costs	(500)
Insurance	(300)
Misc costs	(4,000)
Bank charges	(100)
	<hr/> (103,574)
Amount Available for Pref Creditors	<hr/> 56,978
Preferential Creditors	(8,653)
Secondary Preferential Creditors	(5,197)
Surplus as per Preferential Creditors	<hr/> 43,128
Amount available to Unsecured Creditors	<hr/> 43,128
Est. Unsecured Creditors	
Trade Creditors	(161,440)
HMRC	(9,156)
	<hr/> (170,596)
Estimated Deficiency as per Unsecured Creditors	(127,467)
Estimated dividend (p/£)	0.25

Name	Address 1	Address 2	Address 3	Address 4	Address 5	Amount	Claim
Adobe Systems Software Ireland Limited	4-6 Riverwalk	Citywest Business Park	Dublin 24	Ireland		70.8	0
Blue Silver Consultancy Limited	101 Hale Road	Hale	Altrincham	WA15 9HL		34512	0
British Telecom plc	c/o Bater Tilly Creditor Services LLP		Kingsgate	1 Kind Edward Road	CM14 4HG	0	0
Call ready	Dolphin Com Ltd	3 Solway Court	Crewe Business Park	Cheshire	CW1 6LD	384.37	0
Choice Refreshments	Argyle Street	Hazel Grove	SK7 4ET			360	0
Andrew Collier Photography Ltd	19 Grove Ave	Cheshire	Lymm	WA13 0HF		200	0
Crazy Kangaroo	Crazy Kangaroo Supplies	29-33 Devonshire Place	St Helier	JERSEY	JE2 3RD	24.71	0
Consoletronic	9 Wild St	Dukinfield	SK16 4DL			12.88	0
CCL Academy	birchin court	20 Birchin Ln	Langbourn	London	EC3V 9DU	0.8	0
Cyber Security group						2876.48	0
(The) Digital Marketing Bureau	26 Chorlton Villas		Hardy Lane		M21 8DN	500	0
DCH Cleaning	4 Denver Drive	Great Sankey	Warrington	WA5 8DE		105.75	406.2
Dolphin Com Ltd	Dolphin Com Ltd	3 Solway Court	Crewe Business Park	Cheshire	CW1 6LD	7.93	0
Digital Ocean	101 Avenue of the Americas	10th Floor	New York	NY 10013		24	0
Facebook	1 Rathbone Square	London	W1T 1FB			441.24	0
FCA	12 Endeavour Square	London	E20 1NJ			323.44	0
First Internet	116a Ashley Road	Hale	WA14 2UN			48	0
Fugenial	Wettkamer Weg 6	82054 Sauerlach	Germany			8.34	0
Fresh Start Waste Services Ltd	Scott House	114 Higher Green Lane	Astley	M29 7JB		57.74	0
Gentleman's Jolly	289 West Barnes Lane	New Malden	Surrey	KT3 6JE		600	0
Goji Administration Services Ltd	133 Whitechapel High Street	London	E1 7QA			0	11074.37
HM Revenue & Customs	Warkworth House	Benton Park View	Longbenton	Newcastle Upon Tyne	NE98 1ZZ	0	14353.18
iTG Technologies Ltd	Amtri House	Hurdsfield Industrial Estate	Hulley Rd	Macclesfield	SK10 2NE	1937.71	0
ltransition	2939	29th Floor	One Canada Sq	Canary Wharf	E14 5DY	1344	0
Istock (Getty Images)	1st Floor	The Herbert Building	Carrickmines	Dublin 18		200.4	0
JSJ Commercial Insurance	2nd floor	Suite 7a	Springfield House	Wilmslow	SK9 5BG	1495.17	0
John Houghton	Sycamore Farm	Repton Road	Willington	Derbyshire	DE65 6BX	42000	42000
Jonathan Meare	Suite 1	Armcon Business Park	London Road South	Poynton	SK12 1LQ	11868.5	11868.51
Kumina	Kumina BV	Parklaan 85	5613 BB Eindhoven	The Netherlands		71.21	0
MangoPay	2 Avenue Amélie	L-1125	Luxembourg			8080.4	8080.4

Monolith Art						520	0
Nash&Co	Beaumont House	Beaumont Park	Plymouth	Devon	PL4 9BD	342	0
Nebular Cloud	5 Arbour Close	Macclesfield	SK10 2JA			199.77	0
PHS Group	Block B	Western Industrial Estate	Caerphilly	CF83 1XH		129.6	0
Prontaprint	16 Church Street	Altrincham	Cheshire	WA14 4DW		62.52	0
Paul Barnes	2B Station Road	Holmfirth	Huddersfield	HD9 1AB		14093	14093.02
R4P LLP	85 Hill Road	Pinner	Middlesex	HA5 1LD		19172.9	19172.94
The Redundancy Payment Service	PO Box 16685		Birmingham		B2 2LX	0	24810.18
Sarah Challis						30	0
Searchvista Ltd	22 Warren Lea	Poynton	Stockport	Cheshire	SK12 1BP	3060	3060
Tek Systems	Alegis Group Ltd	Western Road	3 Floor	Brackenell	RG12 1RT	360	0
Taskeater	30 Stamford St	South Bank	London	SE1 7LQ		152	0
Trust Pilot	Pilestræde 58 1112 Copenhagen K	Denmark				310	0
The Redundancy Payment Service						8653.02	8653.02
User Testing	26720	Bayshore Parkway	Mountain View	CA 94043		63.08	0
Venturi Partners Limited	2 Beverley Court	26 Elmtree Road	Teddington	Middlesex	TW11 8ST	0	14964
Workplace Advice Group	2 Adventure Pl	Hanley	Stoke-on-Trent	ST1 3AF		120	0
Yuron Funding	219 Marine Rd	Morecambe	Lancashire	LA4 4BU		11910	11910.04
Zapier Inc	548 Market St	San Fransisco	CA94104-5401			422.17	0
49							184445.9

**IN THE HIGH COURT OF JUSTICE BUSINESS AND PROPERTY COURTS IN MANCHESTER
CR2021MAN000118**

HOUSE CROWD FINANCE (SECURITY AGENT) LIMITED - (IN ADMINISTRATION)

THE JOINT ADMINISTRATORS' FINAL ACCOUNT

21 February 2023

This report has been prepared for the sole purpose of updating the creditors for information purposes. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than updating them for information purposes, or by any other person for any purpose whatsoever.

Frank Ofonagoro, Jeremy Woodside and Frank Wessely were appointed Joint Administrators of House Crowd Finance (Security Agent) Limited on 25 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.

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ABBREVIATIONS

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

The Act	The Insolvency Act 1986
The Borrower	An individual or Company which has entered into a loan agreement with HCFSa
CASS	Client Assets Sourcebook (Financial Conduct Authority)
CDDA	Company Directors Disqualification Act 1986
The Company	House Crowd Finance (Security Agent) Limited
The Court	High Court of Justice Business and Property Courts in Manchester
The Court Order	High Court of Justice Business and Property Courts in Manchester CR-2021-MAN-000118
CVL	Creditors' Voluntary Liquidation
DSG	DSG Accountancy and Business Services Limited
EOS	Estimated Outcome Statement
FCA	Financial Conduct Authority
HCD SPV(s)	House Crowd Development SPVs typically named House Crowd Development 1, 2 etc.
HCF	House Crowd Finance Limited
HCFSa	House Crowd Finance (Security Agent) Limited
HCPM	House Crowd Property Management Limited
HCP SPV(s)	House Crowd Property SPVs typically named House Crowd Project 1, 2 etc.
HMRC	HM Revenue & Customs
The House Crowd Business	Collectively THC, HCF, HCFSa, HCPM, HCD SPVs & HCP SPVs
IFISA	Innovative Finance ISA
ISA	Individual Savings Account
The Joint Administrators	Frank Ofonagoro, Jeremy Woodside and Frank Wessely of Quantuma Advisory Limited
Joint Administrators' Proposals	The Statement of the Joint Administrators' Proposals prepared pursuant to Paragraph 49(1) of Schedule B1 of the Act
LLP	Limited Liability Partnership
NIC	National Insurance Contributions
P2P	Peer-to-Peer

PAYE	Pay-as-you-earn Tax
Platform	www.thehousecrowd.com
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 25 August 2022 to 24 February 2023
Retail Lender/Investor	A registered member of the Platform
The Rules	Insolvency (England & Wales) Rules 2016
SIP	Statement of Insolvency Practice (England & Wales)
SPV	Special Purpose Vehicle
THC	The House Crowd Limited
VAT	Value Added Tax

INTRODUCTION

This report has been prepared to provide creditors with an update on the progress of the Administration of the Company since our last report dated 21 September 2022.

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

This report should be read in conjunction with all previous reports issued by the Joint Administrators.

The report has been prepared in accordance with insolvency legislation to provide members and creditors, the Registrar of Companies and the Court with details of the progress made during the Reporting period, and with an overview of the conduct of the Administration and summary of the information provided in the progress report(s) that have been issued during the Administration. Copies of these reports are available on request.

The Joint Administrators' proposals were approved by creditors on 4 May 2021 via a deemed consent procedure. A formal notice confirming this was sent to all creditors on 10 May 2021. Attached at Appendix 2 is a summary of the Joint Administrators' Proposals, as approved.

The Joint Administrators performed 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).

The Administration was scheduled to end on 24 February 2022, but the term of the Administration was originally extended by 12 months with the consent of the relevant creditors on 7 January 2022.

The Joint Administrators have previously referenced the need to extend the Administration process further until February 2025 in order that assets are realised for the benefit of investors. However, having been able to achieve the statutory purpose of the Administration, and in order to make a distribution to unsecured creditors, the Joint Administrators are now of the opinion that there is no need to continue the Administration process and that steps should be taken to move from Administration to Creditors Voluntary Liquidation. Investors should note that this step will not impact their interests and trust assets will still be realised by the Joint Liquidators and distributed as and when applicable to investors.

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 25 February 2021.

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

THE PROGRESS OF THE ADMINISTRATION

In this section, we have summarised of main asset realisations during the Reporting Period and in the Administration as a whole, together with details of the associated realisation and statutory costs. For a detailed list of work undertaken by the Joint Administrators, please see Appendix 4.

Realisation of assets

As previously reported, since the Joint Administrators' appointment, they have primarily focused on securing and realising the Company's bridging and development loan books for the benefit of Investors.

Bridging Loan Book

As previously reported, at the date of the Joint Administrators' appointment, the Company had a P2P bridging loan book consisting of 29 loans with a total gross loan value of c.£15.1m. All of the loans were already in default.

Development Loan Book

As previously reported, at the date of the Joint Administrators' appointment, the Company's development loan book consisted of 12 live development projects, of which eight were substantially completed, with sales agents instructed by THC's directors to commence a property sales process.

Some of the remaining development projects required significant work to reach a stage of practical completion. Following HCFSA's exit from Administration and into Creditors' Voluntary Liquidation, the Joint Liquidators and the directors of the HCD entities (Frazer Fearnhead and Justin Molloy) will remain responsible for the day-to-day management of the projects and the HCD entities.

During the Reporting Period, the Joint Administrators have overseen the sale of a further 21 properties across the developments, resulting in gross realisations of c.£4m.

Overall, throughout the Administration process, the Joint Administrators have overseen the sale of 85 properties and achieved gross realisations of c.£20.3m.

The proceeds of each sale were reconciled by the Joint Administrators with monies then transferred to a ring-fenced fixed charge receivables bank account. In some instances, an element of these monies was used for further deployment on ongoing development work.

Only when all the developments are completed and sold will the amount of net realisations available for distribution to retail lenders / investors become known. We will continue to provide updates on realisations made and prospects of repayment to investors.

During the Reporting Period, the Joint Administrators carried out a number of specific tasks pertaining to the development loan book including, but not limited to the following:-

- Engaging with the directors of relevant HCDs in our role as security agent in relation to pertinent matters arising on development sites;
- Providing a treasury function (discussed in detail below) for certain development sites to ensure payment of site contractors but also to ensure that the integrity of development cash flows were maintained;
- Corresponding with third party funders / lenders where they are providing additional finance on certain development sites; and
- Providing regular updates to the FCA and retail lenders on the progress of site completion and development realisations

Treasury Function

As previously reported, the Joint Administrators provided a treasury function to the developments, by overseeing the continued operation of the pre-appointment bank accounts used to manage the HCD SPVs for certain development sites, and pay costs required to complete these developments from ongoing property sales.

This arrangement was critical in ensuring that the Joint Administrators had clear visibility of build costs; early warning of any unexpected cash leakage; and ensure contractors were paid on time as work was completed which was key to avoiding any further delays to site completion timelines. This process proved effective in protecting the interests of Investors and ensuring that their loans were properly used to fund necessary development works.

The Joint Administrators continued to operate this function consistently across three sites and made an additional c.£964k in payments to third parties during the Reporting Period with these payments having totalled c.£4.3m from the start of the Administration.

The Joint Administrators, where applicable, have also facilitated smaller payment transactions on sites with snagging issues (HCD25 & HCD3 as examples).

Following the move into Creditors' Voluntary Liquidation, the Joint Liquidators will continue to provide any treasury function necessary to assist in the ongoing build process.

Court Applications

First Court proceedings

As previously reported, the Joint Administrators made an application to Court for guidance on the basis by which they will fund their remuneration and the third-party costs of the Administration process ("the first costs hearing").

Following the hearing on 28 July 2022, the Court made an Order that the Joint Administrators could charge 11% of realised investor assets to settle their remuneration and associated third party costs. A copy of the sealed Court Order was provided to all investors on 20 September 2022.

Proposed costs recovery % uplift

The Joint Administrators anticipate that the duration of the insolvency process and realisation of assets will now necessarily have to continue for a longer period than previously anticipated with a projected conclusion date of February 2025. This represents an additional two year duration of the process from the Joint Administrators' initial target closure date of February 2023. This will unavoidably significantly increase the costs of realising investor assets, including the Joint Administrators' remuneration.

Given the forecast increase in costs for the reasons set out above, the Joint Administrators intend to return to Court (as directed by the Judge at the first costs hearing) to seek an increase in our current costs' recovery basis from 11% of investor asset realisations to c.23%. The Joint Administrators' Legal Counsel and advisors are currently drafting a Court application in this regard and it is our intention to provide investors with information setting out the basis of our increased cost recovery % in due course under separate cover.

Second Court proceedings – investor distribution mechanism

The Joint Administrators have previously advised of the need for a separate application to Court to obtain approval of their proposed distribution mechanism that allows net asset realisations to be returned to investors in The House Crowd Business in the most equitable manner.

The Joint Administrators remain in the process of constructing a suitable distribution proposal as unfortunately, the complex nature of the legal agreements relating to the loans, and material deficiencies in the Company investor and accounting records, has led to this process becoming extremely protracted.

The Joint Administrators expect to have finalised and lodged in Court their proposed distribution mechanism by May 2023.

The Joint Administrators' final receipts and payments account

Attached at Appendix 3a is a receipts and payments account covering the Reporting Period together with the cumulative totals from the previous Reporting Periods. The Joint Administrators confirm that the account has been reconciled with that held at the bank.

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.

At the outset of the process the Joint Administrators spent a significant amount of time 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 were able to successfully reconcile the monies held by these providers and began the task corresponding with the relevant investors so that their funds could be returned to them.

During the Reporting Period, a further sum of c.£1,258 has been repatriated back to investors bringing the total sums repatriated to date to c.£97,408. There remains the sum of c.£4,872 which will be repatriated to investor when the Company enters into liquidation.

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.

During the Reporting Period, the sum of c.£3,872 has been returned to the relevant investors. There remains the sum of c.£98,866 which will be repatriated to investors when the Company enters into liquidation.

Investors should note that the above task of repatriating funds back to investors has been unexpectedly delayed due to the discovery of material deficiencies in the Company's records provided the Joint Administrators at the outset of the Administration.

The Joint Administrators identified potential errors in certain distributions made prior to the Company entering Administration, which, if left unchecked, may have resulted in duplicated distributions being made to investors in the future.

The Joint Administrators requested a full reconciliation of these transactions and have identified some erroneous items. This matter will be concluded when the Company enters into Liquidation.

Interaction with the FCA

Following their appointment, the Joint Administrators have been liaising with the FCA on various matters impacting the Administration process.

The Joint Administrators' final receipts and payments account

Attached at Appendix 3a is a receipts and payments account covering the Reporting Period together with the cumulative totals from the previous Periods. The Joint Administrators confirm that the account has been reconciled with that held at the bank.

VAT Basis

The receipts and payments are shown net of VAT. We have shown separately the total VAT on payments as this represents an irrecoverable expense because the Company is not VAT registered Administration (including statutory reporting)

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.

During the Reporting period, primarily these tasks have included:

- Consulting with and instructing engagement staff and independent advisers as regards practical, technical and legal aspects of the case to ensure efficient case progression;
- Maintaining case files, to ensure that the Joint Administrators' records accurately reflect the issues encountered by the Joint Administrators; how these issues have been addressed; and the basis on which the Joint Administrators have reached their decisions;
- Monitoring and maintaining an adequate statutory bond insurance over the administration estate;
- Conducting periodic case reviews to ensure that the administration is progressing efficiently, effectively and in line with statutory requirements under current UK Insolvency legislation;
- Maintaining and updating the administration estate's cash book and bank accounts, including regular bank reconciliations and processing receipts and payments;
- Completing periodic tax returns; and
- Deliberating, planning and taking steps to execute the appropriate exit from administration of the Company into a Liquidation process.

Realisation of assets

Gross bank interest

The sum of £77 has been received in respect of gross bank interest during the Reporting Period.

Estimated Future Realisations

Bridging loan funds due to HCFSA

The directors' estimated Statement of Affairs at the outset of the Administration detailed inter-company bridging loan funds owed to HCFSA, with a book value of c.£331k and an additional c. £9k of legal fees.

As at the date of Administration, the Joint Administrators were provided with company records stating that this inter-company loan consisted of necessary property expenses relating to bridging loan book borrowers paid by HCF on behalf of HCFSA and that these payments were never recharged to HCFSA by HCF.

Any recoverable sums in this regard will be pursued in the Liquidation process.

Other items on the Receipts & Payments Account

Development and Bridging Loan recovery fee

At the outset of the Administration process, the Joint Administrators established from HCFSA's books and records that the Company was contractually entitled to charge a recovery fee (capped at 10%) from net realisations on all recoveries pertaining to defaulted loans. It was on this basis that the Joint Administrators made an application to Court to seek approval for their remuneration to be fixed by the Court.

Following the hearing on 28 July 2022, the Court made an Order that the Joint Administrators could charge 11% of realised investor assets (bridging and development loans assets) to settle their remuneration and associated third party costs.

As detailed in the receipts and payments account at Appendix 3a, during the Reporting Period, the Joint Administrators have drawn the sums of £397k and £656k respectively from bridging and development loan recoveries to discharge third party costs of the Administration estate as well as the Joint Administrators' remuneration.

Payments

A full list of payments made during the Reporting Period is detailed in the Joint Administrators' receipts and Payments Account at Appendix 3a.

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 have continued to be initially met by the THC Administration estate and have subsequently been recharged to the respective HCPM and HCFSA Administration estates (these payments are shown within the receipts and payments account at Appendix 3a).

Since January 2023, the work carried out by the remaining members of staff now largely relate to that of HCFSA and not HCPM or the HCP entities and as such all recharges to THC have been met by HCFSA.

This will continue to be the case throughout the Liquidation process.

Inter-estate funding

As creditors and investors are already aware, given that THC is the FCA authorised entity within the wider House Crowd Business for P2P lending purposes, it is necessary that THC remains in an insolvency process until the conclusion of the Joint Administrators' orderly wind-down of the House Crowd Business.

However, THC is not forecast to have enough future realisations to be self-sufficient whilst initially HCPM did not have sufficient assets to settle its outstanding liabilities. Therefore, in order to be able to continue the insolvency processes of THC and HCPM, the Administration estate of HCFSA has historically provided funding to the Administration estates of THC and HCPM before the Reporting Period.

During the Reporting Period, no funds were provided by HCFSA to THC or the HCPM estate.

By way of a reminder, THC will not be in a position to repay this funding from HCFSA, however, because the continuation of THC's insolvency process in particular, is critical for the process of maximising realisations and returning capital to retail lenders, the Joint Administrators asked the Court to ratify these steps as part of their directions application on 13 April 2022. The Court duly ratified this strategy by its Order of 28 July 2022.

During the Reporting Period the loan to HCPM (c.£80k) was repaid in full to HCFSA from the estate. A summary of the current inter-estate funding provided by HCFSA is detailed below:

Administration	HCPM £	THC £
Funding during Reporting Period	Nil	Nil
Total	Nil	265,000

During the Reporting Period, the Joint Administrators have also incurred direct expenses, not all of which have yet been discharged. Further details of these costs are set out in section 'The Joint Administrators' Fees and Expenses' below.

As detailed above, the insolvency process is now expected to continue until February 2025 and as such, further funding will be required by THC from HCFSA during the Liquidation process.

CREDITORS: CLAIMS AND DISTRIBUTIONS

Secured creditors

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

Preferential creditors

Primary Preferential Creditors

The Joint Administrators have not received any claims from 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

No secondary preferential claims have been received.

Prescribed Part

The Company 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 £440,315 in the director's Estimated Statement of Affairs and during the Administration four claims have been received from unsecured creditors totalling £20,093.

Of the sums detailed in the directors' Estimated Statement of Affairs, the sum of £331,242 was stated as being owed to HCF as an intercompany position as at the date of appointment.

At present an estimated dividend of c.8p in the £ is expected to be paid to unsecured creditors in subsequent the Liquidation process.

Claims process

Due to the projected dividend distribution to unsecured creditors, they are asked to submit their unsecured claims to the address on the front of this report, marked for the attention of Heather Barnes.

A Proof of Debt form is attached at Appendix 6.

INVESTIGATIONS

Investigations

As part of the Joint Administrators' statutory duties, an investigation into the conduct of the Company's Directors was completed and a confidential report was submitted to The Insolvency Service on 19 May 2021.

ETHICS

The Joint Administrators are bound by the Insolvency Code of Ethics when carrying out all professional work relating to insolvency appointments..

General ethical considerations

During the Reporting Period, no new 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 their own 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 Joint Administrators' 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.

Other Information

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>.

Further Information

Creditors should note that the Joint Administrators are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment. Additionally, the Joint Administrators are also bound by the regulations of their Licensing Bodies.

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

THE JOINT ADMINISTRATORS' FEES AND EXPENSES

Pre-Administration Costs

Included within the Joint Administrators' Proposals was a Statement of Pre-Administration costs as detailed below:

Party instructed	Amount (£)
Quantuma Advisory Limited	694
Quantuma Advisory Limited (disbursements)	6
JMW Solicitors LLP	400
TOTAL UNAPPROVED	1,100

The Joint Administrators sought approval of these fees and they were approved via a decision procedure on 21 February 2023, none of which have been discharged in the Administration.

The Joint Administrators' Fees

For dealing with investor affairs

As explained earlier, the basis on which the Joint Administrators are remunerated for dealing with trust assets for the benefit of investors was decided by the Court in July 2022.

As at 21 February 2023, a total of £861k (excluding VAT) of fees have been drawn in respect of the Joint Administrators' remuneration.

For dealing with the affairs of creditors

The basis of the Joint Administrators' fees for dealing with matters on behalf of creditors was agreed on 21 February 2023 by the Company's unsecured creditors as follows:

1. A fixed fee of £50,000.

The set fee is considered a fair and reasonable reflection of the work undertaken by the Joint Administrators for the benefit of creditors.

No fees have yet been drawn in respect of this aspect of the Joint Administrators' remuneration.

The Joint Administrators have not provided details of their time costs or charge out rates as in accordance with SIP 9 guidance, there is no requirement to do so when their remuneration has been set on a fixed fee basis.

Joint Administrators' Expenses

The expenses, which include disbursements that have been incurred and not yet paid during the period are detailed overleaf:

Expenses	Actual expenses incurred in the Reporting Period £	Expenses Paid in the period £	Expenses unpaid from previous Reporting Period £	Total incurred but not yet paid £
Category 1 Expenses				
Accountancy Fees	1,200	1,200	Nil	Nil
Solicitors – JMW	5,670	Nil	Nil	5,670
Postage	Nil	1	Nil	Nil
Travel	121	121	Nil	Nil
Subsistence & Accommodation	766	886	Nil	Nil
Mileage incurred as a result of necessary travel as per HMRC's approved rate (per mile)	138	Nil	116	254
TOTAL	7,896	2,088	116	5,924

Investors and creditors should note that the above table now only includes the costs associated for the Joint Administrators in carrying out their statutory duties for the benefit of creditors. All costs associated with the recovery of the loans for the benefit of investors will be paid out of the aforementioned 11% and as such are not included in the above table.

The category 1 expenses paid for in the Reporting Period are detailed on the Receipts and Payments account at Appendix 3a and represent payments to parties not associated with the firm, who have provided services or goods for the Administration of the assignment.

The category 2 expenses for the Reporting Period total £138. These have not been drawn in the Administration. The basis of calculation of this category of expense was disclosed to creditors in the Joint Administrators proposals and was estimated at £250. The creditors are subsequently approved the Joint Administrators drawing category 2 disbursements up to this limit for mileage.

Any sums incurred in the period but not paid will be paid as an expense in the Liquidation estate.

Other Professional Costs

Subcontracted Work

The Joint Administrators have not sub-contracted out any work to professionals that could have otherwise been completed by themselves.

Solicitors – JMW Solicitors LLP

JMW were instructed by the Joint Administrators to provide advice on appropriate legal matters (in relation to the Administration process and the recovery of the loans). Their costs have been agreed on the basis of their standard hourly charge out rates, plus disbursements and VAT.

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. Their costs have been agreed on the basis of their standard hourly charge out rates, plus disbursements and VAT.

The costs order provided by the Court in July 2022 provided that legal fees (for work in relation to the Berkely Applegate order) are not subject to the overall 11% deduction from net realisations and are payable directly from trust assets held for the benefit of investors (being realisations from development and bridging loans) in addition to the approved costs & expenses which are subject to the 11% limit.

Solicitors – Browne Jacobson LLP

Browne Jacobson LLP were instructed by the Joint Administrators to provide specific advice on the recovery of one of the bridging loans. They were instructed due to their prior knowledge of the matter having been engaged prior to the Joint Administrators' appointment.

Their costs have been agreed on the basis of their standard hourly charge out rates, plus disbursements and VAT along with an agreement to discharge previously incurred time costs outstanding as at the date of appointment. Their time costs and disbursements are paid from the aforementioned 11% deducted from net recoveries of the loans.

Solicitors – Glaisyers Solicitors LLP

Glaisyers were instructed by the Joint Administrators to provide specific advice on the recovery of a number of the bridging loans.

Their costs have been agreed on the basis of their standard hourly charge out rates, plus disbursements and VAT along with an agreement to discharge previously incurred time costs outstanding as at the date of appointment. Their time costs and disbursements are paid from the aforementioned 11% deducted from net recoveries of the loans.

Solicitors – Bermans Solicitors

Bermans were previously engaged by THC in respect of a specific bridging loan.

Their costs have been agreed on the basis of their standard hourly charge out rates, plus disbursements and VAT along with an agreement to discharge previously incurred time costs outstanding as at the date of appointment. Their time costs and disbursements are paid from the aforementioned 11% deducted from net recoveries of the loans.

Accountants – DSG Accountancy and Business Services Limited

The Joint Administrators instructed DSG to prepare the end of year accounts for the Company to 24 February 2022. This was agreed on a fixed fee basis of £1,200 plus VAT which was paid during the Reporting Period.

Agents & Valuers

Landwood were instructed as independent agents and valuers to assist the Joint Administrators in their appraisal of the developments as well as provide advice on the recovery of certain bridging loans.

Landwoods' costs have been agreed on a time-cost basis plus disbursements and VAT and are paid from the aforementioned 11% deducted from net recoveries of the loans.

Consultants – AMJZ Limited (Formerly Equitivo Limited)

AMJZ have been retained by the Joint Administrators as former consultants to THC to advise and assist with their knowledge of the House Crowd Business and its processes.

Their costs have been agreed on the basis of their standard hourly charge out rates, plus disbursements and VAT, and are paid from the aforementioned 11% deducted from net recoveries of the loans.

RSM UK

RSM were instructed by the Joint Administrators to assist in the process of creating a model for the fair distribution of investor funds from the Development and Bridging loans.

RSM's costs have been agreed on the basis of their standard hourly charge out rates, plus disbursements and VAT, and are paid from the aforementioned 11% deducted from net recoveries of the loans.

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

Other professional costs

Creditors and Investors should also note that there are a number of property receivers and solicitors working on the recovery of certain bridging loans who were engaged by the House Crowd management prior to the Joint Administrators' appointment. These associated costs of recovery will be directly deducted from the eventual property sale proceeds with the Joint Administrators receiving any remaining net proceeds.

These professionals have not been engaged by the Joint Administrators nor do these assets represent recoveries for the Administration estate or creditors and as such they are not detailed on the receipts and payments account.

Payment of the Joint Administrators' unpaid fees and costs

In accordance with the Insolvency Act 1986, all unpaid fees (subject to any approved fees estimate) and costs, as described in the sections above, are charged on and payable out of the Company's property. Therefore these fees will be paid during the liquidation process.

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 fees 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 fees 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 fees 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 fees and/or expenses being complained of.

Please note that such challenges may not disturb fees or expenses (whether or not discharged from the estate) disclosed in prior progress reports.

THE OUTCOME OF THE ADMINISTRATION

Comparison of the outcome with the Joint Administrators' Proposals

Attached at Appendix 2 is a summary of the Joint Administrators' Proposals as approved.

It had been envisaged that the second Administration objective would be achieved, namely that there would be a better result for creditors as a whole than would be likely if the Company were wound up (without first being in Administration). As described above, Administration objective has now been achieved.

The cash balance in the Joint Administrators' estate account of £169,226, and control of the remaining assets will be transferred into the liquidation estate.

Most of this cash balance represents realised investor trust assets that will be used to defray any costs associated with the recovery of the investor assets in the Liquidation process. However, the sum of £23,640 represents the balance of funds realised for the benefit of creditors £14,169 (cash at Bank) and £10,527 (Pre-appointment refunds), less statutory costs paid to date and is shown on the Outcome Statement as being transferred to the Liquidation estate for the benefit of creditors at Appendix 3b.

It should be further noted that the Joint Administrators will also transfer the sum of £11.5m held in accounts on trust for the benefit of investors to ring fenced accounts that will be set-up in the liquidation process.

An Estimated Outcome Statement as at 21 February 2023 is attached at Appendix 3b. This illustrates the anticipated outcome of the subsequent liquidation process.

The Joint Administrators are now moving the Company from Administration to Creditors' Voluntary Liquidation to enable a dividend to be paid to unsecured creditors from the sum detailed above. The Joint Liquidators will also continue to pursue the remaining assets and other matters described in this report either for the benefit of creditors or investors. As noted in Appendix 2, the Joint Administrators' approved Proposals included that, absent any alternative nomination, the Joint Administrators would take the appointment as Joint Liquidators without further recourse to the creditors. There were no other nominations and therefore the Joint Administrators will be appointed Joint Liquidators.

If you require any further information, please contact my team on thehousecrowd@quantuma.com.



Frank Ofonagoro
Joint Administrator

HOUSE CROWD FINANCE (SECURITY AGENT) LIMITED (IN ADMINISTRATION)**STATUTORY INFORMATION**

Company Name	House Crowd Finance (Security Agent) Limited
Previous Names	
Proceedings	In Administration
Court	High Court of Justice Business and Property Courts in Manchester
Court reference	CR-2021-MAN-000118
Date of Appointment	25 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	09893838

HOUSE CROWD FINANCE (SECURITY AGENT) LIMITED (IN ADMINISTRATION)

THE JOINT ADMINISTRATORS' PROPOSALS, AS APPROVED

Appendix IX: Summary of the Joint Administrators' Proposals

In order to achieve the purpose of the Administration, the Joint Administrators formally propose to creditors that:

- The Joint Administrators continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration, in particular that:
 - (i) they will take the necessary steps to realise the Company's assets for the benefit of creditors.
 - (ii) they investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or company, whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or company that supplies or has supplied goods or services to the Company; and
 - (iii) they do all such things and generally exercise all their powers as Joint Administrators as they consider desirable or expedient at their discretion in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these activities.
 - The Joint Administrators make distributions to any secured or preferential creditors in accordance with Paragraph 65 of Schedule B1 of the Act. Further, they may make a distribution to unsecured creditors, having first sought the court's permission in accordance with Paragraph 65(3) of Schedule B1 of the Act where necessary.
 - The Joint Administrators end the Administration in one of the following ways, appropriate to the circumstances of the case 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
 - (ii) 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.
-

HOUSE CROWD FINANCE (SECURITY AGENT) LIMITED (IN ADMINISTRATION)

THE JOINT ADMINISTRATORS' FINAL RECEIPTS AND PAYMENTS ACCOUNT

House Crowd Finance (Security Agent) Limited (In Administration) JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT			
	Statement of affairs £	From 25/08/2022 To 20/02/2023 £	From 25/02/2021 To 20/02/2023 £
RECEIPTS			
Pre-appointment refunds		Nil	11,067.28
Payment from trust assets - legal fees		229,856.65	229,856.65
Cash at bank	14,169.01	Nil	14,169.01
Repayment of inter estate loan (HCPM)		80,211.05	80,211.05
Bank interest gross		156.71	184.06
Bridging loan recovery reserve (10%)		397,455.45	558,820.42
Development loan recovery reserve (10%)		656,247.66	1,893,046.29
		<u>1,363,927.52</u>	<u>2,787,354.76</u>
PAYMENTS			
Inter-estate funding to THC		Nil	265,000.00
Specific bond		Nil	135.00
Accountancy fees		1,200.00	1,200.00
Joint administrators remuneration		861,000.00	861,000.00
Consultancy fees		68,923.33	331,595.01
Landwood Commercial (Manchester) Limited		66,310.00	145,746.92
Post appointment legal disbursements		9,128.80	45,328.80
Post appointment legal fees - JMW		122,240.00	202,592.50
QS - Lucas Lee Limited		Nil	4,500.00
Bridging post-appointment legal fees		10,833.50	27,072.50
Legal fees - Berkeley Applegate		191,547.21	191,547.21
VAT irrecoverable		266,998.23	364,913.34
RSM		8,000.00	18,000.00
Disbursements		1008.27	1049.83
Statutory advertising		Nil	88.00
Inter-estate loan to HCPM		Nil	80,211.05
Wages & salaries		18,099.33	51,378.22
PAYE & NI		7,789.43	22,687.90
Bank charges		5.00	5.00
Pension contribution		1,393.21	4,077.53
		<u>1,634,476.31</u>	<u>2,618,128.81</u>
Net Receipts/(Payments)		<u>(270,548.79)</u>	<u>169,225.95</u>
MADE UP AS FOLLOWS			
Bank 1 Current			169,225.95
			<u>169,225.95</u>

HOUSE CROWD FINANCE (SECURITY AGENT) LIMITED (IN ADMINISTRATION)

ESTIMATED OUTCOME STATEMENT FOR THE LIQUIDATION

House Crowd Finance (Security Agent) LimitedEstimated Outcome Statement as at 20 February 2023

	Estimated to Realise £
Assets not specifically pledged	
Refund from Trust Assets	23,640
	<hr/> 23,640
Costs	
Administrators' Fees - Pre-Appointment	(694)
Administrators' Fees - Post-Appointment	(10,000)
Pre-Appointment legal fees	(400)
Post -Appointment legal fees	(5,670)
Accountancy fees	(1,200)
Specific Bond	(135)
Statutory Advertising	(176)
VAT Irrecoverable	(3,658)
Post	(15)
Bank charges	(5)
	<hr/> (21,953)
Amount Available for Pref Creditors	<hr/> 1,687
Preferential Creditors	Nil
Surplus as per Preferential Creditors	<hr/> 1,687
Amount available to Unsecured Creditors	<hr/> 1,687
Est. Unsecured Creditors	
Trade Creditors	(20,093)
	<hr/> (20,093)
Estimated Deficiency as per Unsecured Creditors	(18,406)
Estimated dividend (p/£)	0.08

HOUSE CROWD FINANCE (SECURITY AGENT) LIMITED (IN ADMINISTRATION)

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

Description of work undertaken	Includes
<u>ADMINISTRATION & PLANNING</u>	
Administration & Planning	
Ongoing scheduling of the company's books and records.	Continued to access of Company's electronic database as well as hard files stored remotely.
Corresponding with retail lenders	Liaising with the House Crowd investors regarding various queries relating to their investments and the progress of the Administration.
General Administration - Dealing with all routine correspondence and emails relating to the case.	
Case strategy & completing file reviews at case closure	Periodic file reviews and ongoing strategy meetings in order to ensure that the case continues to be run in the most efficient manner possible for the benefit of creditors and members.
Corporation Tax matters and returns.	Preparation and filing of Corporation Tax Returns
Court Application	Second court application. Distribution model.
<u>CREDITORS</u>	
Creditors -	
Progress Reports/ retail lender updates	Preparing, circulating and filing progress reports and investor updates
Dealing with creditor correspondence, emails and telephone conversations.	Review and prepare correspondence to creditors and their representatives via email and post
Final Reports	
Annual/Progress Reports	Preparing and filing progress reports. Disclosure of sales to connected parties
<u>INVESTIGATIONS</u>	
Investigations -	
Ongoing SIP 2 Review – ongoing review of any matters of investigation that may result in recoveries for the estate	Continued Review of Company's books and records Review of specific transactions and liaising with Directors regarding certain transactions
<u>REALISATION OF ASSETS</u>	
Realisation of Assets	
Development Projects / Freehold Property	The Joint Administrators have carried out the following tasks in respect of the development projects <ul style="list-style-type: none"> • Liaise with instructed Independent Professional Property agents; • Provide treasury function to HCD companies continuing to build properties;

Description of work undertaken	Includes
	<ul style="list-style-type: none"> • Oversee development of various projects; and • Drafting and preparation of the loan-by-loan update to investors
Bridging loans/ Debtors	<p>The Joint Administrators have carried out the following tasks in respect of the bridging loans;-</p> <ul style="list-style-type: none"> • Continued to liaise with Consultants with historic knowledge of the operations of the House Crowd business to gain an understanding of the bridging loan book; • Regular update of information into a monitoring document to include historical information of each loan, including borrower name, date of loan, date of default, gross loan amount and any historical correspondence/actions being taken; • Instructing independent professional agents to attend various locations to inspect the collateral (property / ongoing developments) representing retail lenders' security for outstanding bridging loans; • Preparation of loan redemption statements; • Discussions with Receivers appointed by a secondary charge holder over a property; • Liaising with solicitors in respect of collectability of loans that are subject to a capital and/or interest shortfall; and • Drafting and preparation of loan-by-loan update to investors.
<u>CASHIERING</u>	
Maintaining and managing the Office Holders' cashbook and bank account.	<p>Maintenance of the estate cash book</p> <p>Processing all payments in respect of the Administration process.</p>
Dealing with cheque requisitions	Issuing cheques/BACS payments
Dealing with deposit forms	Banking remittances
Bank Reconciliations	
<u>CLOSING PROCEDURES</u>	
Filing final statutory returns at Companies House/Court	

HOUSE CROWD FINANCE (SECURITY AGENT) LIMITED (IN ADMINISTRATION)

NOTICE OF NO DIVIDEND

Company Name: House Crowd Finance (Security Agent) Limited (In Administration) ("the Company")

Company Number: 09893838

In the High Court of Justice Business and Property Courts in Manchester CR2021MAN000118

This Notice is given under Rule 14.37 of the Insolvency (England & Wales) Rules 2016 ("the Rules"). It is delivered by the Joint Administrator of the Company, Frank Ofonagoro, of Quantum Advisory Limited, Third Floor, 196 Deansgate, Manchester, M3 3WF (telephone number: 0161 694 9144), who was appointed by the members of the Company.

The Joint Administrator gives notice confirming that no dividend will be declared in the Administration of the Company.

The residual funds held for the benefit of creditors will be distributed to creditors during the Liquidation process which will commence following the closure of the Administration.

Signed:



Frank Ofonagoro
Joint Administrator

Dated: 21 February 2023

HOUSE CROWD FINANCE (SECURITY AGENT) LIMITED (IN ADMINISTRATION)

PROOF OF DEBT FORM

DETAILS OF CLAIM		
1.	Name of Creditor (if a company, its registered name)	
2.	Address of Creditor (i.e. principal place of business)	
3.	If the Creditor is a registered company: <ul style="list-style-type: none"> For UK companies: its registered number For other companies: the country or territory in which it is incorporated and the number if any under which it is registered The number, if any, under which it is registered as an overseas company under Part 34 of the Companies Act 	
4.	Total amount of claim, including any Value Added Tax, as at the date of administration, less any payments made after this date in relation to the claim, any deduction under R14.20 of the Insolvency (England & Wales) Rules 2016 and any adjustment by way of set-off in accordance with R14.24 and R14.25	£
5.	If the total amount above includes outstanding uncapitalised interest, please state	YES (£) / NO
6.	Particulars of how and when debt incurred	
7.	Particulars of any security held, the value of the security, and the date it was given	
8.	Details of any reservation of title in relation to goods to which the debt relates	
9.	Details of any document by reference to which the debt can be substantiated. (The administrator may call for any document or evidence to substantiate the claim at his discretion.)	
10.	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986	Category Amount(s) claimed as preferential £
11.	If you wish any dividend payment that may be made to be paid into your bank account, please provide BACS details. Please be aware that if you change accounts it will be your responsibility to provide new information	Account No.: Account Name: Sort code:
AUTHENTICATION		
Signature of Creditor or person authorised to act on his behalf		
Name in BLOCK LETTERS		
Date		
If signed by someone other than the Creditor, state your postal address and authority for signing on behalf of the Creditor		
Are you the sole member of the Creditor?		YES / NO

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

House Crowd Finance – in Liquidation (“HCF”)

House Crowd Finance (Security Agent) Limited – in Liquidation (“HCFSA”)

Together – the Companies

Frank Ofonagoro, Jeremy Woodside, Frank Wesseley – (“the Office Holders”)

Following the two-year anniversary (on 24 February 2023 for THC and on 25 February 2023 for HCF and HCFSA) of their appointment, the Office Holders are now in a position to provide a fourth update to investors on their efforts to recover the outstanding bridging loans (“the bridging loans”) owed to HCFSA.

By way of a summary, from a loan book of 29 loans: -

- 11 loans have been recovered;
- 10 loans remain outstanding (in various stages of recovery); and
- 8 loans have been written off with no recoveries anticipated.

Further details on all these matters are outlined throughout this report.

Important notice:

- This document has been prepared for the sole purpose of updating the investors on the bridging 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 Office Holders, including statutory reports provided to the Companies’ respective creditors as required under the Insolvency Act.
- The outstanding capital 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 Office Holders are not auditors and have therefore not carried out what could be considered an audit verification of this information.
- The Office Holders act as agents of the Companies and without personal liability.
- Where net receipts have been referenced, investors should note that this does not necessarily represent the sum to be distributed, as any monies held may be subject to additional deductions of associated costs of recovery (the deduction of the Office Holders’ agreed remuneration).

The Office Holders remind Investors to bear the following in mind when reading this update:

The Office Holders have previously advised of the need for a separate application to Court to obtain approval of their proposed distribution mechanism that allows net asset realisations to be returned to investors in The House Crowd Business in the most equitable manner.

We remain in the process of constructing a suitable distribution proposal as unfortunately, the complex nature of the legal agreements relating to the loans, and material deficiencies in the Company investor and accounting records, has led to this process becoming extremely protracted.

We expect to have finalised and lodged in Court the proposed distribution mechanism by the end of May 2023.

The Office Holders anticipate that the duration of HCFSA's insolvency process and realisation of the bridging loan book will now necessarily have to run to a potential conclusion date of February 2025. This represents an additional 2 years' duration of the process from the Office Holders' initial target closure date of February 2023. This extension will have a necessary costs implication by increasing the costs of the process, primarily, the Office Holders' costs which are forecast to significantly increase.

Given the forecast increase in the costs of the Companies' insolvency processes given the need to prolong the same, the Office Holders' intend to return to Court (as directed by the Judge at an initial hearing sanctioning the Office Holders' current costs recovery basis) to seek an increase in their agreed costs from 11% of investor asset realisations to c.23%. The Office Holders' legal Counsel and advisors are currently drafting the Court fee application and it is our intention to provide investors with information setting out the basis on which the Office Holders will recover their forecast future costs under separate cover.

Recovered loans

Net receipts from recovered loans currently held by the Office Holders will be subject to recovery of the Office Holders' fees as sanctioned by the Court.

HCF180 – The Vicarage

Total outstanding Investor Capital - £49,000

As investors are aware, property Receivers were appointed by HCFSA over The Vicarage (the borrower's home) prior to the appointment of the Office Holders.

Since our last update, a settlement with the borrowers has been agreed and £120,000 has been paid to the HCFSA estate, bringing the total realisations in respect of this loan to £142,500.

Fiddler - HCF179 – Parkland Close

Total outstanding Investor Capital - £216,000

In June 2022, the borrower made a full and final settlement payment for the outstanding capital and accrued interest totalling £396,337.

HCF181 – Mead Crescent

Total outstanding Investor Capital - £314,000

As previously advised, the current property Receivers sought a possession order over the property from Court last year, with an eviction date for the borrower set for 4 October 2022. We are pleased to advise that since our last update a sale for the sum of £625,000 was agreed with a third-party which resulted in net proceeds of £581,000 (after deduction of fees associated with the Receiver and Solicitor) being paid to the Office Holders.

HCF191 – Old Lliesty Hospital development

Total outstanding Investor Capital - £2,793,000

As previously reported, a gross settlement was agreed with the borrower in the sum of £3,000,000. This resulted in the sum of £2,945,000 being paid to the HCFSA estate after costs.

HCF186 – Hale Road

Total outstanding Investor Capital - £305,000

The Office Holders have agreed a full and final settlement with the borrower for the sum of £160,000.

By way of background, prior to commencing settlement negotiations, the HCFSA's books and records indicated that c.£165k had been discharged prior to the Office Holders' appointment, with a remaining sum of c.£140k due. However, the Office Holders were unable to place reliance on the accuracy of HCFSA's books and records and therefore sought recovery of the loan in full.

After a prolonged series of lengthy and costly exchanges between the borrower and the Office Holders (with no progress made), the Office Holders requested a settlement meeting in an attempt to

limit the incurrence of further unnecessary costs. Investors should note that prior to this meeting, the Office Holders were advised by their solicitor, that reaching a settlement would be the most cost-effective way of bringing this matter to a close with estimated costs of any subsequent attempts to litigate HCFSAs position being in the region of c.£100k, which would not guarantee any material increase in realisations prospects for investors over and above any settlement figure that could be reached.

At the meeting, the borrower initially offered the sum of £140k as settlement of outstanding capital but was not willing to offer anything towards the accrued interest. After further negotiations, the Office Holders accepted an offer of £160k in full and final settlement.

HCF192 – Windsor Street – May 2021

Original investor capital - £35,000

Redemption after costs - £47,129

Since our last update we are pleased to confirm that the borrower has repaid the sum of £47,129 after costs.

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

Original investor capital - £1,382,000

Having repaid the investor capital advanced under the loan prior to our appointment, the borrower 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 and payments totalling the £165,000 have been received in full.

HCF20 – Caverswall Castle – March 2021

HCF35 – The Moathouse – March 2021

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

As previously reported, the total combined sale proceeds from the properties have been received and have been apportioned between HCF20 (£318,154) and HCF35 (£79,538) respectively.

HCF137 – Broadland Cottages – February 2022

Original Investor Capital - £87,000

Redemption after costs – £139,181

As previously reported, the borrower sold the property in February 2022 and net proceeds of £139,181 have been received by the HCFSAs estate.

HCF68 – 260 Newport Road – Sale Completed – July 2021

Total outstanding Investor Capital - £262,000

As previously reported, the sale of the property was concluded in May 2021 with net proceeds of £238,500 being received by the HCFSAs estate. Since our last report a further and final sum of c.£3,000 has been received from the property's Receivers.

Outstanding loans

HCF081 – 10 Raphael Drive – (Interest Shortfall)

Interest Shortfall - £23,981

Following difficulty encountered by the Office Holders to locate the borrower we managed to find an updated address for the borrower and promptly issued a new letter before action. The borrower has

responded to but is disputing the full liability. The Office Holders are continuing to liaise with the borrower (by providing supporting documentation) in order to successfully recover the interest shortfall.

HCF160 – 41 Bryanston Road – September 2021

Original Investor Capital - £165,000

Original gross loan - £165,000

Redemption after costs - £241,974

As previously reported, the borrower was declared bankrupt in February 2020 with a claim having been made in the bankruptcy estate by the Office Holders for the sum of £121,291.53 (the outstanding default interest).

The Trustee in Bankruptcy has advised that a dividend of c.38p in the £ was due to be paid from the bankruptcy estate. However, to date, no funds have been received from the Trustee. We have since been informed by the Trustee that there have been delays in agreeing creditor claims but that a distribution will shortly be made and paid out in due course.

HCF131 – Cadoxton Carehome Site

Capital Shortfall - £625,853

As detailed in our last update, the Office Holders have made several attempts to locate the borrower, having sent several letters requesting them to engage in discussions on the sums owed.

In late 2022, the borrower requested further details regarding the liability and the calculations of the sums owed, with these having been updated and provided to the borrower.

Follow up correspondence has been sent to the borrower with no reply received to date.

HCF077 – 23 Mendip Way

Capital Shortfall – £329,063

As advised in our previous update, the Office Holders identified potential irregularities relating to the manner in which this loan was obtained (in that the loan was obtained fraudulently) arising from non-compliant AML submissions.

The Office Holders are currently seeking legal advice in order to establish recovery prospects of the loan.

HCMF002 – The Chimes

Total outstanding Investor Capital – £400,000

To date the Office Holders have received total repayments under the mezzanine finance loan agreement totaling c.£572k. We requested an update from the borrower's Administrators as to the likelihood of further payments to the HCFSA estate and were informed that there is the possibility of further distributions to HCFSA, but we have yet to be briefed on expected quantum and/or timing of the same despite our repeated requests.

Based on current information, it is expected that there will be sufficient funds to repay investor capital in full, but any repayment of interest remains subject to the level of available funds after the deduction of the Office Holders' costs.

HCF185 – Micheldelving

Total outstanding Investor Capital - £534,000

Following our last update, the Office Holders have commenced negotiations with the borrower's representatives in order to reach settlement. These negotiations remain at an early stage and further updates will be provided in due course to investors.

The Office Holders have reserved their right to commence possession proceedings should an acceptable settlement not be reached.

HCF165 – Cherry Tree

Total outstanding Investor Capital - £125,000

As advised in our previous update, any return to investors is dependent on the ability of the borrower to successfully refinance the outstanding loan in full or the net sale proceeds from any subsequent sale. The Office Holders have subsequently learnt from their instructed property agent that there are potential issues with the property's title deeds which could impede any realisable value for the property (following the possession of the same).

Despite numerous requests, the Office Holders have not been provided with adequate evidence of any refinance attempts by the borrower and as such instructed their solicitor to issue a final demand to the borrower to provide this information by the end of the first week in March 2023.

Should the deadline not be met, the Joint Administrators will take steps to enforce the terms of an already granted possession order (24 February 2020) without further recourse.

HCF187 – Colridge Court

Total outstanding Investor Capital - £57,000

As at the date of our last update, the Office Holders had agreed to defer planned possession proceedings in the short-term following the discovery that the property was occupied by a member of the borrower's family, following a recent bereavement.

The last valuation of the property (on December 2019) estimated a value range of between £155,000 and £160,000 with a first ranking legal charge on the property in favour of a third-party lender owed c.£55,000 (subject to accruing interest and charges).

Negotiations have been ongoing between the Office Holders' and the borrower to reach a settlement, and as previously reported, an offer in the sum of £60k was made in January 2022 and was rejected along with a further offer of c.£80k, as both would likely result in a capital shortfall to investors (investors should note that the Office Holders accepted a payment on account of the £60k, pending further negotiation).

Increased offers for the remaining sum have subsequently been made by the borrower. However, in an effort to better understand what final settlement should be accepted, the Office Holders instructed their agent to attend the property in February 2023 and update their valuation for the same, whilst staying the Court application. The Office Holders hope that this will better inform their decision making on whether to continue with possession proceedings or not.

HCF193 – Derwin Y Fron

Total outstanding Investor Capital - £691,000

From the last update, investors will recall that there are two properties, a public house and a residential house that were in the process of being repossessed for sale.

Following successful repossession and a marketing exercise, the Office Holders have agreed to the of the sale the pub for the sum of £220k subject to contract, with the hope that an exchange and completion will occur in the coming weeks.

In relation to the residential property, the Office Holders had instructed solicitors to commence possession proceedings however, since our last update, the first ranking legal charge holder (HSBC) has contacted our agent and confirmed that they are in the process of taking possession of the property themselves. Our solicitor is currently liaising with HSBC's agents to better understand their intentions, next steps, and timings.

HCF101 – Ash Lodge

Total outstanding Investor Capital - £466,000

At a Court hearing to seek possession of the residential property on 14 December 2022, proceedings were adjourned pending further provision of information to Court by the borrower with a deadline of January 2023.

The Property Receivers are currently waiting for an update from their solicitors as to the next steps as additional information was provided, which is being duly considered.

Loans deemed unrecoverable

As previously reported, the loans below 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 respective loans. As at the start of the initial administration process, there remained either a capital or interest shortfall outstanding.

The Office Holders have made numerous attempts to recover these loans and have, where necessary, engaged specialist third parties to locate additional information on the borrower in an attempt to better aid recovery efforts. However, the Office Holders are now of the opinion that all recovery attempts have been exhausted and as such any sums due under these loans will be written off.

HCF053 – 9a & 9b Daleview Road (interest shortfall)

Interest Shortfall - £41,257

Based on current information and the continued lack of engagement from the borrower after numerous attempts to locate the same, the Office Holders do not intend to incur any further costs, with no realistic likelihood of recovery. Investors will be informed should this position change.

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

Capital shortfall -£248,923

After numerous correspondence to the borrower's address (per the Companies' books and records) the Office Holders were able to establish that the borrower was potentially resident at a new address. The Office Holders' solicitors subsequently re-issued a further letter before action to this new address with a 30-day deadline for response, however, to date no response has been received. Based on current information and the continued lack of engagement from the borrower, the Office Holders do not intend to pursue any further recovery actions, as to do so would result in additional costs being incurred by the HCFSA estate with no realistic likelihood of recovery. Investors will be informed should this position change.

Finally, the Office Holders have sought legal opinion as regards the prospect of a claim being brought against the professional advisors that provided the valuation advice on which HSCFA based its decision to issue the loan in the first place.

HCF028 – 1 & 3 Falstaff Road

Capital Shortfall - £172,269

After numerous correspondence to the borrower's address (per the Companies' books and records) the Office Holders were able to establish that the borrower was potentially resident at a new address. The Office Holders' solicitors subsequently re-issued a further letter before action to this new address with a 30-day deadline for response, however, to date no response has been received.

Based on current information and the continued lack of engagement from the borrower, the Office Holders do not intend to pursue any further recovery actions, as to do so would result in additional costs being incurred by the HCFSA estate with no realistic likelihood of recovery. Investors will be informed should this position change.

Finally, the Office Holders have sought legal opinion as regards the prospect of a claim being brought against the professional advisors that provided the valuation advice on which HSCFA based its decision to issue the loan in the first place.

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

Capital Shortfall - £146,762

The Office Holders successfully located the borrower after numerous previous attempts to do so. However, our recent correspondence to the borrower has again gone unanswered.

Given the length of time that has elapsed and the lack of progress it is likely that this loan will be written off in the fullness of time, the costs of making further recovery attempts will most certainly outweigh any benefit.

Finally, the Office Holders have sought legal opinion as regards the prospect of a claim being brought against the professional advisors that provided the valuation advice on which HSCFA based its decision to issue the loan in the first place.

HCF102 – 5 Copse Hill

Interest Shortfall - £30,123

After finally locating the borrower's address and issuing a letter before action for repayment of the interest shortfall we established that the borrower is unfortunately now deceased, having passed away in August 2019.

The Office Holders sought to establish whether they could seek recovery from the borrower's estate, however, this has not been successful.

Therefore, based on current information and the continued lack of engagement from the borrower, the Office Holders do not intend to pursue any further recovery actions, as to do so would result in additional costs being incurred by the HCFSA estate with no realistic likelihood of recovery. Investors will be informed should this position change.

HCF087 – 107 Frith Road – February 2022

Original Investor Capital - £980,000

The Office Holders instructed solicitors to explore the possibility of taking action against the professional advisors that provided HCFSA with the property valuation on which the loan was agreed.

We have since discussed that the company that provided the valuation advice entered Compulsory Liquidation proceedings in March 2021 and initial investigations indicate that the company did not hold the requisite professional indemnity insurance at the time that the valuation was provided. Therefore, the Office Holders are of the opinion that all avenues of recovery have been exhausted and no further recoveries will be made in this regard.

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

House Crowd Finance – in Liquidation (“HCF”)

House Crowd Finance (Security Agent) Limited – in Liquidation (“HCFSA”)

Together – the Companies

Frank Ofonagoro, Jeremy Woodside, Frank Wesseley – (“the Office Holders”)

Following the most recent report to investors in September 2022, the Office Holders are now able to provide a further update to all investors on their efforts to recover outstanding development loans (“the development loans”) owed to HCFSA.

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.
- Any figures provided have been produced 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.
- The Joint Administrators act as agents of the Companies and without personal liability.

Further to the last correspondence to investors, the Joint Administrators wish to provide further information on those matters that have been significantly progressed since the last update in September 2022.

This update on the progress of the realisation of the development book has been prepared amidst a deteriorating UK property market caused by factors such as rising interest rates, high inflation, cost of living crisis and falling consumer confidence given current predictions of a UK recession. This environment has unfortunately if expectedly caused the Office Holders to have to revise and in many cases extend the timeline within which we expect uncompleted development to be completed and remaining properties sold at optimum sale values.

We remind Investors to bear the following in mind when reading this update:

The Office Holders hold security (“the security”) over the development companies on behalf of investors.

The security entitles the Office Holders, if deemed necessary, to take enforcement action over the developments and appoint an Administrator to either control the ongoing build of the development or sell the development as is to a third-party developer.

At the outset of the HCFSA’s Administration process, the Joint Administrators instructed independent professional property agents to assist in considering the likely impact on realisation values for investors of taking enforcement action over each uncompleted development versus allowing the incumbent developer (operating as separate SPVs called “HCDs”) to continue to build out the developments. The advice from the Joint Administrators’ property agents was and remains that the ongoing strategy of allowing the HCD entities to complete the developments remains the most cost-effective method of realising these assets and will likely result in increased recoveries for investors when compared with the associated costs of any enforcement action.

The Office Holders have previously advised of the need for a separate application to Court to obtain approval of their proposed distribution mechanism that allows net asset realisations to be returned to investors in The House Crowd Business in the most equitable manner.

We remain in the process of constructing a suitable distribution proposal as unfortunately, the complex nature of the legal agreements relating to the loans, and material deficiencies in the Company investor and accounting records, has led to this process becoming extremely protracted.

We expect to have finalised and lodged in Court the proposed distribution mechanism by the end of May 2023.

The process of getting the remaining developments to practical completion continues to be a frustrating and protracted process with estimated completion timescales initially provided to the Joint Administrators by the developers proving to have been optimistic. In addition, the uncompleted developments continue to be characterised by cost overruns and various other issues which has caused the Joint Administrators to increase their level of oversight and interaction with the developers and the primary lenders of each site.

In relation, to establishing and maintaining a steady pipeline of potential buyers for the completed and uncompleted properties, the current UK macroeconomic conditions referred to above and their impact on the property market, have adversely impacted this pipeline. The Joint Administrators understand from the instructed sales agent acting on behalf of the HCDs, that some of interested buyers have now withdrawn their interest citing a variety of reasons from inability to fund requisite deposits or obtain affordable mortgage offers. Furthermore, the aforementioned delays in the completion of the uncompleted developments have also adversely impacted on buyer interest.

In light of the above, we anticipate that the duration of HFCSA's insolvency process and realisation of development assets will now necessarily have to run to a potential conclusion date of February 2025. This represents an additional 2 years' duration of the administration process from the Joint Administrators' initial target closure date of February 2023. This will have a necessary costs implication on the costs of the administration process, primarily, the Joint Administrators' costs which are forecast to significantly increase.

Given the forecast increase in the costs of the insolvency process as a result of the necessity to prolong the same, the Office Holders intend to return to Court (as directed by the Judge at the initial hearing sanctioning our current costs recovery basis) to seek an increase in our current costs recovery basis from 11% of investor asset realisations to c.23%. The Joint Administrators' legal Counsel and advisors are currently drafting the Court application and it is the Joint Administrators' intention to provide investors with information setting out the basis of our increased cost recovery % in due course under separate cover.

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 – c.£108,084

Funds currently held – c.£1,374,786

Current anticipated Capital Shortfall – c.£409,599

Update – As previously reported, this development site has been completed with all properties sold. However, investors should note that residual funds from property disposals will not be available for return to investors until the following matters are concluded:

- a. Establishing the extent to which inter-company loans to HCD2 from other HCD companies may need to be repaid (there is currently a sum of £108,084 owing to other HCD companies and House Crowd Finance Limited as outlined above); and
- b. The Administrators’ application to Court for guidance on the fairest mechanism by which the Joint Administrators can return funds to investors, is heard and a decision handed out.

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 – c.£175,200

Intercompany payables owing to other HCD/THC companies:

HCD10 – c.£635

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

Total – c.£41,040

Funds currently held – c.£405,964 (subject to the further deduction of associated costs of recovery as regards the Joint Administrators remuneration).

Current anticipated capital shortfall – c.£885,938

Update – As previously reported, this development site has been completed with all properties sold, however the site is adversely impacted by the requirement for significant levels of snagging work to be completed.

During the reporting period, the Joint Administrators have continued to work with the developer to release funds required to rectify any remedial works necessary.

Residual funds from property disposals will not be available for return to investors until the following matters are concluded:

- a. Establishing the extent to which intercompany payables can be repaid and intercompany receivables collected; and
- b. The Administrators’ application to Court for guidance on the fairest mechanism by which the Joint Administrators can return funds to investors, is heard and a decision handed out.

HC Development Co 14 Limited (“HCD14”) – Library House

Plots on site – 14

Plots sold to date – 13

Available - 1

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 – c.£124,140

Funds currently held - £697,286 (subject to the further deduction of associated costs of recovery as regards the Joint Administrators remuneration).

Current anticipated Capital Shortfall – c.£157,714

The current anticipated shortfall has been calculated by adding funds from already realised properties to expected realisations from the sale of the remaining property and deducting the level of known outstanding investor capital.

Update – The remaining property to be sold remains under offer awaiting snagging works to be completed to the property before completion can commence. It was originally anticipated that the property would be sold for c.£95,000, however, a mortgage down valuation now estimates that the property will be sold for c.£82,000.

As already advised residual funds from property disposals will not be available for return to investors until the following matters are concluded:

- a. Establishing the extent to which intercompany payables can be repaid; and
- b. The Administrators’ application to Court for guidance on the fairest mechanism by which the Joint Administrators can return funds to investors, is heard and a decision handed out.

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 – c.£2,300,951 (subject to the further deduction of associated costs of recovery as regards the Joint Administrators remuneration).

Current anticipated Capital Shortfall – c.£1,102,047

The current anticipated shortfall has been calculated by deducting the costs of remaining snagging works and known outstanding investor capital from funds held in lieu of realised properties.

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 – c.£192,927

Update – As previously reported, the Joint Administrators successfully implemented a treasury function for the ongoing development of the site, which allowed an efficient flow of funds to facilitate the completion and sale of all 36 properties.

Since the last update a small number of costs in respect of accountancy services for the HCD entity (in the sum of £500) have been paid using funds from already realised property sales.

Residual funds from property disposals will not be available for return to investors until the following matters are concluded:

- a. Establishing the extent to which inter-company loans to HCD15 from other HCD companies may need to be repaid; and
- b. The Administrators’ application to Court for guidance on the fairest mechanism by which the Joint Administrators can return funds to investors, is heard and a decision handed out.

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

Plots on site – 12

Plots sold to date – 0

Reserved – 11

Available - 1

Outstanding Investor Capital - £2,115,971

Intercompany receivables from other HCD/THC companies:

HCD25 - c.£40,000

HCD14 – c.£49,363

Total – c.£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 – c.£40,234

Third party funding – c.£782k (subject to accruing interest)

Current anticipated capital shortfall – c.£900,000

The current anticipated shortfall in relation to this development has been calculated by deducting the, estimated future development build out costs, third-party funding and known outstanding investor capital and interest.

Update - As investors are aware, the Moss Lane site has unfortunately been beset with various issues relating to the quality of work carried out by subcontractors which has led to increased costs of development.

The Joint Administrators previously advised investors of the need for additional third-party funding resulting from the need to rectify these sub-standard works and to account for the general increase in the cost of construction materials and contractors required to continue with the build process. Since the last update to investors, the Joint Administrators have been advised by the developer that the third-party funding facility has increased to c.£782k, which represent an increase of c.£293k since May 2022. This increase has been sought by the developer in order to address the issues of substandard work carried out on the site as well as additional works in order to comply with the proposed planning rights.

Investors are reminded that the third-party lender (Together Money) has a first charge over the development properties and will need to be repaid in full prior to any repayments to investors.

In light of the issues relating to this site the Joint Administrators (supported by their instructed specialist Quantity Surveyor) and the third-party lender have sought to work together to ensure increased visibility and a more hands-on oversight of the developer's progress and overall project management. This process includes increased scrutiny and verification of any and all costs to complete above the level previously in place. Furthermore, the Joint Administrators' staff have made several site visits since the last update to investors to further their understanding of the issues impacting progression of this site.

One of the significant outstanding issues pertaining to this site, as previously advised was that the mandated pre-build planning conditions for HCD16 had not been fully discharged by the developer, which has resulted in the historic planning permission on the site lapsing. The Joint Administrators understand that the developer submitted a new application in September 2022 but despite the time that has since elapsed, the developer still awaits the outcome of the application, though we have seen evidence that the developer has been chasing the planning authority persistently for a decision.

As expected, the number of unforeseen delays to HCD16's build program have resulted in several proposed buyers reneging on their previous interest to purchase plots, although the developer has been able to find replacement purchasers in some instances.

Furthermore, the sale of five properties which were previously anticipated by the developer to complete in December 2022 failed to occur due to the aforementioned issue with the planning application. The Joint Administrators have been advised by the sales agents that these sales are now anticipated (assuming planning permission is rectified) in February 2023.

The Joint Administrators are monitoring the above situation closely and are in regular discussions with the developer and sales agents as to the range of steps that can be taken to incentivise prospective purchasers.

HC Development Co 17 Limited – Parkside

Outstanding Investor Capital - £0

Plots on site – 14

Plots sold to date – 14

Funds currently held – c.£302,832 (subject to the deduction of costs outlined below).

Update – As previously reported, all plots have been sold with investor capital being repaid in full prior to the appointment of the Joint Administrators.

It is still currently anticipated that there will be surplus funds available to pay an element of interest to investors.

However, funds will not be available for return to investors until the following matters are concluded:

The Administrators' application to Court for guidance on the fairest mechanism by which the Joint Administrators can return funds to investors, is heard and a decision handed out.

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

Outstanding Investor Capital - £8,417,440

Plots on site – 54

Plots sold to date – 41

Reserved - 8

Available - 5

Intercompany receivables from other HCD/THC companies:

HCD14 – c.£27,527

Intercompany payables owing to other HCD/THC companies:

HCD3 – c.£78,000

HCD15 – c.£83,507

HCD21 – c.£248,483

HCD20 – c.£46,069

House Crowd Finance Limited – c.£67,000

HCD15 – c.£74,253 (created post appointment)

Total – c.£597,312

Current anticipated capital shortfall – c.£5,237,000

The current anticipated shortfall has been calculated by first deducting from future expected property realisations, future development build costs, third party funding and finally, the level of known outstanding investor capital. Investors will note a significant increase in the shortfall now that the final build costs are calculated and deducted from projected sales against any funds held.

The anticipated capital shortfall to investors has been caused primarily by development cost overruns and the need to obtain a prior ranking loan from Together Money which has been repaid and consequently reduced the future returns available for investors.

Please note that the extent of likely investor losses will be dependent upon ongoing build costs to complete the development and actual plot sale proceeds which may vary from current estimates.

Update – As investors are already aware, this development was unable to reach practical completion stage as originally planned without the developers seeking additional funding of c.864k from Together Money to bring outstanding site subcontractor payments up to date.

Funding from Together (provided on 28 May 2021) was subsequently repaid in full to Together Money in September 2021 when a local housing association completed a bulk purchase of ten properties for a total consideration of c.£1,800,000, which generated a net surplus of c.£850,000 after repayment of Together Money's loan.

Currently, proceeds from property sales are being recycled to fund the ongoing costs of the development.

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 to the developers.

Since the last report issued to investors in September 2022 a further 11 properties have been sold.

As previously reported, it is still anticipated that the Fox Owl Rise development will be completed, and all remaining plots sold by March 2023.

In summary funds will not be available for return to investors until the following matters have been concluded (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; and

The Administrators' application to Court for guidance on the fairest mechanism by which the Joint Administrators can return funds to investors, is heard and a decision handed out.

HC Development Co 20 Limited (“HCD20”) – Rudheath

Outstanding Investor Capital - £627,400

Plots on site – 19

Plots sold to date – 19

Funds currently held – c.£1,225,458 (subject to deduction of the costs listed below).

Current anticipated capital shortfall - £nil

Intercompany receivables from other HCD/THC companies:

HCD19 – c.£46,069

Update – As investors are already aware, 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 associated costs of recovery.

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

- a. Establishing the extent to which intercompany payables can be repaid and intercompany receivables collected; and
- b. The Administrators’ application to Court for guidance on the fairest mechanism by which the Joint Administrators can return funds to investors, is heard and a decision handed out.

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

Outstanding Investor Capital - £3,102,193

Plots on site - 6

Reserved – 5

Available - 1

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

House Crowd Finance Limited – c.£61,200

Total - £170,200

Third-party funding £1,683,834 (subject to interest)

Current anticipated capital shortfall – c.£770,000

The current anticipated shortfall has been calculated by first deducting from future expected property realisations, future development build costs, third party funding and finally, the level of known outstanding investor capital.

Update – Similarly as with HCD16, the Manchester Road site has unfortunately been beset with various issues relating to the quality of the work carried out by subcontractors which has led to increased costs of development and the need for additional third-party funding. The development has also been impacted by rising costs of construction materials and contractor costs due to rising inflation.

Since the last update to investors the Joint Administrators have been advised by the developer that the third-party funding facility has increased to c.£1.6m, which represents an increase of c.£900k since May 2022. This significant increase has largely been used to fund the engagement of a replacement contractor to overhaul and rework substantial aspects of work previously undertaken on site by IQ Projects Ltd.

The Joint Administrators (supported by their instructed specialist Quantity Surveyor) and the third-party lender now have increased visibility of onsite activity and are confident that progress is being made to complete the apartments as soon as possible (likely in May 2023).

Likewise, with independent verification of current and future costs to complete being insisted on by the Joint Administrators and the third-party lender, we are comfortable that the forecast additional increase in the level of third-party borrowing is borne out of necessity and is required for the developer to be able to complete the development.

Investors are reminded that Together Money now has a first charge over the development properties and will need to be repaid in full prior to repayments to investors.

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

Outstanding Investor Capital - £1,730,000

Plots on site - 13

Plots sold to date -11

Reserved - 2

Third Party funding repaid - £658,579

Current anticipated Capital Shortfall – c.£1,031,129

The current anticipated shortfall has been calculated by first deducting from future expected property realisations, future development build costs, third party funding and finally, the level of known outstanding investor capital. Investors will note a significant increase in the shortfall now that the final build costs are calculated and deducted from projected sales against any funds held.

The anticipated capital shortfall to investors has been caused primarily by cost overruns reported by the developer and the subsequent need to obtain additional funding from Together Money which upon repayment unfortunately reduced the level of future returns available for investors. Please note that extent of actual investor losses will be dependent upon the actual plot sale proceeds which may vary from current estimates.

Intercompany payables owing to other HCD/THC companies:

House Crowd Finance Limited – c.£24,000

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

Total – c.£31,890

Update – Following their appointment, the Joint Administrators were advised by the developer that work on the site was yet to be completed and that additional third-party funding would be necessary to get the site to practical completion stage. This funding was provided by Together Money.

Whilst third party funding was sought by the developer, the Joint Administrators took steps to ensure that the site was secured and critically, that outstanding payments to key site contractors were made to ensure continued progress of the build program.

As previously reported, Together Money agreed to provide a first ranking development loan facility which would have to be repaid in full prior to repayments to investors. This has since been repaid in full.

The Joint Administrators have been informed by the developer that much of the site work has been completed on the development, with final fit out works being undertaken to individual plots, the cost of which will be defrayed from future plot sales and the recycling of sums already realised.

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

- a) The completion and sale of the remaining plots; and
- b) The Administrators' application to Court for guidance on the fairest mechanism by which the Joint Administrators can return funds to investors, is heard and a decision handed out.

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

Outstanding Investor Capital - £9,716,934

Current anticipated Capital Shortfall – c.£8.2m

As previously reported, following the sale of the land by the Administrators (Cowgill Holloway LLP “Cowgills”) of HCD23, the sum of £1,000,000 was received by the Joint Administrators of the House Crowd with further sums anticipated as part of an agreed deferred consideration.

The Joint Administrators have now been informed that the deferred consideration in the sum of £450k has been paid in full.

The last investor update referred to subsequent sums due to the Joint Administrators of HCFSa under its debenture. In this regard, a further sum of £250,000 has already been received from the Administrators of HCD23, with further sums (as yet unknown) to be paid once costs of the Administration estate are finalised.

Investors will recall that the Administrators of HCD23 have instructed solicitors to explore the strength of a potential case against the previous solicitors who acted for HCD23 in the negotiation of the sale contract for the Downs development. The Joint Administrators of HCFSa have been recently informed by HCD23's Administrator that after receiving the initial legal advice on the merits of a potential claim in this regard he has decided to seek a second opinion for completeness.

It is currently forecast that this development site will result in a total minimum loss to investors of c.£8.2m. This figure excludes any potential recovery from any litigation claim against HCD23's former solicitors, the merits of which remain uncertain.

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

Outstanding Investor Capital - £4,506,190

Properties on site -14

Reserved – 1

Available – 11

Properties sold to date - 2

Intercompany receivables from other HCD/THC companies:

HCD14 – c.£47,000

HCD21 – c.£75,000

Total – c. £122,000

Intercompany payables owing to other HCD/THC companies:

HCD3 – c.£91,000

HCD16 – c.£40,000

House Crowd Finance Limited – c.£10,000

Total – c.£141,000

Current funding provided by Third Party lender - £850,000

Current anticipated Capital Shortfall – c.£816,000

The current anticipated shortfall has been calculated by deducting from already realised properties an estimate of snagging costs and the level of known outstanding investor capital.

Update – As detailed previously, the site has reached a stage of practical completion with snagging works being undertaken together with remedial works following the fire in March 2022.

The Joint Administrators have been further advised that an additional cost of c.£50k is required for further remedial works to the properties and to obtain building control sign off.

The Joint Administrators have recently been informed that interest in the properties is not at the levels anticipated and as such are currently involved in discussions with the sales agent and developer about what, if any, incentives can be offered to motivate completions.

It is likely that reductions in the sale price are needed, and as such the Joint Administrators have amended their forecast recoveries accordingly. This has unfortunately reduced the level of expected realisations available for return to investors.

It is currently forecast that the development site will provide a capital loss to investors of c.£816,000, 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 concluded (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; and
- c) The Administrators' application to Court for guidance on the fairest mechanism by which the Joint Administrators can return funds to investors, is heard and a decision handed out.

**IN THE HIGH COURT OF JUSTICE BUSINESS AND PROPERTY COURTS IN MANCHESTER
CR2021MAN000117**

HOUSE CROWD FINANCE LIMITED (IN ADMINISTRATION)

THE JOINT ADMINISTRATORS' FINAL ACCOUNT

21 February 2023

This report has been prepared for the sole purpose of updating the creditors for information purposes. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than updating them for information purposes, or by any other person for any purpose whatsoever.

Frank Ofonagoro, Frank Wessely and Jeremy Woodside were appointed Joint Administrators of House Crowd Finance Limited on 25 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.

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ABBREVIATIONS

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

The Act	The Insolvency Act 1986
The Borrower	An individual or Company which has entered into a loan agreement with HCFSa
CDDA	Company Directors Disqualification Act 1986
The Company	House Crowd Finance Limited
The Court	High Court of Justice Business and Property Courts in Manchester
The Court Order	High Court of Justice Business and Property Courts in Manchester CR-2021-MAN-000117
CVL	Creditors' Voluntary Liquidation
DSG	DSG Accountancy and Business Services Limited
HCD SPV(s)	House Crowd Development SPVs typically named House Crowd Development 1, 2 etc.
HCF	House Crowd Finance Limited
HCFSa	House Crowd Finance (Security Agent) Limited
HCPM	House Crowd Property Management Limited
HCP SPV(s)	House Crowd Property SPVs typically named House Crowd Project 1, 2 etc.
HMRC	HM Revenue & Customs
The House Crowd Business	Collectively THC, HCF, HCFSa, HCPM, HCD SPVs & HCP SPVs
The Joint Administrators	Frank Ofonagoro, Jeremy Woodside and Frank Wessely of Quantuma Advisory Limited
Joint Administrators' Proposals	The Statement of the Joint Administrators' Proposals prepared pursuant to Paragraph 49(1) of Schedule B1 of the Act
LLP	Limited Liability Partnership
NIC	National Insurance Contributions
PAYE	Pay-as-you-earn Tax
Platform	www.thehousecrowd.com
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 25 August 2022 to 21 February 2023
Retail Lender/Investor	A registered member of the Platform

Rocket Finance	Rocket Finance Limited
The Rules	Insolvency (England & Wales) Rules 2016
SIP	Statement of Insolvency Practice (England & Wales)
SPV	Special Purpose Vehicle
THC	The House Crowd Limited
VAT	Value Added Tax

INTRODUCTION

This report has been prepared to provide creditors with an update on the progress of the Administration of the Company since our last report dated 21 September 2022.

This report should be read in conjunction with all previous reports issued by the Joint Administrators.

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

The report has been prepared in accordance with insolvency legislation to provide members and creditors, the Registrar of Companies and the Court, with details of the progress made during the Reporting Period, and with an overview of the conduct of the Administration and summary of the information provided in the progress report(s) that have been issued during the Administration. Copies of these reports are available on request.

The Joint Administrators' proposals were approved by creditors on 4 May 2021 via a deemed consent procedure. A formal notice confirming this was sent to all creditors on 10 May 2021. Attached at Appendix 2 is a summary of the Joint Administrators' Proposals, as approved.

The Joint Administrators performed 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).

The Administration was scheduled to end on 24 February 2022, but the term of the Administration was originally extended by 12 months with the consent of the relevant creditors on 7 January 2022.

The Joint Administrators have previously referenced the need to extend the Administration process further until February 2025 in order that assets are realised for the benefit of investors. However, having been able to achieve the statutory purpose of the Administration, and in order to make a distribution to unsecured creditors, the Joint Administrators are now of the opinion that there is no need to continue the Administration process and that steps should be taken to move from Administration to Creditors Voluntary Liquidation. Investors should note that this step will not impact their interests and trust assets will still be realised by the Joint Liquidators and distributed as and when applicable to investors.

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 25 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.

In this section, we have summarised the main asset realisations during the Reporting Period and in the Administration as a whole, together with details of the associated realisation and statutory costs. For a detailed list of work undertaken by the Joint Administrators, please see Appendix 4.

Court Applications

First Court proceedings

As previously reported, the Joint Administrators made an application to Court for guidance on the basis by which they will fund their remuneration and the third-party costs of the Administration process ("the first costs hearing").

Following the hearing on 28 July 2022, the Court made an Order that the Joint Administrators could charge 11% of realised investor assets to settle their remuneration and associated third party costs. A copy of the sealed Court Order was provided to all investors on 20 September 2022.

Proposed costs recovery % uplift

The Joint Administrators anticipate that it will be necessary for the duration of the insolvency process and realisation of assets to continue for a longer period than previously anticipated with a projected conclusion date of February 2025. This represents an additional two-year duration of the process from the Joint Administrators' initial target closure date of February 2023. This will unavoidably significantly increase the costs of realising investor assets, including the Joint Administrators' remuneration.

Given the forecast increase in costs for the reasons set out above, the Joint Administrators intend to return to Court (as directed by the Judge at the first costs hearing) to seek an increase in our current costs' recovery basis from 11% of investor asset realisations to c.23%. The Joint Administrators' Legal Counsel and advisors are currently drafting a Court application in this regard and it is our intention to provide investors with information setting out the basis of our increased cost recovery % in due course under separate cover.

Second Court proceedings – investor distribution mechanism

The Joint Administrators have previously advised of the need for a separate application to Court to obtain approval of their proposed distribution mechanism that allows net asset realisations to be returned to investors in The House Crowd Business in the most equitable manner.

The Joint Administrators remain in the process of constructing a suitable distribution proposal as unfortunately, the complex nature of the legal agreements relating to the loans, and material deficiencies in the Company investor and accounting records, has led to this process becoming extremely protracted.

The Joint Administrators expect to have finalised and lodged in Court their proposed distribution mechanism by May 2023.

The Joint Administrators' final receipts and payments account

Attached at Appendix 3a is a receipts and payments account covering the Reporting Period together with the cumulative totals from the previous Reporting Period. The Joint Administrators confirm that the account has been reconciled with that held at the bank.

VAT Basis

The receipts and payments are shown net of VAT. We have shown separately the total VAT on payments as this represents an irrecoverable expense because the Company is not VAT registered.

Administration (including statutory reporting)

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 progression of the administration, which has ensured that the Joint Administrators and their staff have carried out their work to the standards expected of officers of the Court.

During the Reporting Period, these tasks have included primarily:

- Consulting with and instructing engagement staff and independent advisers as regards practical, technical and legal aspects of the case to ensure efficient case progression;
- Maintaining case files, to ensure that the Joint Administrators' records accurately reflect the issues encountered by the Joint Administrators; how these issues have been addressed; and the basis on which the Joint Administrators have reached their decisions;
- Monitoring and maintaining an adequate statutory bond insurance over the administration estate;
- Conducting periodic case reviews to ensure that the administration is progressing efficiently, effectively and in line with statutory requirements under current UK Insolvency legislation;
- Maintaining and updating the administration estate's cash book and bank accounts, including regular bank reconciliations and processing receipts and payments;
- Completing periodic tax returns; and
- Deliberating, planning and taking steps to execute the appropriate exit from administration of the Company into a Liquidation process

Realisation of assets

Gross bank interest

A nominal sum has been received in respect of gross bank interest during the Reporting Period.

Estimated future realisations

The Directors' estimated Statement of Affairs at the outset of the Administration, contained an inter-company loan owed to HCF by HCFSa with a book value of £331,242 and an "uncertain" estimated to realise value.

At the commencement of the Administration, the Joint Administrators were provided with company records stating that this inter-company loan consisted of necessary property expenses relating to bridging loan book borrowers, paid by HCF on behalf of HCFSa and that these payments were never recharged to HCFSa by HCF.

A corresponding debtor position was detailed on the Directors' estimated statement of affairs in HCFSa, where it was detailed that HCFSa was owed the same sum from a certain number of bridging loans.

Any realisations in this regard will be dependent upon realisations in the insolvency estate of HCFSa and this matter will be concluded in HCF's liquidation process.

Loans to HCD SPVs

The directors' estimated Statement of Affairs contained outstanding loans owed to HCF mainly by certain HCD SPVs with a book value of £288,449 and an "uncertain" estimated to realise value.

As previously reported, the realisation of these loans is subject to the ability of each individual HCD SPV to build out and realise value in their respective developments.

It is the Joint Administrators' belief that these sums should be paid in full to HCF however, as previously reported, the repayment of the intercompany positions is contingent upon legal advice and Court sanction (if applicable).

Recovery of these sums for the benefit of the HCF estate will continue to be pursued in the Company's liquidation process.

Rocket Finance

The directors' estimated Statement of Affairs contained an outstanding loan owed to HCF by Rocket Finance Limited in the sum of £30k. This loan was provided to fund a bridging facility (total facility £154k) from Rocket Finance Limited to a third-party borrower.

As previously reported, the Joint Administrators have been advised by Rocket Finance's legal advisor that a Court hearing on 20 January 2022 found in favour of Rocket Finance. However, the amount of the Judgment to be awarded to Rocket Finance has not been decided, with an order from the Court still outstanding.

The solicitor acting for Rocket Finance has been provided with numerous deadlines by the Court as to when the order will be made, however despite these promises, the order has still to be provided. Rocket Finance's solicitor has lodged her dissatisfaction with the Court on these significant delays but the situation still remains unresolved.

The Joint Administrators continue to press Rocket Finance's solicitor for a conclusion to this matter and have considered lodging a separate complaint to the Court. However, we have been advised that as HCF is not a direct party to the proceedings, the Joint Administrators are unable to make such a complaint.

An update of this matter will be provided in the first progress report to creditors following the Company's entry into Liquidation.

Payments

A full list of payments made during the Reporting Period is detailed in the Joint Administrators' Receipts and Payments Account at Appendix 3a.

HCF Consultancy Recharges

Costs in respect of consultancy fees were initially met by THC Administration estate and, if elements of the work were specific to the Administration of HCF an element of the costs incurred have been recharged to THC.

CREDITORS: CLAIMS AND DISTRIBUTIONS

Secured creditors

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

Preferential creditors

On appointment, it was established that all employees of the House Crowd business were employed by THC, albeit some staff may have provided services across a number of different legal entities.

The Joint Administrators did not receive any claims from primary preferential creditors.

Secondary Preferential creditors

In any insolvency process started from 1 December 2020, HMRC is a secondary preferential creditor for the following liabilities:

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

This Joint Administrators did not receive any claims from secondary preferential creditors.

Prescribed Part

The Company had not granted a floating charge to any creditor after 15 September 2003 and consequently there was no prescribed part in this Administration.

Unsecured creditors

The Joint Administrators received a claim from HM Revenue & Customs in the sum of £100.

A further unsecured creditor in the sum of £638,470 was stated in the Directors' estimated Statement of Affairs, in respect of an inter-company payable to THC as the result of working capital funding support provided by THC prior to the Administration. This claim has yet to be adjudicated upon however, in the event that it is due, the Joint Administrators of THC will submit a claim in the Administration estate ahead of any dividend being payable.

Claims process

Due to the projected dividend distribution to unsecured creditors currently estimated at 5p in the £, unsecured creditors are asked to submit their unsecured claims to the address on the front of this report, marked for the attention of Alex Holliday.

A Proof of Debt form is attached at Appendix 6.

INVESTIGATIONS

Investigations

As part of the Joint Administrators' statutory duties, an investigation into the conduct of the Company's Directors was completed and a confidential report was submitted to The Insolvency Service on 19 May 2021.

ETHICS

The Joint Administrators are bound by the Insolvency Code of Ethics when carrying out all professional work relating to insolvency appointments.

General ethical considerations

During the Reporting Period, no new 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 their own firm, an 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 Joint Administrators' 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.

Other Information

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>.

Further Information

Creditors should note that the Joint Administrators are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment. Additionally, the Joint Administrators are also bound by the regulations of their Licensing Bodies.

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

THE JOINT ADMINISTRATORS' FEES AND EXPENSES

Pre-Administration Costs

Included within the Joint Administrators' Proposals was a Statement of Pre-Administration costs as detailed below:

Party instructed	Amount (£)
Quantuma Advisory Limited	694
Quantuma Advisory Limited (disbursements)	6
JMW Solicitors LLP	1,145
TOTAL	1,845

The Joint Administrators sought approval of these fees and they were approved via a decision procedure on 21 February 2023, none of which have been discharged in the Administration.

The Joint Administrators' Fees

The basis of the Joint Administrators' fees for dealing with matters on behalf of creditors was fixed on 21 February 2023 by the Company's creditors as follows:

1. A fixed fee of £50,000.

The set fee is considered a fair and reasonable reflection of the work undertaken by the Joint Administrators.

No fees have been drawn in respect of the Joint Administrators' remuneration.

The Joint Administrators have not provided details of their time costs or charge out rates as in accordance with SIP 9 guidance, there is no requirement to do so when their remuneration has been set on a fixed fee basis.

The Joint Administrators' Expenses

The expenses, which include disbursements that have been incurred and not yet paid during the period are detailed overleaf:

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				
JMW	810	Nil	Nil	810
DSG Accountancy	600	600	Nil	Nil
Postage	1	1	Nil	Nil
TOTAL	1,411	601	Nil	810

Investors and creditors should note that the above table now only includes the costs associated for the Joint Administrators in carrying out their statutory duties for the benefit of creditors. All costs associated with the recovery of the loans for the benefit of investors will be paid out of the aforementioned 11% and as such are not included in the above table.

The category 1 expenses paid for in the Reporting Period are detailed on the Receipts and Payments account at Appendix 3a and represent payments to parties not associated with the firm, who have provided services or goods for the Administration of the assignment.

Any sums incurred but not paid in the period will be paid as an expense of the Liquidation.

Other Professional Costs

Subcontracted Work

The Joint Administrators have not sub-contracted out any work to professionals that could have otherwise been completed by themselves.

Other Professional Costs

Solicitors – JMW Solicitors LLP

JMW were instructed by the Joint Administrators to provide advice on appropriate legal matters (in relation to the Administration process and the recovery of the loans). Their costs have been agreed on the basis of their standard hourly charge out rates, plus disbursements and VAT.

Accountants Fees

DSG Accountancy and Business Services Limited

The Joint Administrators asked DSG to prepare the end of year accounts for the Company to 24 February 2022. This was agreed on a fixed fee basis of £600 plus VAT which was paid during the Reporting Period.

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

Payment of the Joint Administrators' unpaid fees and costs

In accordance with the Insolvency Act 1986, all unpaid fees (subject to any approved fees estimate) and costs, as described in the sections above, are charged on and payable out of the Company's property. Thus, the Joint Liquidators will be responsible for discharging these sums from the assets and funds handed over to them by the Joint Administrators.

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 fees 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 fees 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 fees 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 fees and/or expenses being complained of.

Please note that such challenges may not disturb fees or expenses (whether or not discharged from the estate) disclosed in prior progress reports.

THE OUTCOME OF THE ADMINISTRATION

Comparison of the outcome with the Joint Administrators' Proposals

Attached at Appendix 2 is a summary of the Joint Administrators' Proposals as approved.

It had been envisaged that the second Administration objective would be achieved, namely that there would be a better result for creditors as a whole than would be likely if the Company were wound up (without first being in Administration). As described above, this Administration objective has now been achieved.

The balance in the Joint Administrators' account of £5,303, together with control of the remaining assets yet to be realised as described above, will be transferred into the liquidation estate. An Estimated Outcome Statement as at 21 February 2023 is attached at Appendix 3b. This illustrates the anticipated outcome of the subsequent liquidation process.

It should be noted that the sum of £18,779 was realised as cash at bank at the outset of the Administration process. This sum represented an asset realisation for the benefit of creditors and not investors. However, part of this was used to defray costs associated with investor matters and as such

HCFSa will refund an element of this sum (from net trust asset realisations) back to HCF for the benefit of unsecured creditors. This refund is shown in the Outcome Statement at Appendix 3b.

The Joint Administrators are now moving the Company from Administration to Creditors' Voluntary Liquidation to enable a dividend to be paid to unsecured creditors. The Joint Liquidators will also continue to pursue the remaining assets and other matters described in this report. As noted in Appendix 2, the Joint Administrators' approved Proposals included that, absent any alternative nomination, the Joint Administrators would take the appointment as Joint Liquidators without further recourse to the creditors. There were no other nominations and therefore the Joint Administrators will be appointed Joint Liquidators.

If you require any further information, please contact my team on thehousecrowd@quantuma.com.



Frank Ofonagoro
Joint Administrator

HOUSE CROWD FINANCE LIMITED (IN ADMINISTRATION)

STATUTORY INFORMATION

Company Name	House Crowd Finance Limited
Previous Names	N/A
Proceedings	In Administration
Court	High Court of Justice Business and Property Courts in Manchester
Court Reference	CR-2021-MAN-000117
Date of Appointment	25 February 2021
Joint Administrators	<p>Frank Ofonagoro Jeremy Woodside Quantuma Advisory Limited 3rd Floor, 196 Deansgate Manchester M3 3WF</p> <p>Frank Wessely Quantuma Advisory Limited 2nd Floor, Arcadia House 15 Forlease Road Maidenhead SL6 1RX</p>
Registered office Address	<p>C/o Quantuma Advisory Limited Third Floor, 196 Deansgate, Manchester, M3 3WF</p>
Company Number	10564875

HOUSE CROWD FINANCE LIMITED (IN ADMINISTRATION)

THE JOINT ADMINISTRATORS' PROPOSALS, AS APPROVED



House Crowd Finance Limited (In Administration)

The Joint Administrators' Statement of Proposals

Appendix IX: Summary of the Joint Administrators' Proposals

In order to achieve the purpose of the Administration, the Joint Administrators formally propose to creditors that:

- The Joint Administrators continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration, in particular that:
 - (i) they will take the necessary steps to realise the Company's assets for the benefit of creditors.
 - (ii) they investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or company, whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or company that supplies or has supplied goods or services to the Company; and
 - (iii) they do all such things and generally exercise all their powers as Joint Administrators as they consider desirable or expedient at their discretion in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these activities.
- The Joint Administrators make distributions to any secured or preferential creditors in accordance with Paragraph 65 of Schedule B1 of the Act. Further, they may make a distribution to unsecured creditors, having first sought the court's permission in accordance with Paragraph 65(3) of Schedule B1 of the Act where necessary.
- The Joint Administrators end the Administration in one of the following ways, appropriate to the circumstances of the case at the time
 - (i) however, 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
 - (ii) 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.

HOUSE CROWD FINANCE LIMITED (IN ADMINISTRATION)

THE JOINT ADMINISTRATORS' FINAL RECEIPTS AND PAYMENTS ACCOUNT

House Crowd Finance Limited (In Administration) JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT			
	Statement of affairs £	From 25/08/2022 To 20/02/2023	From 25/02/2021 To 20/02/2023 £ £
RECEIPTS			
Cash at bank	18,779.16	Nil	18,779.16
Bank interest gross		3.28	4.38
		<u>3.28</u>	<u>18,783.54</u>
PAYMENTS			
Specific bond		Nil	135.00
Statutory advertising		Nil	88.00
Consultants		Nil	6,435.00
Post appointment legal disbursements		Nil	50.00
JMW		Nil	3,927.50
Accountants fees		600.00	600.00
VAT irrecoverable		120.17	2,238.40
Postage		0.83	6.49
		<u>721.00</u>	<u>13,480.39</u>
Net Receipts/(Payments)		<u>(717.72)</u>	<u>5,303.15</u>
MADE UP AS FOLLOWS			
Bank 1 Current			5,303.15
			<u>5,303.15</u>

HOUSE CROWD FINANCE LIMITED (IN ADMINISTRATION)

ESTIMATED OUTCOME STATEMENT FOR THE LIQUIDATION

<u>House Crowd Finance Limited</u> <u>Estimated Outcome Statement as at 20 February 2023</u>		Estimated to Realise £
Assets not specifically pledged		
Surplus from Administration estate		5,303
Refund from HCFSa		12,435
Rocket Finance		30,000
		<hr/> 47,738
Costs		
Administrators' fees - pre-appointment		(694)
Administrators' fees - post-appointment		(10,000)
Pre-appointment legal fees		(1,145)
Bonding		(135)
Post-appointment legal fees		(810)
VAT irrecoverable		(2,368)
		<hr/> (15,152)
Amount available for preferential creditors		<hr/> 32,586
Preferential creditors		Nil
Surplus as per preferential creditors		<hr/> 32,586
Amount available to unsecured creditors		<hr/> 32,586
Est. unsecured creditors		
The House Crowd Limited claim		(638,470)
HMRC		(100)
		<hr/> (638,570)
Estimated deficiency as per unsecured creditors		(605,984)
Estimated dividend (p/£)		0.05

HOUSE CROWD FINANCE LIMITED (IN ADMINISTRATION)

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

Description of work undertaken	Includes
<u>ADMINISTRATION & PLANNING</u>	
Administration & Planning	
Initial Statutory and General Notifications & Filing e.g. Advertising the appointment, undertaking statutory notifications to Companies House, HMRC, the Pension Protection Fund, preparing the documentation and dealing with other notification of appointment	Filing of documents to meet statutory requirements
General Administration - Dealing with all routine correspondence and emails relating to the case	
Case strategy & completing file reviews at case closure	Discussions regarding strategies to be pursued 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
Corporation Tax matters and returns.	Preparation and filing of Corporation Tax Returns
Corresponding with retail lenders	Liaising with the House Crowd investors regarding various queries relating to their investments and the progress of the Administration.
Court Applications	Following the receipt of fee approval, the Joint Administrators have worked with sought legal advice to clarify certain areas of the judgement. The Joint Administrators have continued work on creating the distributions model which will form the basis of a second application to court.
<u>CREDITORS</u>	
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
Final Reports	Preparation of final progress report ahead of the case converting to CVL
<u>INVESTIGATIONS</u>	
Investigations	
CDDA Reports - Preparing a report or return on the conduct of the directors as required by the Company Directors Disqualification Act.	Assisting the Insolvency Service with its investigations
<u>REALISATION OF ASSETS</u>	

Description of work undertaken	Includes
Realisation of Assets	Ongoing review into the recovery of Rocket Finance and other assets for the benefit of the Administration estate
<u>CASHIERING</u>	
Opening, maintaining and managing the Office Holders' cashbook and bank account.	Preparing correspondence opening and closing accounts 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	
Preparing & Filing statutory Receipts & Payments accounts	Preparing and filing statutory receipts and payments accounts at Companies House
<u>CLOSING PROCEDURES</u>	
Filing final statutory returns at Companies House/Court	

HOUSE CROWD FINANCE LIMITED (IN ADMINISTRATION)

NOTICE OF NO DIVIDEND

Company Name: House Crowd Finance Limited (In Administration) ("the Company")


Company Number: 10564875

In the High Court of Justice Business and Property Courts in Manchester CR-2021-MAN-000117

This Notice is given under Rule 14.37 of the Insolvency (England & Wales) Rules 2016 ("the Rules"). It is delivered by the Joint Administrator of the Company, Frank Ofonagoro, of Quantuma Advisory Limited, Third Floor, 196 Deansgate, Manchester, M3 3WF (telephone number: 0161 694 9144), who was appointed by the members of the Company.

The Joint Administrator gives notice confirming that no dividend will be declared in the Administration of the Company.

The residual funds held will be distributed to creditors during the Liquidation process which will commence following the closure of the Administration.

Signed: 
Frank Ofonagoro
Joint Administrator

Dated: 21 February 2023

HOUSE CROWD FINANCE LIMITED (IN ADMINISTRATION)

PROOF OF DEBT FORM

DETAILS OF CLAIM		
1.	Name of Creditor (if a company, its registered name)	
2.	Address of Creditor (i.e. principal place of business)	
3.	If the Creditor is a registered company: <ul style="list-style-type: none"> For UK companies: its registered number For other companies: the country or territory in which it is incorporated and the number if any under which it is registered The number, if any, under which it is registered as an overseas company under Part 34 of the Companies Act 	
4.	Total amount of claim, including any Value Added Tax, as at the date of administration, less any payments made after this date in relation to the claim, any deduction under R14.20 of the Insolvency (England & Wales) Rules 2016 and any adjustment by way of set-off in accordance with R14.24 and R14.25	£
5.	If the total amount above includes outstanding uncapitalised interest, please state	YES (£) / NO
6.	Particulars of how and when debt incurred	
7.	Particulars of any security held, the value of the security, and the date it was given	
8.	Details of any reservation of title in relation to goods to which the debt relates	
9.	Details of any document by reference to which the debt can be substantiated. (The administrator may call for any document or evidence to substantiate the claim at his discretion.)	
10.	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986	Category Amount(s) claimed as preferential £
11.	If you wish any dividend payment that may be made to be paid into your bank account, please provide BACS details. Please be aware that if you change accounts it will be your responsibility to provide new information	Account No.: Account Name: Sort code:
AUTHENTICATION		
Signature of Creditor or person authorised to act on his behalf		
Name in BLOCK LETTERS		
Date		
If signed by someone other than the Creditor, state your postal address and authority for signing on behalf of the Creditor		
Are you the sole member of the Creditor?		YES / NO

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

House Crowd Finance – in Liquidation (“HCF”)

House Crowd Finance (Security Agent) Limited – in Liquidation (“HCFSA”)

Together – the Companies

Frank Ofonagoro, Jeremy Woodside, Frank Wesseley – (“the Office Holders”)

Following the two-year anniversary (on 24 February 2023 for THC and on 25 February 2023 for HCF and HCFSA) of their appointment, the Office Holders are now in a position to provide a fourth update to investors on their efforts to recover the outstanding bridging loans (“the bridging loans”) owed to HCFSA.

By way of a summary, from a loan book of 29 loans: -

- 11 loans have been recovered;
- 10 loans remain outstanding (in various stages of recovery); and
- 8 loans have been written off with no recoveries anticipated.

Further details on all these matters are outlined throughout this report.

Important notice:

- This document has been prepared for the sole purpose of updating the investors on the bridging 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 Office Holders, including statutory reports provided to the Companies’ respective creditors as required under the Insolvency Act.
- The outstanding capital 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 Office Holders are not auditors and have therefore not carried out what could be considered an audit verification of this information.
- The Office Holders act as agents of the Companies and without personal liability.
- Where net receipts have been referenced, investors should note that this does not necessarily represent the sum to be distributed, as any monies held may be subject to additional deductions of associated costs of recovery (the deduction of the Office Holders’ agreed remuneration).

The Office Holders remind Investors to bear the following in mind when reading this update:

The Office Holders have previously advised of the need for a separate application to Court to obtain approval of their proposed distribution mechanism that allows net asset realisations to be returned to investors in The House Crowd Business in the most equitable manner.

We remain in the process of constructing a suitable distribution proposal as unfortunately, the complex nature of the legal agreements relating to the loans, and material deficiencies in the Company investor and accounting records, has led to this process becoming extremely protracted.

We expect to have finalised and lodged in Court the proposed distribution mechanism by the end of May 2023.

The Office Holders anticipate that the duration of HCFSA's insolvency process and realisation of the bridging loan book will now necessarily have to run to a potential conclusion date of February 2025. This represents an additional 2 years' duration of the process from the Office Holders' initial target closure date of February 2023. This extension will have a necessary costs implication by increasing the costs of the process, primarily, the Office Holders' costs which are forecast to significantly increase.

Given the forecast increase in the costs of the Companies' insolvency processes given the need to prolong the same, the Office Holders' intend to return to Court (as directed by the Judge at an initial hearing sanctioning the Office Holders' current costs recovery basis) to seek an increase in their agreed costs from 11% of investor asset realisations to c.23%. The Office Holders' legal Counsel and advisors are currently drafting the Court fee application and it is our intention to provide investors with information setting out the basis on which the Office Holders will recover their forecast future costs under separate cover.

Recovered loans

Net receipts from recovered loans currently held by the Office Holders will be subject to recovery of the Office Holders' fees as sanctioned by the Court.

HCF180 – The Vicarage

Total outstanding Investor Capital - £49,000

As investors are aware, property Receivers were appointed by HCFSA over The Vicarage (the borrower's home) prior to the appointment of the Office Holders.

Since our last update, a settlement with the borrowers has been agreed and £120,000 has been paid to the HCFSA estate, bringing the total realisations in respect of this loan to £142,500.

Fiddler - HCF179 – Parkland Close

Total outstanding Investor Capital - £216,000

In June 2022, the borrower made a full and final settlement payment for the outstanding capital and accrued interest totalling £396,337.

HCF181 – Mead Crescent

Total outstanding Investor Capital - £314,000

As previously advised, the current property Receivers sought a possession order over the property from Court last year, with an eviction date for the borrower set for 4 October 2022. We are pleased to advise that since our last update a sale for the sum of £625,000 was agreed with a third-party which resulted in net proceeds of £581,000 (after deduction of fees associated with the Receiver and Solicitor) being paid to the Office Holders.

HCF191 – Old Lliesty Hospital development

Total outstanding Investor Capital - £2,793,000

As previously reported, a gross settlement was agreed with the borrower in the sum of £3,000,000. This resulted in the sum of £2,945,000 being paid to the HCFSA estate after costs.

HCF186 – Hale Road

Total outstanding Investor Capital - £305,000

The Office Holders have agreed a full and final settlement with the borrower for the sum of £160,000.

By way of background, prior to commencing settlement negotiations, the HCFSA's books and records indicated that c.£165k had been discharged prior to the Office Holders' appointment, with a remaining sum of c.£140k due. However, the Office Holders were unable to place reliance on the accuracy of HCFSA's books and records and therefore sought recovery of the loan in full.

After a prolonged series of lengthy and costly exchanges between the borrower and the Office Holders (with no progress made), the Office Holders requested a settlement meeting in an attempt to

limit the incurrence of further unnecessary costs. Investors should note that prior to this meeting, the Office Holders were advised by their solicitor, that reaching a settlement would be the most cost-effective way of bringing this matter to a close with estimated costs of any subsequent attempts to litigate HCFSAs position being in the region of c.£100k, which would not guarantee any material increase in realisations prospects for investors over and above any settlement figure that could be reached.

At the meeting, the borrower initially offered the sum of £140k as settlement of outstanding capital but was not willing to offer anything towards the accrued interest. After further negotiations, the Office Holders accepted an offer of £160k in full and final settlement.

HCF192 – Windsor Street – May 2021

Original investor capital - £35,000

Redemption after costs - £47,129

Since our last update we are pleased to confirm that the borrower has repaid the sum of £47,129 after costs.

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

Original investor capital - £1,382,000

Having repaid the investor capital advanced under the loan prior to our appointment, the borrower 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 and payments totalling the £165,000 have been received in full.

HCF20 – Caverswall Castle – March 2021

HCF35 – The Moathouse – March 2021

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

As previously reported, the total combined sale proceeds from the properties have been received and have been apportioned between HCF20 (£318,154) and HCF35 (£79,538) respectively.

HCF137 – Broadland Cottages – February 2022

Original Investor Capital - £87,000

Redemption after costs – £139,181

As previously reported, the borrower sold the property in February 2022 and net proceeds of £139,181 have been received by the HCFSAs estate.

HCF68 – 260 Newport Road – Sale Completed – July 2021

Total outstanding Investor Capital - £262,000

As previously reported, the sale of the property was concluded in May 2021 with net proceeds of £238,500 being received by the HCFSAs estate. Since our last report a further and final sum of c.£3,000 has been received from the property's Receivers.

Outstanding loans

HCF081 – 10 Raphael Drive – (Interest Shortfall)

Interest Shortfall - £23,981

Following difficulty encountered by the Office Holders to locate the borrower we managed to find an updated address for the borrower and promptly issued a new letter before action. The borrower has

responded to but is disputing the full liability. The Office Holders are continuing to liaise with the borrower (by providing supporting documentation) in order to successfully recover the interest shortfall.

HCF160 – 41 Bryanston Road – September 2021

Original Investor Capital - £165,000

Original gross loan - £165,000

Redemption after costs - £241,974

As previously reported, the borrower was declared bankrupt in February 2020 with a claim having been made in the bankruptcy estate by the Office Holders for the sum of £121,291.53 (the outstanding default interest).

The Trustee in Bankruptcy has advised that a dividend of c.38p in the £ was due to be paid from the bankruptcy estate. However, to date, no funds have been received from the Trustee. We have since been informed by the Trustee that there have been delays in agreeing creditor claims but that a distribution will shortly be made and paid out in due course.

HCF131 – Cadoxton Carehome Site

Capital Shortfall - £625,853

As detailed in our last update, the Office Holders have made several attempts to locate the borrower, having sent several letters requesting them to engage in discussions on the sums owed.

In late 2022, the borrower requested further details regarding the liability and the calculations of the sums owed, with these having been updated and provided to the borrower.

Follow up correspondence has been sent to the borrower with no reply received to date.

HCF077 – 23 Mendip Way

Capital Shortfall – £329,063

As advised in our previous update, the Office Holders identified potential irregularities relating to the manner in which this loan was obtained (in that the loan was obtained fraudulently) arising from non-compliant AML submissions.

The Office Holders are currently seeking legal advice in order to establish recovery prospects of the loan.

HCMF002 – The Chimes

Total outstanding Investor Capital – £400,000

To date the Office Holders have received total repayments under the mezzanine finance loan agreement totaling c.£572k. We requested an update from the borrower's Administrators as to the likelihood of further payments to the HCFSA estate and were informed that there is the possibility of further distributions to HCFSA, but we have yet to be briefed on expected quantum and/or timing of the same despite our repeated requests.

Based on current information, it is expected that there will be sufficient funds to repay investor capital in full, but any repayment of interest remains subject to the level of available funds after the deduction of the Office Holders' costs.

HCF185 – Micheldelving

Total outstanding Investor Capital - £534,000

Following our last update, the Office Holders have commenced negotiations with the borrower's representatives in order to reach settlement. These negotiations remain at an early stage and further updates will be provided in due course to investors.

The Office Holders have reserved their right to commence possession proceedings should an acceptable settlement not be reached.

HCF165 – Cherry Tree

Total outstanding Investor Capital - £125,000

As advised in our previous update, any return to investors is dependent on the ability of the borrower to successfully refinance the outstanding loan in full or the net sale proceeds from any subsequent sale. The Office Holders have subsequently learnt from their instructed property agent that there are potential issues with the property's title deeds which could impede any realisable value for the property (following the possession of the same).

Despite numerous requests, the Office Holders have not been provided with adequate evidence of any refinance attempts by the borrower and as such instructed their solicitor to issue a final demand to the borrower to provide this information by the end of the first week in March 2023.

Should the deadline not be met, the Joint Administrators will take steps to enforce the terms of an already granted possession order (24 February 2020) without further recourse.

HCF187 – Colridge Court

Total outstanding Investor Capital - £57,000

As at the date of our last update, the Office Holders had agreed to defer planned possession proceedings in the short-term following the discovery that the property was occupied by a member of the borrower's family, following a recent bereavement.

The last valuation of the property (on December 2019) estimated a value range of between £155,000 and £160,000 with a first ranking legal charge on the property in favour of a third-party lender owed c.£55,000 (subject to accruing interest and charges).

Negotiations have been ongoing between the Office Holders' and the borrower to reach a settlement, and as previously reported, an offer in the sum of £60k was made in January 2022 and was rejected along with a further offer of c.£80k, as both would likely result in a capital shortfall to investors (investors should note that the Office Holders accepted a payment on account of the £60k, pending further negotiation).

Increased offers for the remaining sum have subsequently been made by the borrower. However, in an effort to better understand what final settlement should be accepted, the Office Holders instructed their agent to attend the property in February 2023 and update their valuation for the same, whilst staying the Court application. The Office Holders hope that this will better inform their decision making on whether to continue with possession proceedings or not.

HCF193 – Derwin Y Fron

Total outstanding Investor Capital - £691,000

From the last update, investors will recall that there are two properties, a public house and a residential house that were in the process of being repossessed for sale.

Following successful repossession and a marketing exercise, the Office Holders have agreed to the of the sale the pub for the sum of £220k subject to contract, with the hope that an exchange and completion will occur in the coming weeks.

In relation to the residential property, the Office Holders had instructed solicitors to commence possession proceedings however, since our last update, the first ranking legal charge holder (HSBC) has contacted our agent and confirmed that they are in the process of taking possession of the property themselves. Our solicitor is currently liaising with HSBC's agents to better understand their intentions, next steps, and timings.

HCF101 – Ash Lodge

Total outstanding Investor Capital - £466,000

At a Court hearing to seek possession of the residential property on 14 December 2022, proceedings were adjourned pending further provision of information to Court by the borrower with a deadline of January 2023.

The Property Receivers are currently waiting for an update from their solicitors as to the next steps as additional information was provided, which is being duly considered.

Loans deemed unrecoverable

As previously reported, the loans below 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 respective loans. As at the start of the initial administration process, there remained either a capital or interest shortfall outstanding.

The Office Holders have made numerous attempts to recover these loans and have, where necessary, engaged specialist third parties to locate additional information on the borrower in an attempt to better aid recovery efforts. However, the Office Holders are now of the opinion that all recovery attempts have been exhausted and as such any sums due under these loans will be written off.

HCF053 – 9a & 9b Daleview Road (interest shortfall)

Interest Shortfall - £41,257

Based on current information and the continued lack of engagement from the borrower after numerous attempts to locate the same, the Office Holders do not intend to incur any further costs, with no realistic likelihood of recovery. Investors will be informed should this position change.

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

Capital shortfall -£248,923

After numerous correspondence to the borrower's address (per the Companies' books and records) the Office Holders were able to establish that the borrower was potentially resident at a new address. The Office Holders' solicitors subsequently re-issued a further letter before action to this new address with a 30-day deadline for response, however, to date no response has been received. Based on current information and the continued lack of engagement from the borrower, the Office Holders do not intend to pursue any further recovery actions, as to do so would result in additional costs being incurred by the HCFSA estate with no realistic likelihood of recovery. Investors will be informed should this position change.

Finally, the Office Holders have sought legal opinion as regards the prospect of a claim being brought against the professional advisors that provided the valuation advice on which HSCFA based its decision to issue the loan in the first place.

HCF028 – 1 & 3 Falstaff Road

Capital Shortfall - £172,269

After numerous correspondence to the borrower's address (per the Companies' books and records) the Office Holders were able to establish that the borrower was potentially resident at a new address. The Office Holders' solicitors subsequently re-issued a further letter before action to this new address with a 30-day deadline for response, however, to date no response has been received.

Based on current information and the continued lack of engagement from the borrower, the Office Holders do not intend to pursue any further recovery actions, as to do so would result in additional costs being incurred by the HCFSA estate with no realistic likelihood of recovery. Investors will be informed should this position change.

Finally, the Office Holders have sought legal opinion as regards the prospect of a claim being brought against the professional advisors that provided the valuation advice on which HSCFA based its decision to issue the loan in the first place.

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

Capital Shortfall - £146,762

The Office Holders successfully located the borrower after numerous previous attempts to do so. However, our recent correspondence to the borrower has again gone unanswered.

Given the length of time that has elapsed and the lack of progress it is likely that this loan will be written off in the fullness of time, the costs of making further recovery attempts will most certainly outweigh any benefit.

Finally, the Office Holders have sought legal opinion as regards the prospect of a claim being brought against the professional advisors that provided the valuation advice on which HSCFA based its decision to issue the loan in the first place.

HCF102 – 5 Copse Hill

Interest Shortfall - £30,123

After finally locating the borrower's address and issuing a letter before action for repayment of the interest shortfall we established that the borrower is unfortunately now deceased, having passed away in August 2019.

The Office Holders sought to establish whether they could seek recovery from the borrower's estate, however, this has not been successful.

Therefore, based on current information and the continued lack of engagement from the borrower, the Office Holders do not intend to pursue any further recovery actions, as to do so would result in additional costs being incurred by the HCFSA estate with no realistic likelihood of recovery. Investors will be informed should this position change.

HCF087 – 107 Frith Road – February 2022

Original Investor Capital - £980,000

The Office Holders instructed solicitors to explore the possibility of taking action against the professional advisors that provided HCFSA with the property valuation on which the loan was agreed.

We have since discussed that the company that provided the valuation advice entered Compulsory Liquidation proceedings in March 2021 and initial investigations indicate that the company did not hold the requisite professional indemnity insurance at the time that the valuation was provided. Therefore, the Office Holders are of the opinion that all avenues of recovery have been exhausted and no further recoveries will be made in this regard.