

## **House Crowd Bridging Co 1 Limited (“HCBC1”)**

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

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

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

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

HCBC1 has invested in the following loans:

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

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

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

The latest correspondence from Companies House is that they will look to pass this matter to solicitors who will take further action. On the basis that the company is unable to pay its debts as they fall due it is insolvent. It is therefore likely that HCBC1 will enter liquidation as a protective measure to prevent any amounts owing to HMRC or Companies House increasing as costs are applied to the outstanding debts. Assets will then be realised in liquidation as and when the investments listed above mature. This liquidation process is expected to commence before 30 April 2022.

Kind regards.

The Joint Administrators  
The House Crowd Limited  
House Crowd Finance Limited  
House Crowd Finance (Security Agent) Limited  
House Crowd Property Management Limited

The House Crowd Limited ("the Company") was placed into Administration on 24 February 2021 and House Crowd Finance Limited, House Crowd Finance (Security Agents) Limited and House Crowd Property Management Limited were all placed into Administration on 25 February 2021 (together "the Companies"). The affairs, business and property of the Companies are managed by the Joint Administrators, who act as agents of the Companies and contract without personal liability. Frank Ofonagoro is licensed in the United Kingdom to act as an Insolvency Practitioner by the Insolvency Practitioners Association. Jeremy Woodside and Frank Wessely are licensed in the United Kingdom to act as Insolvency Practitioners by the Institute of Chartered Accountants in England & Wales.

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