

**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	Frank Ofonagoro Jeremy Woodside Quantuma Advisory Limited 3 rd 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	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)

APPENDIX 3B

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 HCFA'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 HCFA 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 HCFA 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 Llesty 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 HCFA 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 HCFA'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 HCFA'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 HCFSA's 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 HCFSA 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 HCFSA 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 sale of 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.