

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

House Crowd Project Companies (“HCP Companies”)

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

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

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

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

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

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

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

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

Tasks carried out since this advice was received have included:

- Shared the advice with the HCP director, MH

- Ongoing liaison with retained House Crowd staff who have been preparing y/end accounts for the companies
- Drafted and issued engagement letters to cover the project
- Completed 56 client onboarding packs covering conflict checks, AML/KYC checks, risk assessments etc.
- Agreed how the project is to be implemented by the various staff who will be involved
- Agreeing that the liquidations will be processed in batches of 5 on a FIFO basis meaning that those companies who sold their property longest ago will be processed first. This process will start by 24 March 2022 with the director swearing declarations of solvency for the first batch, followed in 28 March 2022 with notice being issued to shareholders for the statutory meetings. This is the point when shareholders would start to receive the various notices for returning their proxies for the relevant shareholder meetings.
- The second batch should then be processed 2/3 weeks thereafter. Overall, there's around 1,500-1,800 hours work involved in this project.
- With 56 cases to process this process will take c.22-33 weeks to implement, although this is of course dependent on finalising the o/s sales and completing all the work that is associated with those sales – closing off accounts, settling CT etc
- Distributions will come at some time later, but the proposal is that this should commence 3 months following the appointment of a liquidator. This will be either after tax clearance from HMRC or much earlier on receipt of a signed indemnity from the shareholder where clearance has not been received. We have but a backstop date of 6 months in place.

The first batch will include the 4 companies where a partial distribution was processed prior to our involvement in February 2021. This is because we are applying a strict FIFO policy based on the selling date of the relevant properties held by each individual company.

The schedule for the processing and return of funds is as follows:

HCP Entity	Milestone	Dedclaration of Solvency	Notice of General Meeting	General Meeting Held	Enters Liquidation	Estimated Distribution Date	
HCP 058 HCP 074 HCP 103 HCP 129 HCP 042		24/03/2022	28/03/2022	25/04/2022	25/04/2022	23/06/2022	22/09/2022
HCP 102 HCP 149 HCP 170 HCP 164 HCP 171 HCP 175		11/04/2022	15/04/2022	13/05/2022	13/05/2022	11/07/2022	10/10/2022
HCP 160 HCP 161 HCP 179 HCP167		29/04/2022	03/05/2022	31/05/2022	31/05/2022	29/07/2022	28/10/2022
HCP 168 HCP 169 HCP 162 HCP 141 HCP 151		17/05/2022	21/05/2022	18/06/2022	18/06/2022	16/08/2022	15/11/2022
HCP 083 HCP 124 HCP 123 HCP 173 HCP 085		04/06/2022	08/06/2022	06/07/2022	06/07/2022	03/09/2022	03/12/2022
HCP 147 HCP 165 HCP 130 HCP 105 HCP 126		22/06/2022	26/06/2022	24/07/2022	24/07/2022	21/09/2022	21/12/2022
HCP 144 HCP 180 HCP 178 HCP 182 HCP 183		10/07/2022	14/07/2022	11/08/2022	11/08/2022	09/10/2022	08/01/2023
HCP 163 HCP 166 HCP 172 HCP 174 HCP 142		28/07/2022	01/08/2022	29/08/2022	29/08/2022	27/10/2022	26/01/2023
HCP 031 HCP 146 HCP 120 HCP 122 HCP 153		15/08/2022	19/08/2022	02/09/2022	02/09/2022	14/11/2022	13/02/2023
HCP 154 HCP 155 HCP 157 HCP 139 HCP 150		02/09/2022	06/09/2022	20/09/2022	20/09/2022	02/12/2022	03/03/2023
HCP 159 HCP 137 HCP 177 HCP 176 HCP 181 HCP135		20/09/2022	24/09/2022	08/10/2022	08/10/2022	20/12/2022	21/03/2023
Properties still to be sold - Liquidation Date TBC once property sold							

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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