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**CROWD PROPERTY LIMITED**

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**UNAUDITED**

**FINANCIAL STATEMENTS**

**INFORMATION FOR FILING WITH THE REGISTRAR**

**FOR THE YEAR ENDED 31 MARCH 2020**

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2020**

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**Introduction**

The directors present their Strategic Report for the year ended 31 March 2020.

**Business review**

CrowdProperty ([www.crowdproperty.com](http://www.crowdproperty.com)) is the UK's leading specialist property project online lending platform. CrowdProperty is a fintech/propTech online-lending innovator, exceptionally efficiently matching the demand (quality property professionals undertaking quality property projects) and supply (retail/institutional investors) of capital for value-creating property projects, delivering a better deal for all – borrowers, lenders, the under-supplied UK housing environment and spend in the UK economy.

CrowdProperty was founded in 2013 in order to provide a solution to two fundamental problems; SME property professionals struggling to access the finance they need, and entrenched inefficiencies in matching of the supply and demand of capital between investors and borrowers, compromising returns for capital owners. This has held back housing delivery, spend in the economy and retail/institutional investor returns for many years.

Actual property development and investment experience lies at the heart of the business meaning hands-on, expertise-led due diligence and loan monitoring. Lending is focused on the SME property professional market, a key segment for supplying much needed UK housing stock, which is poorly and inefficiently served by traditional funding sources. CrowdProperty funds property professionals undertaking any sort of property project (including auction purchases and bridging), structuring the perfect funding product and doing so with greater speed, ease, certainty and expertise than anyone in the market. As property people providing property finance, we intimately understand the market needs. CrowdProperty has now lent £120,000,000, funding the development of over 1,200 homes worth over £220m since 2014, carefully curated from over £5bn of applications.

CrowdProperty is:

- Directly FCA authorised and regulated
- An HMRC approved ISA / IFISA manager (attracting significant ISA, SSAS Pension and SIPP Pension capital)
- A founding member and only property specialist platform in the Innovate Finance 36H Group (formerly the Peer-to-Peer Finance Association)
- The first property lender to become Brismo Verified independently verifying market-leading returns performance

The strength of the CrowdProperty proposition has been validated over the last 12 months through tough economic times as one of the few reliable development lenders throughout the COVID-19 pandemic, enabled by increasingly diverse sources of capital and a perfect lending track record since 2014. Our approach as value-adding partners to SME developers has been brought into focus during this time, where we were able to maintain our quality of service and work more closely than ever with existing borrowers to advise on practical and knowledgeable ways to mitigate the risks to progressing their sites as well as supporting new borrowers who faced funding lines from other lenders being cut – all whilst ensuring our lenders' position remained well secured. Our ability to provide a sustainable and reliable source of finance through the toughest of economic backdrops enabled the business to set most of our funding records during this period – in terms of speed of funding, fundraise size, monthly funding and number of lenders. For example, CrowdProperty funded 60 projects in the first six months of lockdown, each in an average of less than one minute on the platform, with three in as little as 12 seconds as platform lenders sought well secured yield.

In spite of tighter lending criteria through these unprecedented times, our focus on financing quality property projects undertaken by quality property professionals meant that the business surpassed the £100,000,000 lent to SME property professionals milestone in 2020. We continue to fund projects quickly and reliably, having now lent £120,000,000+, funded 1,200+ new homes across the UK worth £240,000,000+ and enabling over £80,000,000 spend on labour, materials and services in the UK economy.

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020**

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Our rigour, asset class expertise and track record is attracting more and more institutional sources of capital, which will be one driver of further lending capital growth (and providing the comfort for many investors that we've gone through months of institutional-grade due diligence numerous times), with those institutions only looking to work with proven, highest quality players.

CrowdProperty has also paid back over £60,000,000 to investors - maintaining a 100% capital and interest payback track record since 2014. Investor liquidity has been higher than ever at CrowdProperty, bucking the trend of all investment classes and the alternative finance sector, as retail and professional investors look for the yield, quality, and security that CrowdProperty has proven over many years. The business provides a strong risk / reward lending proposition, considering the 7-8% returns offered, with first charge security exposure averages as follows:

- Loan to value (LTV, or initial funds release relative to RICS-assessed market value) of 60.9% (55.6% in the 2020 cohort);
- Loan to gross development value (LTGDV) 53.2% (excluding interest) and 58.3% (including interest);
- Average lender returns to date 8.38%

CrowdProperty has seen further strong growth in annual lending in 19/20, with a total of 1,371% through the last 3 years. This has flowed through to revenue growth in 19/20, totalling 1,017% over the last 3 financial years.

These 19/20 results reflect a period of investment after closing a £1.1m equity capital fundraise in April 2019, investment of which has proven to be value-generating. The business has been profitable since October 2019 and cashflow positive throughout Covid-19 – proving the sustainability of the CrowdProperty operating model through any market, and the successfully invested equity capital injection. Whilst profitable and robust, the business continues to invest in team, technology, systems, processes and brand to build deeper efficiency and effectiveness to support a much larger lending business vision – a proposition for which there is proven demand and huge upside.

The CrowdProperty team's quest to continuously innovate is never fulfilled, with our in-house Engineering team enabling the business to rapidly deliver innovative developments for our customer propositions and relentless internal betterment - meaning our systems, processes, data-feeds, algorithms, analytics, data-learning and expertise-driven uniquely disruptive business model are being constantly perfected. This includes the application of machine learning to our extensive origination, having assessed over £5bn of directly-originated funding applications to date. Our rigorous due diligence process, developed through decades of hands-on expertise in exactly the asset class being lent against, alongside this proprietary technology platform enables us to efficiently select projects from this application pool. CrowdProperty leverages proprietary technology for efficiency and deep asset class expertise for effectiveness of lending.

Our strong performance has been recognised throughout the industry, with CrowdProperty named as one of the 50 fastest-growing technology companies in the UK (#41) – and the highest growth technology business in the Midlands region – in the 2020 Deloitte Technology Fast 50. CrowdProperty also featured in the Financial Times FT1000 list of Europe's Fastest Growing Companies 2021, acknowledging companies with rapid, sustainable and organic growth. Across Europe, CrowdProperty ranked 13th fintech, 16th financial services company, 59th tech business, 31st in UK and 132nd overall fastest-growing company in Europe - across all sectors.

In addition, the business has been recognised in the Property Finance Platform of the Year category at the AltFi Awards 2020, celebrating property finance platforms that have driven innovation, delivered an excellent investor experience, and grown significantly in the past 12 months. We work hard to maintain our 'Excellent' Trustpilot rating in recognition of our focus on customer service.

Importantly within property, CrowdProperty also won Qandor's Collaboration Award and TrustedLand's Collaboration Award, showing the commitment of the business to unlocking the potential of SME property professionals and empowering the entrepreneurial SME residential property developer segment.

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020**

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Finally, amongst many more recognitions, following a double win at the Midlands Business Awards 2020 (for Innovation of the Year and Entrepreneur of the Year), CrowdProperty has been announced as a finalist in the Service Provider of the Year and Business Person of the Year categories for 2021 which is testament to the leadership and teamwork that it at the heart of the business.

In 2020, the business welcomed John Mould - former CEO of ESF Capital and ThinCats - to the CrowdProperty Board as a Non-Executive Director. As CEO of ESF Capital & ThinCats from 2015-2019, John oversaw the acquisition of ThinCats by ESF Capital and subsequently took the business from c.£150m cumulative lending to c.£600m. Under his leadership, ThinCats doubled both lending and revenue in each of the last two years after setting and executing a differentiated strategy in the alternative finance business lending market, with extensive institutional backing. John was previously COO at Hermes Investment Management, COO at New Star Asset Management and an Executive Director at Morgan Stanley - thereby bringing deep financial services, asset management, risk management and alternative finance operating expertise, including through high growth stages, to the CrowdProperty board.

In January 2021, Mark Stephens, former CEO of Allica Bank & Harrods Bank and Founding Partner and Deputy CEO of Aldermore joined the CrowdProperty Board as a Non-Executive Director. With an extensive career spanning more than 40 years in the banking and finance sector, Mark also currently holds the role of Senior Independent Non-Executive Director at Distribution Finance Capital Holdings where he chairs three boards including the Risk Committee, Remuneration Committee and Nomination Committee. From 2018 to 2020, Mark held the position of CEO at Allica Bank which aims to reinvent traditional banking for businesses through a network of Local Bankers working in their communities, underpinned by the latest online technology. His focus during this time was to build the business that could ensure small and medium businesses have access to the products and expertise they need. Mark was previously CEO of Harrods Bank where he oversaw the bank's strategic direction, including its 2018 sale to challenger bank Tandem. Prior to this, he spent seven years at Aldermore where, as a founding Director, Group Commercial Director and Deputy Chief Executive he was responsible for delivering the strategic business objectives and portfolio acquisitions. Mark was also integral in guiding the bank to a successful public listing on the stock market in 2015.

Following Mark's appointment, John Mould has been appointed Non-Executive Chair. These Board changes reflect our major ambitions as we develop and execute against our 3-year strategy which will transform the scale and significance of the business. Indeed, the appointment of Rupert Lowe MRICS as Business Development Manager, alongside a total of 21 new appointments in the past 12 months, reflects CrowdProperty's strong origination, lending and business growth through 2020 and a clear strategy to resource the business fully, accompanying the in-house built technology platform, to uphold exceptional customer service.

CrowdProperty has built the best property project lender in the UK market and is on a trajectory to continue growing as rapidly as we have done, underpinned by a very scalable, in-house built, proprietary technology platform and scalable capital sources, that will see the business unlock the potential for many more SME property developers in building more homes and spending more in the UK economy. Whilst we have an absolute focus on the asset class we have deep expertise in to continue building a world class property project lender, we are looking to deepen our competitive advantage and bring a progressively more valuable proposition to both sides of the marketplace with a number of significant product launches planned for 2021 alongside a clear strategy which will enable us to reach £400m lending p.a. by 2024.

Our mission is to transform property finance to unlock the power of SME property developers throughout the UK - to build more homes, increase spend in the UK economy and ever more efficiently and effectively match the supply and demand of capital for the benefit of all. Our achievements to date are just the start of fulfilling our potential. Together we build.

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**CROWD PROPERTY LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020**

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

**M C Bristow**  
Director

Date: 31 March 2021

**CROWD PROPERTY LIMITED**  
**REGISTERED NUMBER:08764786**

**BALANCE SHEET**  
**AS AT 31 MARCH 2020**

	Note	2020 £	As restated 2019 £
<b>Fixed assets</b>			
Intangible assets	4	-	7,561
Tangible assets	5	<b>44,378</b>	12,921
		<b>44,378</b>	20,482
<b>Current assets</b>			
Debtors: amounts falling due within one year	6	<b>1,285,461</b>	808,532
Cash at bank and in hand		<b>286,171</b>	41,018
		<b>1,571,632</b>	849,550
Creditors: amounts falling due within one year	7	<b>(86,549)</b>	(190,165)
<b>Net current assets</b>		<b>1,485,083</b>	659,385
<b>Total assets less current liabilities</b>		<b>1,529,461</b>	679,867
Creditors: amounts falling due after more than one year	8	<b>(215,014)</b>	(242,052)
<b>Net assets</b>		<b>1,314,447</b>	437,815
<b>Capital and reserves</b>			
Called up share capital	9	<b>12,274</b>	11,482
Share premium account		<b>2,060,228</b>	977,496
Retained earnings		<b>(758,055)</b>	(551,163)
<b>Shareholders' funds</b>		<b>1,314,447</b>	437,815

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**CROWD PROPERTY LIMITED**  
**REGISTERED NUMBER:08764786**

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**BALANCE SHEET (CONTINUED)**  
**AS AT 31 MARCH 2020**

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

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

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

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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

**M C Bristow**  
Director

Date: 31 March 2021

The notes on pages 8 to 14 form part of these financial statements.

**CROWD PROPERTY LIMITED**  
**REGISTERED NUMBER:08764786**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital £	Share premium account £	Retained earnings £	Total equity £
<b>At 1 April 2018 (as previously stated)</b>	11,482	977,496	(373,750)	615,228
Prior year adjustment	-	-	(165,718)	(165,718)
<b>At 1 April 2018 (as restated)</b>	<u>11,482</u>	<u>977,496</u>	<u>(539,468)</u>	<u>449,510</u>
<b>Comprehensive income for the year</b>				
Loss for the year (as restated)	-	-	(11,695)	(11,695)
<b>At 1 April 2019</b>	<u>11,482</u>	<u>977,496</u>	<u>(551,163)</u>	<u>437,815</u>
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(206,892)	(206,892)
<b>Contributions by and distributions to owners</b>				
Shares issued during the year	792	1,082,732	-	1,083,524
<b>At 31 March 2020</b>	<u><u>12,274</u></u>	<u><u>2,060,228</u></u>	<u><u>(758,055)</u></u>	<u><u>1,314,447</u></u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**1. General information**

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

The Company's functional and presentational currency is GBP.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

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

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

The following principal accounting policies have been applied:

**2.2 Going concern**

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

The directors have carefully reviewed the future prospects of the Company and its future cash flows, including an assessment of the potential impact of the COVID-19 pandemic. The full impact of the COVID-19 pandemic on our business remains uncertain and as a result unquantifiable at this stage. Nevertheless, having assessed this the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future being at least the next 12 months from signing of these financial statements.

**2.3 Revenue recognition**

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

**Rendering of services**

Crowd Property platform turnover is made up of an initial fee, disbursements, and a service charge over the term of the loan. All income is recognised at the inception of the contract on the basis that all of the following conditions have been satisfied:

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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**2. Accounting policies (continued)**

**2.4 Operating leases: the Company as lessee**

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

**2.5 Finance costs**

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

**2.6 Intangible assets**

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

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

The estimated useful lives range as follows:

Website development	-	4	years
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**2.7 Tangible fixed assets**

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

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

Depreciation is provided on the following basis:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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**2. Accounting policies (continued)**

**2.8 Pensions**

**Defined contribution pension plan**

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

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

**2.9 Financial instruments**

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

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

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

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

**2.10 Taxation**

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

**3. Employees**

The average monthly number of employees, including directors, during the year was 28 (2019: 19).

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CROWD PROPERTY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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4. Intangible assets

	Website development £
<b>Cost</b>	
At 1 April 2019 (as restated)	60,081
At 31 March 2020	<u>60,081</u>
<b>Amortisation</b>	
At 1 April 2019 (as restated)	52,520
Charge for the year	7,561
At 31 March 2020	<u>60,081</u>
<b>Net book value</b>	
At 31 March 2020	<u>-</u>
At 31 March 2019 (as restated)	<u><u>7,561</u></u>

CROWD PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

5. Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>			
At 1 April 2019 (as restated)	11,422	3,180	14,602
Additions	29,159	9,000	38,159
At 31 March 2020	40,581	12,180	52,761
<b>Depreciation</b>			
At 1 April 2019 (as restated)	766	915	1,681
Charge for the year	4,471	2,231	6,702
At 31 March 2020	5,237	3,146	8,383
<b>Net book value</b>			
At 31 March 2020	35,344	9,034	44,378
At 31 March 2019 (as restated)	10,656	2,265	12,921

CROWD PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

6. Debtors

	2020	<i>As restated</i> 2019
	£	£
Trade debtors	-	40
Other debtors	1,211,837	755,150
Prepayments and accrued income	32,321	500
Tax recoverable	41,303	52,842
	<u>1,285,461</u>	<u>808,532</u>

7. Creditors: Amounts falling due within one year

	2020	<i>As restated</i> 2019
	£	£
Trade creditors	26,734	-
Other taxation and social security	16	-
Other creditors	24,175	181,765
Accruals and deferred income	35,624	8,400
	<u>86,549</u>	<u>190,165</u>

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

	2020	2019
	£	£
Other creditors	<u>215,014</u>	<u>242,052</u>

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CROWD PROPERTY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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9. Share capital

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
1,213,349 Ordinary Full Voting A Shares of £0.01 each	12,133	11,341
14,055 Ordinary Non Voting B Shares of £0.01 each	141	141
	<hr/>	<hr/>
	<b>12,274</b>	<b>11,482</b>
	<hr/>	<hr/>

On 29 April 2019, the Company issued 79,205 Ordinary A shares of £0.01 each, for a total consideration of £1,083,524 resulting in share premium of £1,082,732.

10. Reserves

**Share premium account**

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

**Profit and loss account**

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

11. Related party transactions

At the balance sheet date, £215,014 (2019: £242,052) was owed to a related party by virtue of common directorship and shareholders. The loan is repayable in 3 years. The loan is considered long-term debt at this stage in the Company's development.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.