

# Reboot Britain

The age of  
the global  
Entrepreneur



CROWD2FUND

**REBOOT  
BRITAIN**

The logo consists of a dark blue square with a white border. Inside the square, the words "REBOOT" and "BRITAIN" are stacked vertically in a bold, white, sans-serif font. Below the square is a solid red horizontal bar.



Hugh, founder of Planks clothing raised £501k from 1,092 investors to scale up. Planks is a British ski clothing brand - trading their UK designed products globally online.



# Contents

Disclaimer .....	05	Loan Book Performance .....	39
Executive Summary .....	07	Financials .....	40
Challenges and Solutions .....	11	Marketing .....	42
Regulations and Compliance .....	15	Sales .....	45
Current Technology .....	18	Scope of Work .....	47
Current Features and Differentiators .....	21	Expansion of the UK Platform .....	49
Market Analysis and Opportunity .....	24	Technology Roadmap .....	50
Competitor Analysis .....	27	Compliance and Licensing .....	55
Crowd2Fund Growth and Performance .....	28	India Launch .....	56
Financial Products and Credit Model .....	32	Next 10 Launch .....	57
Due Diligence and Credit Risk .....	34	Rest of Commonwealth Launch .....	59
Global Credit Policy .....	37	Investment Offer .....	61



# Disclaimer

This Memorandum has been prepared to assist prospective investors in making their own preliminary evaluation of Crowd2Fund limited ("The Company"), and does not purport to contain all the information which a prospective investor may desire. In all cases, prospective candidates should conduct their own investigation and analysis of the Company and the data set forth in this Memorandum.

The Company does not make any representation or warranty as to the accuracy or completeness of the information contained in this Memorandum or made available in connection with any further investigation of the Company, including estimates or forecasts. Neither shall have any liability for any representations, expressed or implied, contained in, or omitted from, this Memorandum or any other written or oral communications transmitted to the recipient in the course of the evaluation of the Company. The only information which will have any legal effect will be that specifically represented in a definitive agreement and the closing documents provided for therein.

This Memorandum contains statements which constitute forward looking statements. These statements appear in a number of places in this Memorandum. Recipients are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, so actual results may differ materially as a result of various factors. Only those representations and warranties made in a definitive, written agreement, and subject to such limitations and restrictions as may be specified therein, shall have any legal or binding effect.

With respect to the management of the Company, estimation of future financial performance presented in the financial forecast section of this Memorandum, and any estimated financial information presented by the Company, has not been audited, compiled, or agreed upon procedures to such information. There will usually be differences between estimated and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

By accepting this Memorandum, the recipient agrees to keep confidential the information contained herein or made available in connection with any investigation of the Company. Without limiting the foregoing, the recipient acknowledges and agrees that:

- (1) neither the Company will be subject to any liability based on the information contained in the Memorandum, errors therein or omissions there from, whether or not the Company knew or should have known of any such errors or omissions, or was responsible for or participated in its inclusion in or omission from this Memorandum;
- (2) the recipient will not copy, reproduce or distribute to any third party this Memorandum, in whole or in part, other than with the prior written consent;
- (3) any proposed actions by the recipient which are inconsistent in any manner with the foregoing will require the prior written consent of the Company. The Company reserves the right to negotiate with one or more prospective investor(s) at any time and to enter into a definitive agreement without notice to any other investor.

Also, the Company reserves the right not to pursue the matters discussed herein and to terminate, at any time, further participation in the investigation and proposal process by any investor, and to modify data, documentation, and other procedures without assigning any reason thereto. This Memorandum is not, and under no circumstances is to be construed as, a prospectus, a public offering of the Company or the business, or an offering memorandum as defined under applicable securities legislation.

All financial figures included in the Memorandum are in UK Pounds (sterling) unless noted otherwise. Each recipient agrees not to contact any owners, officers, directors, employees, representatives, agents, customers, suppliers, or any other affiliates of the Company.

Crowd2Fund is a leading UK-based Fintech platform. This document outlines a post-COVID19 economic revival plan to utilise the Crowd2Fund technology and to scale at pace within the UK, with the potential to release billions<sup>1</sup> of pounds in private risk capital for SME businesses and develop an international trading hub for them to scale via the 54 Commonwealth markets.







# Executive Summary

## Economic revival plan for global SMEs

This plan outlines how we can leverage the power of technology, connectivity and entrepreneurship to drive prosperity post-COVID19.

### Introduction

We are a pioneering Fintech platform, leveraging technology to mobilise risk capital for entrepreneurs and deliver better returns for investors.

So far, 500 businesses have been funded through Crowd2Fund – with £35m raised exclusively from our community of 12,000 private investors.

Established in 2014, we are expanding successfully and rapidly. Every year, businesses that raised investment through Crowd2Fund generate an estimated £788m in revenue combined.

We hold compliance at our core, and are directly regulated by the FCA – the Financial Conduct Authority.

This proposal outlines a plan to invest £10m to significantly scale the Crowd2Fund platform where £277m annual investment capital is mobilised into 3,467 fast growing UK businesses per year and also set-up a trading hub across Commonwealth markets for them.

The above estimate is based on the historical model and past performance is not a reliable indicator of future returns.



## The world deserves something new

For those with the vision, courage, and expertise, India — and the Commonwealth — presents an unprecedented opportunity to develop new and significantly improved financial and social structures post-COVID19.

Investment is needed to drive prosperity. However, traditional banks are unable or unwilling to lend to smaller and earlier stage entrepreneurs. The market is ripe for innovation and Fintech is the alternative. Simultaneously, we believe that access to basic bank accounts and financial knowledge should be a human right for any individual - this is now possible. We have left the digitally driven economy and entered the entrepreneurial driven economy.

## What is Crowd2Fund?

Crowd2Fund has a revolutionary investment methodology, modernising the way individuals can invest in entrepreneurs they believe in, with a sophisticated proposition and well tested technical infrastructure.

Instead of pooling funds and distributing them across all investment opportunities on the behalf of investors, investors on Crowd2Fund can select the businesses that they want to back directly — establishing a connection between the entrepreneurial investor and the entrepreneurial business they are supporting. Businesses can build and harness the value of a relationship with a community of private investors.

Crowd2Fund provides all the information investors need to make a balanced investment decision. We also have a finely-tuned compliance layer across the platform in the form of disclaimers, educational videos, risk warnings and questionnaires. Strict compliance and regulation has been implemented from the start.

Crowd2Fund is also an end-to-end financial system, with a deposit-taking capability with a sort code and account number in the form of an e-wallet. We plan on expanding this to offer a full banking capability with relative ease, offering a three-pronged approach for 1). deposits and payments, 2). auto-investing returns, and 3). self-select investing.

Enhancing our deposit taking capability solves a range of challenges; these deposits can be deployed to entrepreneurs. Individuals can take either, a high-risk, high-reward option and invest in their chosen entrepreneurs directly, or use an AI algorithm — generating more modest returns for a significantly lower risk, while also outperforming bank interest rates.

This will significantly reduce the barriers to entry for entrepreneurs who need to raise cash to grow their businesses, create jobs and generate prosperity.



## The Commonwealth

2.4bn people live in Commonwealth nations, representing 30% of the global population. However, the Commonwealth currently only generates 14% of the global GDP. We believe this could grow to 50% of global GDP within the next two decades, using new trade and investment methodologies driven by technology and international regulation.

The Commonwealth provides a consistent foundation for development. These nations are aligned with common law practices, cultural heritage, and are signed up to a common charter — perfectly positioning them to align on common Fintech regulation. The widespread adoption of mobile devices and access to the internet in both developed and developing countries eradicates the need for physical banking infrastructure.

These factors combine to create a once in a lifetime opportunity for new Financial Technologies — or Fintech — to stimulate market prosperity locally and internationally by creating access to secure financial services for all - in the post-COVID19 world.

Crowd2Fund has a proven track record in our capability to deliver these cutting-edge financial services. We were the first fully and directly regulated platform within the UK, and the first to embrace a new set of regulations specifically designed for Fintech in October 2014.

## India

There are 63m small and micro-businesses in India, most of which are Micro SME's without access to finance. These MSMEs contribute approximately 30% of the GDP, employ 100+ million people, and account for 45% of manufacturing output and more than 40% of the country's exports.<sup>1</sup>

Through Crowd2Fund, these entrepreneurs would be able to access private credit through the internet, driving growth, and the creation of wealth, new products, and new employment opportunities. This is a much more effective way to access capital, using highly advanced AI methodologies with state of the art technology at their core.

India also has the fastest growing telecoms sector in the world. Through mobile connectivity, those entrepreneurs and individuals can store their money currently held in cash in a secure mobile deposit account, and can access it when needed and earn interest on those deposits.

With a government drive to decrease cash usage and increase digital financial services, this also has the advantage of making underground markets more identifiable, as all mainstream transactions will be trackable.

## Market Size

Before COVID19 transactions in the UK non-bank SME lending was currently valued at £2bn per year. Crowd2Fund offers a scalable, proven solution: businesses can raise money directly from investors through the internet without the need for a bank. Businesses get access to funds at competitive rates, investors get repaid directly with no middleman, and higher returns are generated as a result. As we emerge from COVID19, now is the time to significantly modernise our financial infrastructure and embrace this new digital paradigm.

Brilliantly, the market potential is much larger than just the UK. Galvanised by the Commonwealth umbrella, there are 54 nations that could make use of these services. In India alone, there are 63m private businesses with significant domestic and international potential.

This accounts for one business for every 20 people. If we extrapolate this across all Commonwealth markets, then we have a potential borrower base of 120m entrepreneurs.

As Fintech offers a global reach, market access is possible with relative ease.

## Regulations and Compliance

Typically, the major barrier in each market is regulation and compliance. Another key benefit to the Commonwealth market is that they are often based on a traditional regulatory and legal system – Common law.

Complimenting this, international regulatory co-operation is creating a once in a generation opportunity to create shared compliance and regulation through an initiative called the GFIN, or Global Financial Innovation Network. The GFIN consists of over 50 different markets and independent regulators. Crowd2Fund was selected to lead the UK government Fintech bridge initiative; a Department for International Trade initiative with a view to stimulate cross-border Fintech trade and deeper regulatory alignment.

Other government initiatives, like the 'Sand Box' Fintech environment set up in India, are also accelerating this nascent and systemically critical sector.

## Unleashing FinTech to bounce forwards post-COVID19

Crowd2Fund has five years of reliable data that can be evidenced and input into a solid financial forecast. Like the 2010's social media explosion, driven by technology and market factors, we believe that the platform can be expanded to facilitate at least £277m in investment into 3,467 business per year with this investment round. We also believe we can build a community of at least 36,352 active investors.

This investment round will allow us to scale and prepare the business for further growth and investment. With further investment, we believe that Crowd2Fund can be scaled to mobilise £bn's per year of investment for thousands of new businesses across the Commonwealth.

Our goal is to build a multi-billion pound tech business, possible by the perfect convergence of innovative technology and unique market opportunities. Like the 2010's social media explosion, driven by technology and market factors, we believe our business could be in-line with the large tech flotations we've seen over the past decade — those of Facebook and LinkedIn, between \$10bn and \$100bn.

Fintech is the new paradigm, and we are poised to build a new dominant global finance company with technology and regulation as our driving force, while solving an array of massive social and ethical challenges within our communities.



# Challenges and Solutions

There are 6 challenges to deliver revolutionary financial services.

## 1 Lack of Risk Capital

We can mobilise £bn's of private credit globally. This money is currently held in bank accounts — Crowd2Fund uses technology to put this capital to work.

Crowd2Fund uses private credit instead of institutional credit, as institutional credit has proven difficult to access for the underserved entrepreneurs and individuals. These institutions are also difficult to work with, often requiring long lead times to approve loans. Crowd2Fund uses state of the art AI to revolutionise the process, creating access to private risk capital through the internet. We will build on the existing work and success of Crowd2Fund, and scale the operation to meet the new Commonwealth and global demand.

## 2 Barriers to International Trade

Crowd2Fund offers an online investment marketplace of entrepreneurs, creating global relationships between investors and the entrepreneurs they invest in. There is an opportunity to convert international investors to loyal customers and brand advocates through building on these relationships. Crowd2Fund also gives entrepreneurs the opportunity to offer rewards — in the form of their products or services — to investors to lower the cost of credit and promote their businesses internationally. This also gives international investors access to new products that may be unavailable domestically.

Entrepreneurs can also use Crowd2Fund to give their businesses a stronger online presence, with a dedicated campaign page detailing the business for every investment opportunity, helping them build an international community.

### 3 Poor Investment Returns

Crowd2Fund is an innovative platform, where savings from operational efficiencies can be passed on to users to increase the rate of return on their investments. We are powered by the latest technology, and we don't share the legacy of weighty overheads that larger, more traditional financial institutions have. Partly because of the lower overheads, Crowd2Fund can afford to operate on lower profit margins than older businesses, and pass these savings back to investors. This allows us to charge lower fees than banks for arranging finance deals between lenders and borrowers. Our state of the art algorithms can also ensure very low-risk products still outperform banks interest rates.

Our users can also optimise their personal levels of preferred risk by investing directly in businesses, where all the information needed to make these decisions are readily available on the platform. Alongside this, as the capital offered is private, the risk is passed on to each individual investor, rather than the institution.

### 4 Unaligned Financial Regulation

Cross-border regulatory alignment ensures that operating business models of financial institutions can be efficient. Historically, financial regulation has always been a challenge to cross-border financial services, and over the years there have been many attempts to align on regulation — through initiatives like the European Union.

The advent of Fintech has revolutionised these initiatives. The internet and mobile connectivity has made the old regulations obsolete, creating an opportunity for governments and regulators to collaborate and align the foundations of their regulations, while retaining local market control and managing unique nuances. The GFIN Hub<sup>3</sup> is an initiative to align these regulations.

Another powerful benefit of the Commonwealth is that most markets operate on the basis of a consistent legal framework.

<sup>3</sup> "GFIN | FCA," 31 Jan. 2019, <https://www.fca.org.uk/firms/global-financial-innovation-network>.



## 5 Lack of Banking Infrastructure

Historically, banking infrastructure has been very expensive to develop — potentially costing many £100m's. However, the combination of new technology and mobile connectivity can dramatically reduce these costs. This also means that international banking frameworks can be accessed more easily; international payments or currency exchange services, for example.

Security and compliance services are an intrinsic layer of financial infrastructure — they can also now be delivered via a smartphone, through the development of document and facial recognition. Many people in multiple markets still do not have access to a basic bank account. This may be because they do not have a passport, or a valid identifiable documentation. However, this may no longer be a problem. A mobile phone with facial, voice and biometrics can be used to identify the user — assuming this meets the local regulatory requirements.

## 6 Cash-based Economies

Cash-based societies often have lower productivity, higher levels of corruption, and present higher risks to the owners of the cash. Technology can solve these issues. Physical infrastructure is no longer needed to deposit money into a bank account — now replaced by a digital device and a connected mobile network.

Steering societies away from a cash-based economy offers many positive opportunities for the individuals converting physical cash into digital money, the business or institution holding cash on their behalf, and the economy as a whole. For example, we could offer the ability to lend the digital deposits out on behalf of the individual efficiently using technology, generating an interest-based rate of return for people converting to cashless.

Cash can be digitised easily using local kiosks, where the shopkeeper/kiosk-owner can be offered incentives to offer the service. Being aware of social norms and behaviours that may prevent individuals from depositing cash will also be important to ensure the success of these initiatives.

Goldfinger raised £11k from 28 investors in 56 days to expand their social enterprise with Crowd2Fund.

Goldfinger Factory is a fabrication atelier and teaching platform centered around upcycling to create bespoke furniture and interiors, whilst helping artisans and artisans-in-the-making become self-sustaining through craft and in turn saving materials from landfill.





# Regulations and Compliance

We're an FCA regulated platform with compliance at our core.

## Importance and Process

Crowd2Fund is the first platform of its kind to be directly regulated. We work with the Financial Conduct Authority – known as the FCA – to deliver robust processes and build trust, providing our users a better service. Our dedication to strict compliance also offers consumer protection, ensuring financial promotions are clear, balanced, and never misleading. This acts as an additional differentiator and helps build confidence with our audiences.

## Current Status

There have been significant regulatory changes within the alternative finance/non-bank finance space since October 2014, when the initial framework was launched by the FCA. These include the introduction of new investor tax incentives and further post implementation FCA review in 2016, ensuring Fintech companies have a robust financial ecosystem within to thrive. As a trusted collaborator, Crowd2Fund was selected to take part in the post-implementation review.

## Crowd2Fund holds three important regulatory FCA permissions:<sup>4</sup>

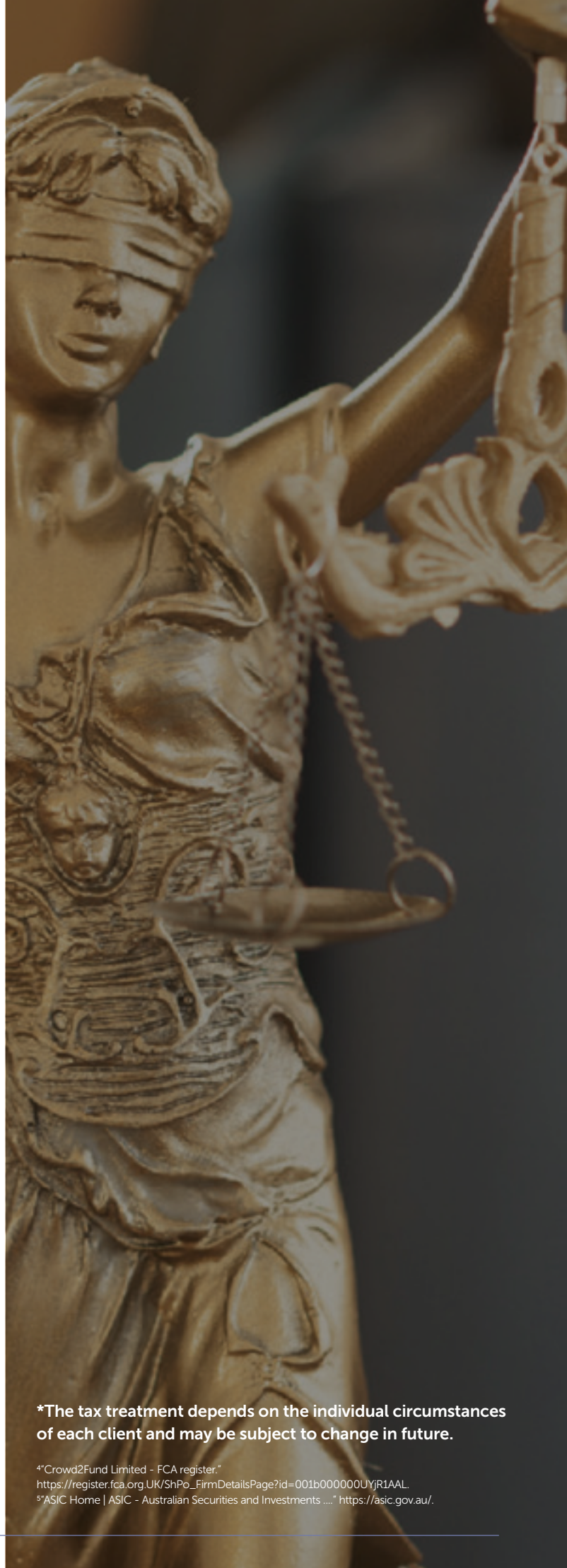
- 1 To operate as a debt or equity crowdfunding platform.
- 2 To operate as an Innovative Finance ISA manager, offering tax-free returns.
- 3 To hold and manage client funds.

We are also currently undergoing a licence application in Australia with the Australian Securities and Investments Commission, known as ASIC. ASIC is an independent Australian government body, acting as Australia's corporate regulator. Their role is to enforce and regulate company and financial services laws.<sup>5</sup>

**\*The tax treatment depends on the individual circumstances of each client and may be subject to change in future.**

<sup>4</sup>Crowd2Fund Limited – FCA register.  
[https://register.fca.org/UK/ShPo\\_FirmDetailsPage?id=001b000000UyJR1AAL](https://register.fca.org/UK/ShPo_FirmDetailsPage?id=001b000000UyJR1AAL).

<sup>5</sup>ASIC Home | ASIC - Australian Securities and Investments ..."  
<https://asic.gov.au/>.





## GFIN

The Global Financial Innovation Network — GFIN — is a network of over 50 international organisations and regulators committed to supporting financial innovation in the interests of consumers, and specifically managing cross-border regulations within the 35 participating markets.<sup>6</sup>

The GFIN was formally launched in January 2019, by an international group of financial regulators and related organisations, including the FCA. This is built on the FCA's early 2018 proposal to create a global sandbox.

## Innovative Finance ISA

IFISAs are a new tax incentive in the UK that bypasses banks by allowing investors to invest in individuals or businesses directly or businesses directly, in exchange for tax free returns.<sup>7</sup> We became the first platform to become regulated for the Innovative Finance ISA, opening up £480bn of potential investment liquidity. These funds can be invested internationally, and help drive the growth of the platform. If fully mobilised, there is enough liquidity in the UK market to fund all deals across India and the Commonwealth.

## Sandbox Environments

Fintech sandbox environments create a virtual world where new tech businesses can test their models and operations in a safe environment. Sandboxes are a respected method of testing new tech businesses, holding an international standard with many regulators.

## International Tax Alignment

We can expect further cross-border collaboration on regulations, and potential tax consistency for the sector. As part of the Fintech bridge, alignment of tax mechanisms to drive investor liquidity across multiple markets was discussed. This could take the form of international EIS — Enterprise Investment Scheme — and International IFISAs, among many other opportunities.

For example — an investor in Australia investing in a UK business which is EIS eligible and claiming tax back from the Australian government. This could then be reconciled at an International Tax Alignment 'reconciled at government level between both countries.

International businesses can also register in the UK, and be eligible for the EIS. We will need to ensure that UK investors are still eligible for tax-free earnings when they invest in a non-UK business.

## Blockchain for Regulation

There is also great potential to use Blockchain technology as a regulatory enabler.

Blockchain can be used by governments to provide real-time transparency and regulation, and can also provide visibility on transaction ledgers — which are tamper-proof. All Blockchain transactions and data are attached to the block, and can be transparent for audit purposes from a third party.

**\*The tax treatment depends on the individual circumstances of each client and may be subject to change in future.**

<sup>6</sup>GFIN | FCA. 31 Jan. 2019, <https://www.fca.org.UK/firms/global-financial-innovation-network>.

<sup>7</sup>The Innovative Finance ISA (IFISA) - Compare High-Interest ...." <https://innovativefinanceisa.org.UK/>.

Cardiff Marina raised £732k from 1,043 investors in 25 days with Crowd2Fund.

Situated on the river Ely within Cardiff bay, Cardiff Marina is perfectly positioned to provide safe, secure and sheltered mooring for motor boats and yachts.








# Current Technology

Crowd2Fund succeeds because of revolutionary technology.

Crowd2Fund has three core propositions, which we will expand with this round of funding .

These are:

-  Deposits and payments capability, to extend into full banking services and debit cards.
-  Smart-Invest, generating returns with no hassle at the preferred risk level of the investor.
-  Self-select Investing, giving investors the choice in the entrepreneurs they wish to back.

Crowd2Fund is technology-led, and our carefully built bespoke software is the foundation of the company. By offering a better mobile-first user experience, we can compete with larger platforms and competitors, such as mainstream banks. Building the software properly from first release has enabled us to also scale our system quickly and easily.

## Architecture

Crowd2Fund leverages technology and innovation to challenge the incumbent platforms. The software architecture has been designed and developed by world-class engineers and designers — supported by a permanent technology team based in London and Bucharest, who continue to innovate.

## Mobile-First

Crowd2Fund is fully mobile-responsive, working seamlessly on all handsets as a mobile website, as well as a state of the art iOS app. We also have plans to develop an Android app. Mobile banking and investing have been on a significant rise for a number of years; our mobile-first strategy allows us to offer a superior native user experience to leapfrog our competition when it comes to choosing a digital investment platform.



## Smart-Invest

For time-poor investors on the Crowd2Fund platform, our Smart-Invest feature uses AI and big data analysis to invest on their behalf. If investors want to use AI and automated investing to make life simpler, the sophisticated system can profile them, and choose from 1000s of live opportunities—saving time and creating easy diversification. The investor can also choose their level of risk.

## Technology-Based Risk Assessment

We maximise the speed of business approval while minimising operational costs and risks with our technology-based risk assessment approach. We can challenge our competitors through faster, more consistent approval, and accurate target market segmentation, based on the multiple variables that form part of this review process.

## API Integration

A comprehensive API allows integration of third-party clients, plus additional support and compliance services. For example, if a bank or other institution wanted to use the Crowd2Fund software, this would be easily feasible through a well-documented interface and simple API integration.

## Blockchain Enabled

Crowd2Fund has recently migrated onto a new Blockchain-based payment system. In addition to reduced fraud, enhanced compliance, and increased transparency, this offers many future-proof benefits for Crowd2Fund and its investors.

The new provider will ensure that there is a backup ledger of transactions, faster approval for ID checks, enhanced fraud protection and security, and added transparency— all enabled via Blockchain technology.





"I've been in hospitality for 30 years  
and this was the easiest funding  
process - cheers!"

Phillip Oppenheim, founder of Cubana





# Current Features and Differentiators

We deliver outstanding experiences for our users.

Crowd2Fund has a technology and regulation-led approach, offering users a richer investing experience. We achieve this by providing investors with more transparency on investment opportunities, and allowing every investor to select each entrepreneur they back, rather than investing into a pool of funds. These features and differentiators are the foundation of the platform, on which we plan to build through the next round of funding.

## Complete Control

Crowd2Fund gives investors complete control over their money. We enrich their experience by building direct relationships between businesses and investors. We provide far more detailed information about opportunities than competitor platforms, meaning investors can make educated choices between different investment opportunities, and also conduct their own due diligence.

## The Exchange

The Exchange is another unique Crowd2Fund feature. It allows investors to trade their loans with other investors within the community, increasing the range of investments available. This introduces a free-market dynamic, where investors can access their funds and trade loans for profit or loss. Importantly, it introduces a much-valued social element to the platform by linking a community of supportive investors to entrepreneurs. This public service aspect enhances investor appetite for engaging with the platform. The Exchange allows investors to build a diversified portfolio easily.





## Benefits for Businesses

We give businesses much more than they borrow from us — access to a community of engaged investors who act as brand advocates, driving sales across local and global markets. Businesses can also offer investment opportunities directly to their existing customer base to increase sales and loyalty. Businesses that can offer tangible rewards — in terms of products or services — to investors choose Crowd2Fund, as this can reduce the cost of borrowing and make their investment opportunity more attractive, making Crowd2Fund a highly unique lending proposition for businesses.

## Benefits for Investors

Investors can choose the businesses they want to back directly, skipping the middleman and the high fees incurred by traditional investment institutions. This means investors can also back businesses they believe in, businesses with an environmental or social good focus, or businesses that operate in an industry investors care about. Investors can also receive rewards from the businesses they invest in, in the form of products or services. Through Crowd2Fund, investors can also earn potentially higher returns than those offered by large institutions.

## Multiple Financial Products

Crowd2Fund has five different types of finance options, including debt, equity, and donations. Businesses can utilise the different funding models offered to them on the platform over the long term, therefore increasing repeat raises. By offering multiple types of finance, including equity crowdfunding, we can unlock multiple types of investment opportunities via the platform. As well as providing a wide breadth of deal flow, this strategy allows us to adapt should the market landscape change — through a shift in interest rates or the credit cycle, for example. This is particularly relevant with our Venture Debt and Revenue Loan products— these are secured debt products, specifically designed for earlier stage businesses.

## Social Enterprises

Crowd2fund always leans towards businesses that offer some sort of social or ethical cause. Businesses that have appeal to investors can reduce the cost of their borrowing by leveraging this with investors. We believe all new businesses should have some sort of social cause.



“Our funding round had huge appeal. We got £42k, investors got a case of the 2016 vintage - and 10% APR.”

Linda Howard, founder of Giffords Hall





# Market analysis and opportunity

Successfully scaling in the UK and launching across the Commonwealth.

We are building a fairer, more accessible financial system; our goal is to deliver generous returns on investments, while strengthening the global economy from within.

Our goal is to deploy Crowd2Fund technology in India, with future expansion across the 54 Commonwealth markets. This huge undertaking will require a strategic phased approach to transform opportunity into success.

To this end, we have segmented the different jurisdictions into 4 segments, each with their own unique challenges and characteristics:

- 1 UK
- 2 India
- 3 Next 10
- 4 Rest of the Commonwealth

We need to understand the market environment and work with, not against, the varying factors in each segment. Through our partnership, we believe that India, with the Commonwealth, could account for 50% of global GDP within the next 2 decades, using new trade and investment methodologies driven by technology.

## The Number of SMEs and Borrowing Volumes

### Population and GDP<sup>8</sup>

Market	Jurisdictions	GDP (\$tn)	GDP / person \$	Population (m)
UK	1	2,743,586	42,557	66
India	1	2,935,570	2,199	1,339
Next 10	10	5,395,853	22,531	743
Rest of Commonwealth	42	495,854	12,354	278

### SME Businesses and Lending<sup>9</sup>

Market	Number of SMEs (m)	Borrowing volume (\$bn)	Bank finance	Non-bank finance
UK	5.9	78	73%	27%
India	42.5	208	16%	84%
Next 10	27.6	259	45%	55%
Rest of Commonwealth	44.0	178	16%	84%

<sup>8</sup>SME finance in the UK: past, present and future." 31 Dec. 2018, <https://www.UKfinance.org.UK/system/files/UK-Finance-SME-Finance-in-UK-AW-web.pdf>.

<sup>9</sup>"SME Report - Crisil." <https://www.crisil.com/en/home/our-analysis/reports/2018/10/sme-report.html>.



## Target Market

Total number of SMEs	120 million
Total borrowing volume	\$723 bn
Bank lending	32%
Non bank lending	68%

Combined, these four market segments give us a total SME lending of estimated \$723bn per year based on the volume of lending in India and the UK. The potential revenue from this lending is \$43bn. It is possible to seize just 1% of SME lending therefore building an SME lending company providing \$7.2bn in lending per year and \$432m in revenue generated. This would value the company at approximately \$12bn.

## Market Drivers in India

Capitalising on the growing Indian Middle Class, the 4th Industrial revolution, and growing support from government and regulatory bodies to both digitise cash and increase international trade and investment opportunities, we will release much-needed risk capital to entrepreneurs in India, increasing trade in, and between, Commonwealth markets — and help 63 million Indian MSME businesses scale into success.

### Government Intent: Digital India<sup>10</sup>

There is a drive towards Financial Inclusion through connectivity by the government initiative, Digital India. Their goal is to access data through all financial transactions above a threshold and make them electronic and cashless through mobiles as they continue to gain popularity.

Electronic payments and fund transfers through mobile connectivity have the advantage of targeted and direct delivery to the intended beneficiaries. Crowd2Fund has experience working directly with government organisations to develop and define new products, services and regulations.

### NBFCs/MFIs - Financing India

Only 17% of SME lending in India is attributed to formal bank lending. Hundreds of millions of Indian citizens, and millions of businesses and entrepreneurs, operate in the informal economy, with only limited access to financial services.

Non-bank financial companies— NBFCs — Micro-Finance Institutions — MFIs — have become increasingly important in providing credit to under-served markets, and have a significant role in taking forward the Financial Inclusion agenda of the Government of India.

While they have faced challenges, the growth of the NBCF/MFI industry illustrates the need for access to finance for growing businesses, not currently met by formal banking institutions.

## The Growing Middle Class<sup>11</sup> and the 4th Industrial Revolution

Consumer spending in India is predicted to grow from \$1.5 to \$6 trillion dollars by 2030.

Rising incomes, broad-based growth and converging aspirations across the “Many Indias” —1000’s of rural and urban communities— combined with improved digital connectivity is predicted to lift 25m households out of poverty.

Business model innovations like our mobile-based Fintech, AI-powered e-commerce, and central ecosystems offer a variety of services and brilliant opportunities for contributing to growth in India. We believe we are primed to help deliver these products and services.

## Investor Audience

The Crowd2Fund platform will be developed to connect entrepreneurs and investors across multiple markets. Businesses will be able to raise investment from investors locally and internationally, and investors will have access to investment opportunities at home and abroad.

This does present certain challenges that need to be solved, such as cross-border tax implications, currency risks, and any specific regulatory requirements for each market.

Initially, we assume that most of the investment liquidity will be created by the existing UK investor base. Over time, investors will be onboarded from other markets.

## Investment Funds Available

Market	Population (m)	Deposit accounts	HNWI	Financial assets (bn)
UK	66	93% with savings account	556,000	\$2,120
India	1,359	80% with bank accounts	256,000	\$2,805
Next 10	743	87%	140,724	\$1,446
Rest of Commonwealth	278	80%	52,368	\$574

Based on our financial model, £277m of liquidity is needed from 36,352 investors. If we consider the number of sophisticated investors in the UK and India, this represents just 3.7% of high-net-worth investors. In reality, the platform will be open to non-high-net-worth investors, who don’t have more than \$1m investable assets, and this model also assumes users invest relatively low amounts — an estimated \$10k per year.

If we include liquidity added via deposit accounts — a key focus in our next round of expansion — we can see there is ample liquidity to deliver the lending volume required.

\*The tax treatment depends on the individual circumstances of each client and may be subject to change in future.

<sup>10</sup>India Digital Financial Inclusion - FHI <sup>360</sup>, <https://www.fhi360.org/sites/default/files/media/documents/resource-mstar-india-digital-financial-inclusion-report.pdf>.

<sup>11</sup>Challenges and opportunities emerge as India becomes third ....<sup>8</sup> Jan. 2019, <https://www.bain.com/about/media-center/press-releases/2018/wef-india-consumption-report/>.



Barefoot Conservation raised £53k from 311 investors in 37 days with Crowd2Fund.

Barefoot Conservation is a not-for-profit organisation in the stunning Raja Ampat, Indonesia. Their mission is to apply the skillset of volunteers to clean up the oceans and help preserve one of the world's most bio-diverse regions.





# Competitor Analysis

We offer a unique proposition in a growing industry.

A healthy ecosystem for Fintech and non-bank lending is a positive indicator that a strong market opportunity is present. Currently, the UK and Indian Fintech sectors are comparable in size — based on the number of firms, array of products, and investment volumes available.

There is a substantial opportunity to grow across both the UK and India. We believe our main target market segment are the customers that banking institutions are serving, however poorly. The level of capability and potency of Fintech companies is a significant challenge to these institutions.

There are a number of challenger banks that operate across the four segments we have identified. However, this competitor assessment is focused on the lenders and their loan products — we assume that the provision of deposit accounts is a prerequisite.

## Key Lending Competitors

Market	Key competitor	Lending volume (m)	Market share	Date established
UK	Funding Circle	\$1,970	2%	2010
India	FairCent	\$150	<1%	2013
Next 10	Prospa	\$500	<1%	2012

The Fintech non-bank lending sector is relatively young, and brimming with opportunity — while widespread use is still on the horizon, enough progress has been made through the adoption and offering of digital financial products and services from both traditional institutions and challenger companies, to help users feel at ease with new ways of engaging with money.

It is clear that now is a great time to enter the marketplace with a superior product. The Crowd2Fund platform marks the next generation of Fintech investment, offering the unique proposition of selecting individual businesses to back, rather than pooling all investor funds like our competitors.

# Growth and Performance

## Building on 5 years of growth and success.

Due to the nature of Fintech, finance, and investment, we required an extended period of time to fully understand the performance of the platform. Though it may take longer for a Fintech company to mature, loyalty is increased at the same time, as user funds remain in the platform and an emotional connection to their investments is formed.

Crowd2Fund has been carefully crafted and developed over a six year period — we are now at a point where all elements of the business have been well measured and proven.

The following charts show platform growth; these figures are consistent and well-evidenced. These performance metrics feed into our financial model, and allow us to give as much evidence into our future performance. We are able to evidence 5 years of data, demonstrating that the cost of acquisition for an investor or a business seeking funding

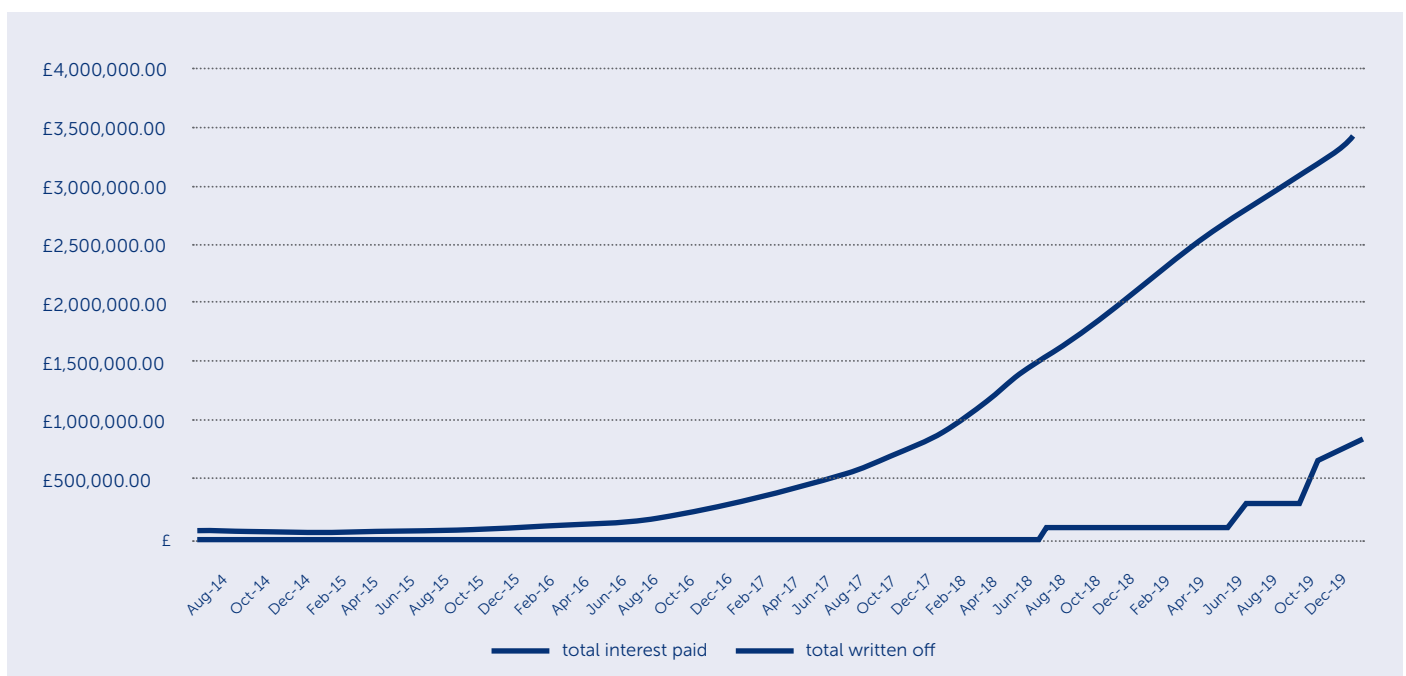
is well-measured. This information is available within our detailed financial model.

We find the insights regarding our level of performance vs. losses most interesting; they illustrate the high performance of our loan book, and the high conversion rate of registered users to active investors.

The number of businesses that raise new rounds of investment repeatedly through Crowd2Fund is also an important metric — this is where our profit margin significantly increases.

Through this next round of investment, we plan on building on our notable success and achievements, to strategically accelerating the growth of the platform in a measured and controlled manner.

## Investor Earnings

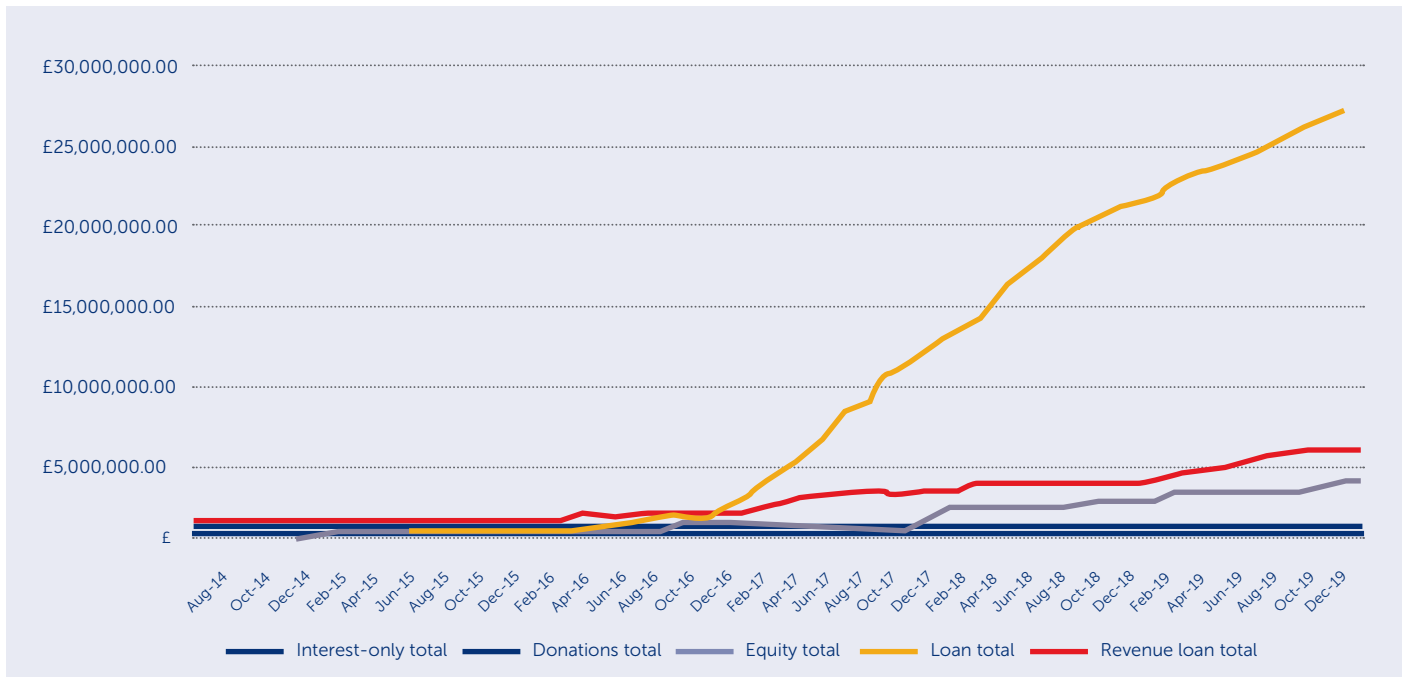


## Insights:

- Our earnings noticeably outweigh losses, and are increasing month-on-month.
- Significant growth began around the 2017 ISA season.
- The first bad loan materialised in June 2018, once the loan book matured.



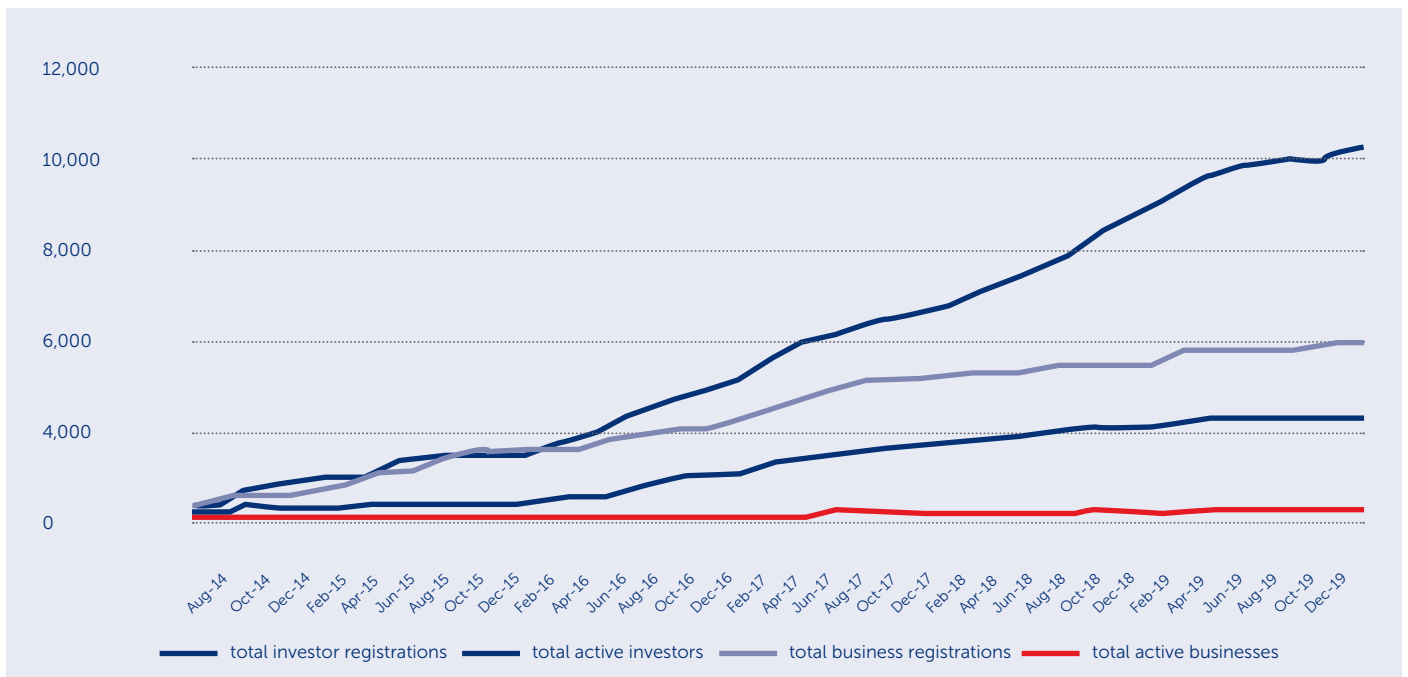
# Investments



## Insights:

- The fixed loan is our most popular product, with 73% of total investment.
- Investors typically prefer fixed loans; they offer lower risk and more reliable repayments.
- We have facilitated a few interest-only loans and donation investments, and have the capacity to expand on these products.

## Registrations

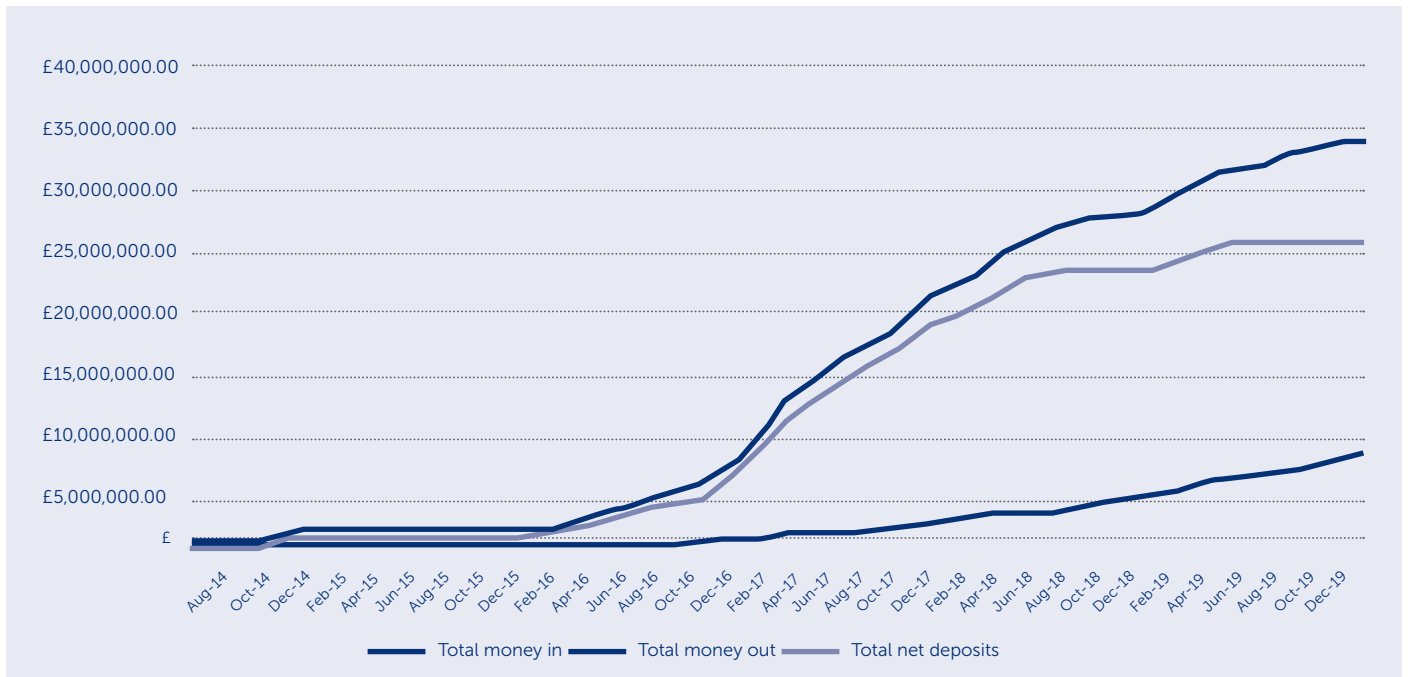


## Insights:

- User registrations have been growing increasingly since Crowd2Fund launched.
- Conversion of investor registrations into active investors has been steady, at 23%.
- 25% of loans on the platform are from businesses raising repeat rounds.



# Deposits



## Insights:

- The velocity of deposits into the platform typically peaks during the UK tax year end.
- Client money paid into the platform.

# Financial Products and Credit Model

## Exploring the current Crowd2Fund offering.

Crowd2Fund offers a wide range of financial products, specifically designed for fast growing and innovative businesses. The technology has been specifically engineered to support the products and further development. The following are the financial products Crowd2Fund currently offers, with plans to expand through the next funding round.

### 1 Revenue Loan

The revenue loan is tailored for earlier stage, fast growing, or seasonal businesses. The loan is repaid as a proportion of company growth, offering flexibility to businesses as the repayments are not fixed. This is a unique product within the UK funding landscape.

*Up to £1,000,000 from 6% APR-15% APR with 10% average for up to 5 years; IFISA eligible.*

### 4 Venture Debt

Venture debt is available for start-up companies, allowing them to raise up to £100,000 of secured debt. The growth rate is an important variable in the assessment of Venture Debt projects.

*Up to £1,000,000 at 15% APR for up to 3 years; IFISA eligible.*

### 2 Fixed Loan

The fixed loan is similar to a bank loan, where the repayments are fixed over a set term, consisting of both capital and interest. The ability to offer flexibility on price and security taken for the fixed loan allows us to compete against larger players.

*Up to £1,000,000 from 6% APR-15% APR with 8% average for up to 5 years; IFISA eligible.*

### 5 Property Secured

Property secured loans are lower risk and allow businesses to use their private property to secure the loan and reduce the interest rate. Affordability requirements are lower.

*Up to £1,000,000 from 6% APR-15% APR with 7% average for up to 5 years; IFISA eligible.*

### 3 Interest-only

An interest only loan is a secured loan, suitable for capital investment projects. Interest only loans help companies who may be unable to repay both capital and interest access the capital they need to grow.

*Up to £1,000,000 from 6% APR-15% APR with 12% average for up to 5 years; IFISA eligible.*

### 6 Equity

Equity investments are for very early stage businesses. They leverage the government EIS and SEIS tax schemes. Equity investments are targeted for high-net-worth and sophisticated investors.

*Up to £1,000,000 at agreed valuation; SEIS/EIS eligible.*

\*Past performance and forecasts are not reliable indicators of future results. Your capital invested is not covered for compensation in the event of a loss by the FSCS. Tax treatment will depend on the individual circumstances and may be subject to change.

\* Loan book numbers are averages stated and are calculated over the entire loan portfolio.





Tosh raised £98k from 112  
investors in 34 days to expand  
their business with Crowd2Fund.

From manufacture through to disposal, Ecoffee Cup  
is a new generation of reusable takeaway cup. Tosh  
Products are constantly looking to innovate with new  
bio- technology as it becomes available.

# Due Diligence and Credit Risk

Good loan selection is the key to success in our field.

Crowd2Fund has developed cutting-edge methods in our due diligence processes. We take new data sources into account, such as social media. The detailed due diligence process is available within the Crowd2Fund credit policy document.

An important milestone in the next phase of development will be to substantially automate this process, with the understanding that the investor community can make judgements and provide the final decision.

We also recognise that there are specific challenges faced by developing markets in terms of offering credit to previously unfinanced businesses; however, there are innovative methods being developed to address the difficulty of offering credit to those with no credit history.

A five-step due diligence approach has been pioneered, covering the following areas:

## 1 Company Background

Crowd2Fund works with multiple credit bureaus and data sources to review company backgrounds and historical performance. Detailed assessments of company statutory and management accounts are assessed by our inhouse team of risk analysts, in addition to reviewing company bank statements.

## 2 Director Background

Every director of a business who applies for funding is thoroughly reviewed. If there is any adverse credit history, it is identified at this stage. The director's identity is also checked, along with other review steps to assess the risk to the business.

## 3 Company Affordability

Company affordability is a more complex step that involves an assessment of historical company performance, future forecasts and bank statements. It is important to understand how the company will maintain their monthly loan payments. Company monthly outgoings are analysed, along with other loans the business may have.





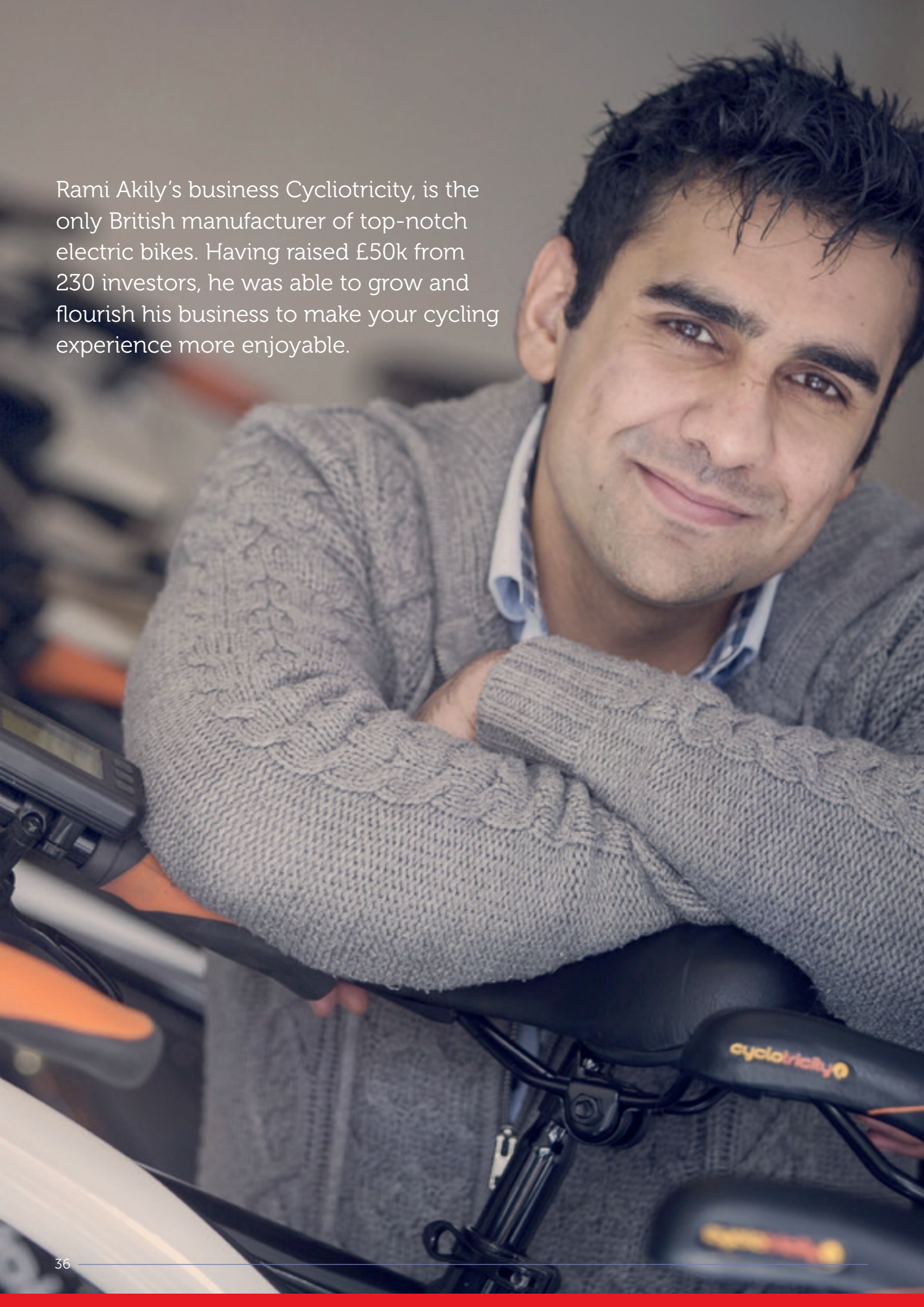
## 4 Director Affordability

Assets of the director are taken into account within the review process. This includes looking at any property ownership, mortgages, and value of the home. This step is relevant, especially with regards to the personal director guarantee we place on most loans.

## 5 Soft Review

In addition to the traditional credit assessment method, there are many other data sources available, including social media and any news that may have been published about a business or directors. Information available on these channels is useful to gain a holistic understanding of the business and its directors. The soft review is increasingly important as additional sources of data become available and includes checks such as negative media, domain name look-up, google maps, and IP look-up. The detailed credit policy is also available.

Rami Akily's business Cyclotricity, is the only British manufacturer of top-notch electric bikes. Having raised £50k from 230 investors, he was able to grow and flourish his business to make your cycling experience more enjoyable.






# Global Credit Policy


Risk and business due diligence will be managed at a global level with supporting local components. Our aim is to keep the credit policy consistent across markets, however there are some market-dependent factors which will need to be considered.


The following areas of the credit policy will be localised:


 **Supporting Technology**  
Are the data sources used in the UK available in the local markets?

 **Interest Rates**  
How will interest rates vary across markets, both before and after losses?

 **Recovery Process**  
The process to recovering loans will need to be stringent, with different methodologies adopted in different markets.

 **Statutory Documents**  
These may be different in different markets, and the process will be adapted to account for these differences. Local Companies House information will be required.

 **Recovery Regulations**  
Recovery regulation obligations may be stricter or looser in different markets, with varying techniques and local markets will need local recovery agents.

 **Legal Contracts**  
Local legal partners will need to be used and contracts enforced, including how deals are structured with security.

 **Business Types**  
The classifications of businesses will vary depending on jurisdiction.





Successful entrepreneur - Stephen Balmer-Walters, founder of 8 Retail Consultancy - uses his expertise to inspire others to thrive. He smashed his target of £30k, from 201 investors to grow his business.





# Loan Book Performance

## 5 years of lending gives us a reliable track record

Enough loans have been issued through Crowd2Fund to prove the credit methodology, and enough have been repaid to prove that the financial product is viable. We have done extensive work on the recovery process and supporting technology, and loan statuses are updated in real time on the platform.

In summary:

- As of January 2020, earnings are 7.7% APR tax-free, after fees and bad debt.
- The interest earned through CrowdFund far outweighs the losses.
- Because funds are repaid on a monthly basis this provides an ongoing liquidity supply.
- Investors can earn up to 15% if selecting the most successful loans.

Loans	498
Lending rate	11.14%
Interest paid	£3,569,479.83
Investor APR	7.70%
Perfect status	85.29%
Restructured	4.01%
Late	8.40%
Target and industry recovery rate	60%
Actual recovery rate	21.01%
Average loan term	37 months

Status	Amount	% of debt lent
Total	£ 33,252,026.05	100.00%
Administration	£ 400,609.55	1.20%
Agreement	£ 950,662.29	2.86%
Arrears	£ 534,195.65	1.61%
Default	£ 1,860,013.26	5.59%
Good	£ 11,785,058.29	35.44%
Restructured	£ 383,841.46	1.15%
Written off	£ 761,924.81	2.29%
Repaid	£16,575,720.74	49.85%

Target and industry standard recovery rate for defaults is 60%.

\*Past performance and forecasts are not reliable indicators of future results. Your capital invested is not covered for compensation in the event of a loss by the FSCS. Tax treatment will depend on the individual circumstances and may be subject to change.

# Financials

Positive growth, consistent revenue,  
perfect for expansion.

Crowd2Fund financial reports and analysis have been consistent over the six years we have been in operation, and our financial forecasts are based on historical data. All accounts are fully audited, and year-end is April.

More detail is available in the financial model which is available for review.

Even though this plan is based on a £10m investment we believe that based on proven performance, with a £30m investment we can grow the company to generate £53m in revenue per year and secure a £1.5bn valuation.

Past performance and forecasts are not reliable indicators of future results.

	2019 £	2018 £
<b>Revenue</b>	<b>806,010</b>	<b>831,957</b>
Cost of sales	(220,523)	(323,787)
<b>Gross Profit</b>	<b>585,487</b>	<b>508,170</b>
Administrative expenses	(1,375,145)	(1,267,234)
<b>Operating loss</b>	<b>(789,658)</b>	<b>(759,064)</b>
Investment income	2,880	3,324
Finance costs	(908)	-
<b>Loss before taxation</b>	<b>(787,686)</b>	<b>(755,740)</b>
Tax on loss	48,257	23,793
<b>Loss for the financial year</b>	<b>(739,429)</b>	<b>(731,947)</b>

## In summary:

- Crowd2Funds revenue has been steady at around £800k per year, however, previous years saw significant year-on-year growth. A year of consolidation has allowed us to stabilise and consolidate the business.
- Significant investment has been made into tech development in the past 12 months, and we migrated payment providers in March 2019.
- The cost of sale has decreased by a third, due to repeat business and proven direct marketing channels.
- The financial model is configured to a 50% cost of sale – in 2019 the cost of sale was 27%.
- Waiting for EIS approval from HMRC caused us to delay raising further funds, however, we are now ready to scale our operations internationally.



## 5 Year Financial Model Based on £10m Investment

	Aug - Jul 2021	2021-22	2022-23	2023-24	2024-25
Deals Value	1,248 £99,840,000.00	2,080 £166,400,000.00	3,467 £277,360,000.00	5,778 £462,240,000.00	9,630 £770,400,000.00
Start loan book balance	£16,000,000.00	£98,026,314.12	£155,288,191.11	£259,757,249.99	£432,795,121.40
Est. repayments	£20,877,239.45	£127,907,427.01	£202,624,296.85	£338,938,394.18	£564,722,961.40
Capital	£15,078,370.20	£92,379,815.85	£146,343,302.08	£244,794,748.59	£407,865,316.33
Interest	£5,798,869.25	£35,527,611.16	£56,280,994.77	£94,143,645.59	£156,857,645.07
Bad debt	£2,735,315.68	£16,758,307.15	£26,547,639.04	£44,407,380.00	£73,989,455.22
End loan book balance	£98,026,314.12	£155,288,191.11	£259,757,249.99	£432,795,121.40	£721,340,349.85
Total lent	£131,840,000.00	£298,240,000.00	£575,600,000.00	£1,037,840,000.00	£1,808,240,000.00
Existing active investors	2,294	18,798	23,106	36,352	60,016
New active investors	16,504	4,308	13,246	23,664	39,860
Existing investor new pledges	£15,490,869.45	£126,938,693.94	£156,029,655.40	£245,476,933.84	£405,274,638.57
Pledges needed	£84,349,130.55	£39,461,306.06	£121,330,344.60	£216,763,066.16	£365,125,361.43
Investors needed					
Cost of investor acquisition	£5,732,499.36	£1,496,340.72	£4,600,865.64	£8,219,453.76	£13,844,972.40
Revenue	£5,990,400.00	£9,984,000.00	£16,641,600.00	£27,734,400.00	£46,224,000.00
Cost of sale	£2,995,200.00	£4,992,000.00	£8,320,800.00	£13,867,200.00	£23,112,000.00
Gross profit	£2,995,200.00	£4,992,000.00	£8,320,800.00	£13,867,200.00	£23,112,000.00
Future Fund Loan	£10,000,000.00	£10,000,000.00	£10,000,000.00	£10,000,000.00	£10,000,000.00
Annual Interest	£400,000.00	£400,000.00	£400,000.00	£400,000.00	£400,000.00
Operational expenses	£7,678,999.36	£4,167,174.05	£8,478,921.20	£13,103,527.83	£20,070,404.50
EBITDA	£(4,683,799.36)	£824,825.95	£(158,121.20)	£763,672.17	£3,041,595.50
Amortisation	£223,200.00	£446,400.00	£669,600.00	£669,600.00	£669,600.00
Depreciation	£-	£-	£-	£-	£-
EBIT	£(4,906,999.36)	£378,425.95	£(827,721.20)	£94,072.17	£2,371,995.50
Product Development	£2,232,000.00	£2,232,000.00	£2,232,000.00		
Target Valuation	£167,731,200.00	£279,552,000.00	£465,964,800.00	£776,563,200.00	£1,294,272,000.00

Past performance and forecasts are not reliable indicators of future results. If you are unsure about any aspect of the information provided by the company, you should seek advice from an independent financial adviser. These forecasts indicate target financials however actual performance may vary depending on external factors.

### In summary:

- Our financial model is based on a £10m investment. The model is based on 5 years of historical data.
- The model has taken into account repayments and new liquidity needed to complete loans. The model assumes that the average deal size is £80,000.
- Increased liquidity is needed to complete more deals and therefore increase the revenue — every deal we do estimates a 50% gross profit.
- The investment in product development will be capitalised and straight-line amortised over 10 years.
- After further growth, in 2024 - 25 the EBITDA would be £3,041,595.50 and we would complete 9,630 deals with £770m of investment capital annually.

# Marketing

## The Crowd2Fund approach to successful marketing initiatives.

Crowd2Fund offers a new generation of investment products, pioneering a cultural shift away from the traditional banking systems. Currently, we focus on sourcing innovative businesses and entrepreneurs that need investment to achieve greater success, and connecting them with like-minded investors. Our ethos is to enrich the experience of investing and fundraising for everyone, enabling businesses to grow by nurturing collaborative relationships.

We have two clear audiences in the UK market, borrowers and investors. Both these audiences fall under the label of entrepreneurial borrower — Crowd2Fund is for entrepreneurs, by entrepreneurs.

Through the introduction and expansion of our deposit and payment capabilities, we plan on broadening this audience to include individuals who simply want to keep their deposits safe — complemented by our low-risk auto-invest products — and potentially offer merchant options for receiving payments.

The Crowd2Fund brand and personality has always been strong, with a well-defined tone of voice and visual identity. Our goal is to bring 'money' to life, by humanising the investing process and leveraging the relationships between the entrepreneurial borrower and entrepreneurial investor. Our marketing initiatives tell real stories of the success made possible through our platform, for both investors and the businesses they back. We are campaign-led, focusing on real people and real results.

Our core audiences also break down into sub-audiences. The following examples offer some insight into our market niche for our primary targets — India and the UK.

## Audiences

### Investor Audience

Our current investors characteristically:

- Invest between £20k and £50k
- Show high levels of engagement
- Are acutely aware of competition
- 85% have an IFISA account

They are also generally established in life, have a business background, and want to engage and support young businesses.

### Business Audience

Our current businesses characteristically:

- Want to grow their businesses in an innovative way.
- Need access to funds quickly, at a reasonable interest rate.
- Have an existing customer base they can transform into investors.

The brands we aim to work with typically have an innovative product offering, a strong brand proposition with a loyal customer base, and an engaged social following.



# The Crowd2Fund Brand

## Brand values:



### **Simplicity**

We believe in an accessible, straightforward approach to growing businesses and investments.



### **Trust**

Beyond the necessary levels of compliance, we value relationships and understand that trust is earned, not given.



### **Innovation**

We look to inspire our network of businesses and investors through our commitment to innovation and technology.



### **Community**

We believe that investment should be more than just financial. By nurturing long-term relationships, we are building community that shares our common values.

## Tone of Voice:



### **Aspirational**

Our tone should be forward-thinking and positive. We write to excite and inspire. Our confident tone establishes trust. We do not rely on tech-speak or jargon. Our audience shouldn't be restricted by their ability to understand specialist terminologies.



### **Informative**

We are authoritative, but never forceful or righteous. When writing about investment opportunities we are never misleading. Our copy should be clear and balanced, weighing up both the positives and the negatives.



### **Straightforward**

We talk in plain English — we aim to write how we would speak. We explain ourselves in simple terms, without using long words or complex concepts. Risks and benefits should always be clearly detailed.



### **Inclusive**

Our tone is warm, inviting and accessible to all. We are introducing crowdfunding to a wider audience, therefore we don't use dry, complex banking terms. We tell human stories that are easily relatable, and we talk about the real people we work with.

## Key Messages

Crowd2Fund is by entrepreneurs, for entrepreneurs. We build businesses we believe in.

### Key messages to investors:

- Solid APR returns. Our investors are making healthy returns – APR 6% to 15%, tax-free.
- Investors choose the businesses they want to back – a key differentiator in the marketplace.
- Established and flexible IFISA provider with a solid track record to prove it.
- We are the investment platform for entrepreneurial investors.

### Key messages to business owners:

- Borrow from people, not institutions. We connect like-minded entrepreneurs, ensuring they get the investment they need quickly, easily, and at the right price.
- We offer world class customer service and expertise – your success is our success.
- We are the only lending platform that builds an exclusive investor network, automatically. Our experts raise money for the business; while you focus on making your business grow. We'll achieve 100% of the businesses growth financing needs.
- You can raise multiple rounds of finance including equity, and offer rewards to reduce the cost of finance.
- You can create a marketing campaign by offering their customers the opportunity to invest in the business.

\*Past performance and forecasts are not reliable indicators of future results. Your capital invested is not covered for compensation in the event of a loss by the FSCS. Tax treatment will depend on the individual circumstances and may be subject to change.





# Sales

## Good deal flow is the lifeblood of the business.

The more deals available on the platform means more revenue for the business. Of course, this assumes there is the investor liquidity available to complete the number of deals listed on the platform.

The sales process is based on obtaining a specific number of quality deals from the following sales channels:

- 1). Direct marketing
- 2). Brokers and referrers
- 3). Outbound lead generation
- 4). Repeat customers

### **Having a smooth and transparent sales process is critical.**

First, after an initial screening, the team filters out and manages the warm leads, collating the required due diligence material for the credit risk team. They then agree the deal terms with the business. Finally, after the deal terms have been agreed — combined with a successful and thorough review from the credit team — the content team will list the business on the platform.

A team of approximately 10 business development people will be needed to achieve the target lending volume, working under the commercial director and managing each of the acquisition channels. Crowd2Fund has implemented HubSpot — a centralised CRM system — to manage the workflow for each deal.

The key milestones for the sales process are:

- 1). Qualified leads
- 2). Deals reviewed
- 3). Offers sent
- 4). Deals approved

We have extensive data on the conversion of deals for each step of the process defined above. With this funding round we will establish a mobile sales and content team who will conduct on-site visits, in a similar way to AirBnB. When an application is made it will initiate our sales and due diligence process, which will begin with a site visit from a Crowd2Fund agent. The agent will qualify the authenticity of the business, and capture great content from the business and the entrepreneurs. This content will help promote the business, increasing investment appeal, and help grow awareness of the Crowd2Fund platform.



## Sales Channels

Our financial model is based on achieving a cost per acquisition (CPA) of £3,000 per £100k of deal flow.

Each sales channel is managed independently with a different methodology.

Business marketing is factored into the cost of sale and is accounted for as a margin of the business under the 'cost of sales' per £100k of deal flow. In the UK market, this is currently £3,000 or approximately 50% of the Crowd2Fund fee. This reduces across all sales acquisition channels because the repeat customer cost is much lower.

The above direct marketing content is underpinned through reflecting an ongoing strong brand awareness. All communications are executed in an integrated way and consist of both online and offline activations.

Cost of acquisition for a user and the value of a user is well-evidenced and factored into the business model.



# Scope of Work

The future of Crowd2Fund: New products, new markets, new success.

This programme of work outlines the allocation of an investment budget after revenues generated of £42.9m. Through this funding round of £10m of investment our platform and state of the art mobile finance infrastructure will:

- 1 Support Entrepreneurial Growth**  
Access investment from local and international investors, bridging the finance-gap.
- 2 Boost the Local Economy**  
Grow businesses, offer better returns on investment, encourage international trade
- 3 Digitise Cash**  
Entrepreneurs can keep money safe, secure, and accessible online.

## Approach

We have six years of technical development, database and system architecture, which we will build on to deliver a best-in-class investment platform for entrepreneurs.

Good delivery management and project governance will ensure we deliver the work smoothly in time, and on budget. A combination of Prince 2 and Scrum delivery methodologies will be adopted to execute project work. Delivery teams will remain small and focused, while ensuring the operational teams remain diligent and quality assured.

Crowd2Fund will continue to grow the UK based businesses, while developing and enhancing the core technology and compliance, allowing us to operate seamlessly across the 54 Commonwealth nations. Simultaneously, we will be delivering an Android mobile application to complement the existing iOS app — creating an enhanced user experience and creating access to potential users.

Careful consideration needs to be given to the international deployment of the platform. First, we will focus on being technology and compliance ready in our identified target markets — starting with India.

Upon completion of the technical capex investment, Crowd2Fund will deliver a world-first, mobile-first trading platform and banking system, facilitating cross-border investment and trade.

The expanded platform will be built to manage multiple £bn's of investments in multiple currencies, and also offer a full suite of banking and payment services.



## Core Projects

The work falls into 6 main areas:

- 1 **Expansion of the UK Platform**
- 2 **Technology Development**
- 3 **Compliance and Licensing**
- 4 **Launch and Growth in India**
- 5 **Launch and Growth in the Next 20 Commonwealth Markets**
- 6 **Launch and Growth in the Rest of the Commonwealth**

Total budgets per project are estimates and dependant on company performance however capital investment amounts are in line with funding round £10m target.





# Expansion of the UK Platform

After this investment round, we aim to accelerate the growth of the UK platform through new investor acquisition via proven marketing channels. After proving this revolutionary method in investing and raising funds, we also have the opportunity to scale the success of the UK businesses in the international market.

We will focus on increasing liquidity on the platform by increasing our active investors. Simultaneously, we will increase our marketing spend for new businesses to increase the number of deals available for new and existing investors.

We will need to hire additional staff to manage the new inbound deal flow, and revenue will increase significantly — from approximately £1m per year, to £5m, then to £12m per year. We estimate that one business development manager can source approximately ten high-quality new deals onto the platform each month. The UK business will need a sales team

— 10 new hires — to ensure we meet the required volume of new investment opportunities within the UK market. We expect the UK market to contribute 45% of deal flow; our goal is to scale the business up to process approximately 1,289 deals per year, with an average deal size of £80k.

The risk and due diligence team will also need to be increased to manage the reviews of each deal. Their work is supported by our technology and optimisation of the process, to increase accuracy and efficiency. This technology will not need any significant enhancements to be able to support the increase in volume.

Our key priority for the growth of the UK business is to maintain our high standards and the successful culture currently embraced by the team. Technology and compliance will remain at our core, and we will continue to deliver world-class customer service for all Crowd2Fund users.

## Deliverables

- 15,804 New Active UK Investors Investing £107m Per Year
- 3,804 Funded Businesses within the UK
- £18,259,200 Revenue Generated

## Budget

UK Growth	Total
Business Marketing	£9,129,600.00
Investor Marketing	£5,489,435.05
Business Development	£421,516.17
Investor Relations	£240,866.38
Office Manager	£85,495.95
Legal & Regulation	£963,465.52
IT - Hardware/Software/Hosting	£96,346.55
Office	£481,732.76
Other	£192,693.10
Total capital investment budget before revenues generated : £4,353,824.84	£17,101,151.49

# Technology Roadmap

## Strategy

Delivering world-class technology is, and has always been, at the heart of Crowd2Fund. This has allowed us to compete with much larger financial institutions. Ongoing innovation is required to stay ahead of smaller competitors to ensure our platform is well-gearred for a rich user experience.

While we are proud of what we have achieved, there are still many innovations that can propel the growth of our platform to enhance our platform and deliver an impeccable user experience.

The technology workstream has four main areas of focus required to deliver the business objectives.



**Enhanced deposit taking and payments capability**



**Enhanced auto-invest algorithms, to deliver tax-free returns on deposits**



**Internationalisation of the platform for the 54 Commonwealth markets**



**Enhanced user experiences, and expanding the native mobile apps**





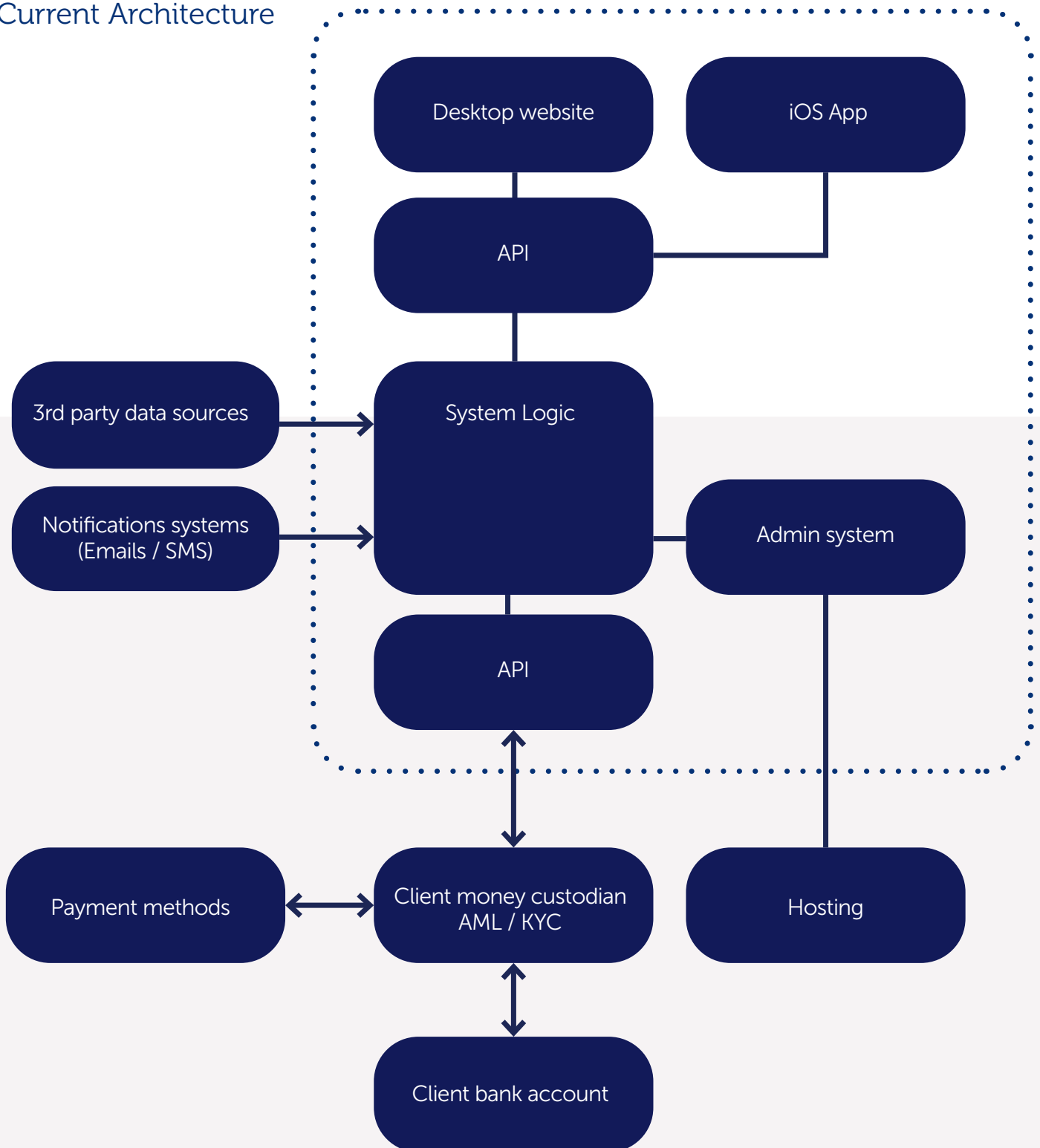
The existing platform is incredibly efficient, and has been built with the UK's most senior designers and engineers. However, in order to achieve the ambitious targets defined in the business model, a superior technological capability is required.

We now have an impressive opportunity to consolidate everything we've learned over the past five years of operations,

transforming Crowd2Fund into a superior platform that will continue to significantly outperform the competition.

The platform has been designed to make new iterations simple and immediately effective, using a modular structure. This allows us to deliver enhancements and internationalisation while still maintaining the UK specific platform, algorithms and data.

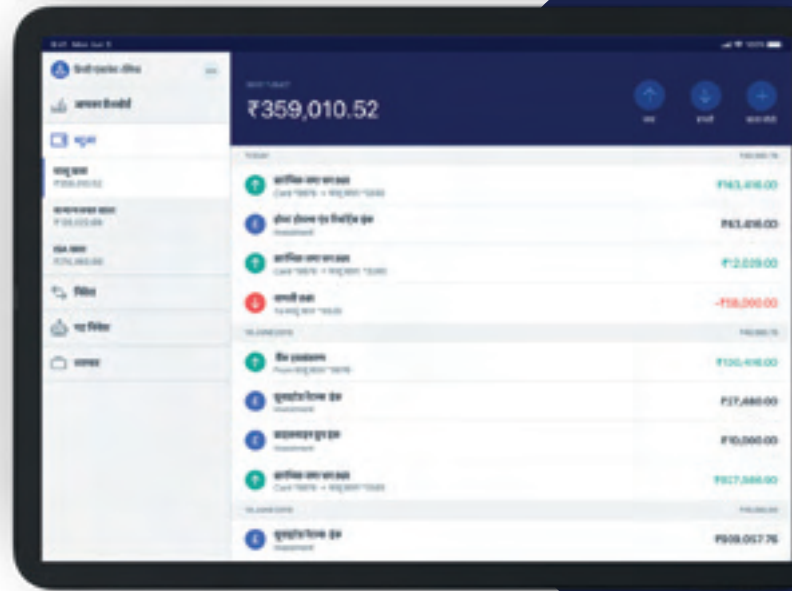
## Current Architecture



## Full Deposit Taking Capability

Work is needed to transform the current Crowd2Fund wallet function into a current account with full banking capabilities. In collaboration with our banking partner, these wallets can also perform as bank accounts with their own sort code and account number.

Many other payment services can be attached to wallets, such as direct debits, Apple pay and payment cards. Wallet users will benefit from many advanced account capabilities, similar to those of other challenger banks — such as transaction analysis and insights. Crucially, we believe we will outperform other banking services because of the extreme ease of use and additional security inherent to our design and development. This will all be aligned with local regulations; our goal is to operate across the 54 Commonwealth markets.



## Enhancement of AI Auto-Invest

Crowd2Fund aims to offer users a low-risk, low-return product, using the liquidity added to the system through deposits — this will require significant improvement of our auto-investment features.

This minimal-risk product can be achieved by deploying funds into entrepreneurs listed on the platform, using a bespoke contingency algorithm. This algorithm shares both losses and returns between investors, generating minimum low-risk returns — which would still outperform the banks rate of return on cash savings.

The algorithms can also be calculated for people with higher appetite for risk, generating potentially higher earnings. If users want to take no risk and earn no interest, they can simply leave funds in the wallet as a secure deposit.

Considerations for compliances are important with the auto-invest feature. Investors must be made aware that even minimum returns of 1-2% still entail some risk, in comparison to an insured cash savings bank account.





## Internationalisation

Crowd2Fund will deliver an online marketplace, operating in 54 different markets across the Commonwealth. This platform will stimulate cross-border trade and investment — creating economic growth, new employment opportunities and prosperity.

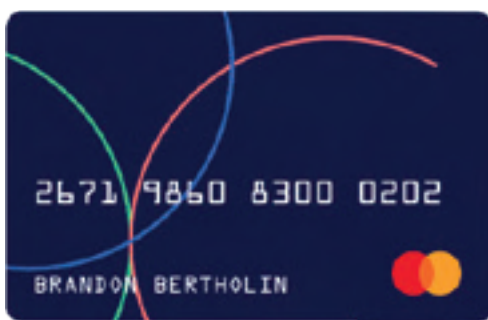
Work and a focus on localisation is needed to allow the platform to function successfully in multiple languages and currencies. There may also be different regulatory obligations across these markets, which the technology will need to account for. It is critical that the platform is designed to effectively facilitate cross-border investment — for example, a Canadian investor should be able to transfer funds to a Sri Lankan business seamlessly.

Currently, the platform interface will be in English, building in the capability for local translation in the future.

## Enhanced User Experience

Building on the success of Crowd2Fund so far, we plan on significantly improving the platform user experience. Our objective is to capitalise on the wealth of knowledge we've gathered, and increase user engagement through further innovation.

We have the opportunity to introduce new and exciting features that gamify the experience and radically modernise the existing platform. We will add to the social elements of the platform, expanding on the concept of social finance to encourage organic growth and viral uptake. These social elements include features that allow users to interact with each other on the platform. Investors can ask businesses questions directly, there is a messaging system, and an investment feed. We plan on expanding these features to increase the sense of community and loyalty. We will also bring in new methods of data visualisation to meet user expectations.



## iOS and Android app

The app is currently only available on iOS. Even though performance has been good, this is only 25% of the current Crowd2Fund UK user base. There is an opportunity to expand the mobile usage to Android, drastically increasing our potential mobile app user base.

We believe the app will be the primary engagement channel in many markets; the features available must be consistent with, or better than, the desktop site. The app also needs to be modified to deliver additional features around the new deposit taking capabilities and AI investing.

## Internationalise the Exchange

The Exchange will need to be modified to allow transactions across multiple currencies with different investing products. We are also exploring the option to sell equity on the Exchange, creating a marketplace for non-listed businesses — assuming local regulatory requirements allow this type of transaction.

The Exchange is a critical component of the platform, allowing users to diversify their portfolios, deploy investment quickly into active loans, and access their capital if required. All markets served by Crowd2Fund should have access to the features of the Exchange.

## Operational Systems

An operational inhouse system will have to be built to manage the core business processes — maximising the efficiency of the businesses and keeping staff overheads low. These processes include, but aren't limited to, investor relations, sales, risk and due diligence.

Automated risk and due diligence improves the speed of reviews and new deals, and the accuracy and consistency of these reviews. Delivering this inhouse system should increase the overall earnings for all investors.

### Deliverables

- Full banking capability
- Sophisticated AI auto-invest
- Internationalised platform
- New iOs application
- New Android application
- New user experience for desktop
- Enhanced Exchange
- Operational management system
- AI credit review system

### Budget

Product Development	2020	2021	2022
Project Delivery	£240,000.00	£240,000.00	£240,000.00
Deposits and Payments	£360,000.00	£360,000.00	£360,000.00
Investing Algorithms	£240,000.00	£240,000.00	£240,000.00
Internationalisation	£336,000.00	£336,000.00	£336,000.00
Mobile	£360,000.00	£360,000.00	£360,000.00
Credit Analysis System	£216,000.00	£216,000.00	£216,000.00
New Desktop	£480,000.00	£480,000.00	£480,000.00
Total capital investment budget before revenues generated: £1,704,751.35			£6,696,000.00



# Compliance, Licensing and Global Management

Licences will be required to allow us to trade effectively across all 54 Commonwealth markets. Crowd2Fund is already regulated within the UK, and is license-pending within the Australian market — through ASIC. The more licences we are granted, the easier it should become to acquire all other licences.

We will need a workstream dedicated to securing the relevant regulatory obligations across the different markets, maintaining these obligations, and coordinating with the regulatory bodies. Sourcing and capitalising on effective local legal partners will be important to ensure that licences are obtainable.

This workstream should also be integrated with any GFIN workstreams, to facilitate the alignment of regulations as they are developed in the relevant markets. Other government initiatives — such as the global sandbox and Fintech bridge programmes — should form an ongoing workstream.

When licences have been obtained, ongoing regulatory reporting and monitoring at both local and global levels will be critical to ensure continued growth and success.

## Deliverables

- Fintech licences across all Commonwealth markets
- Ongoing compliance monitoring
- Regulatory reporting
- Operational risk and due diligence
- Global marketing management
- Operational technology
- Global management

## Budget

Global (managed in UK)	Total
Management	£2,150,000.00
Risk Analysts	£739,537.04
Marketing Executives	£739,537.04
Engineers	£1,126,913.58
Recruitment	£169,037.04
Accounting	£845,185.19
Compliance	£338,074.07
Licences	£169,037.04
Total capital investment budget before revenues generated: £1,598,158.82	£6,277,320.99

# Launch and Growth in India

Launch of the platform for an international market consists of two phases:

## Pre-launch

Includes achieving regulatory approach, setting up the office and ensuring the technology is ready to go live in the new market.

## Post-launch

Predominantly focused on growing the brand and user base, and completing transactions in the new market.

The base of the marketing content and strategy will be derived from the knowledge and experience gained from our experience in the UK, combined with research into the specific challenges and opportunities unique to the Indian market.

All marketing assets and communication strategy will have to be localised for the Indian market. The launch campaign will consist of a pre-launch phase, a soft launch, and a final hard launch.

A full localisation plan is available, defining the detailed steps required to localise the platform for a specific market.

## Deliverables

- Tech and compliant ready platform for the Indian market
- Acquisition of 4,616 Indian investors
- Completed 1 deal during the first year
- Completed 1,111 deals during the 5 years

## Budget

India Launch & Growth	Total
Business Marketing	£2,666,400.00
Investor Marketing	£1,603,249.83
Business Development	£123,108.43
Investor Relations	£70,347.67
Office Manager	£24,970.03
Legal & Regulations	£281,390.69
IT - Hardware/Software/Hosting	£28,139.07
Office	£140,695.35
Other	£56,278.14
Total capital investment budget before revenues generated: £1,271,582.39	£4,994,579.21



# Launch and Growth in the Next 10 Commonwealth Markets

We have segmented the Commonwealth into the following sub-markets:

- 1 UK
- 2 India
- 3 Next 10
- 4 Rest of the Commonwealth

The Next 10 consist of the ten largest markets, excluding the UK and India.

These are:

Market	GDP (\$000)	GDP Per Capita
Canada	1,730,914	\$45,077
Australia	1,376,255	\$55,707
Nigeria	446,543	\$1,994
South Africa	349,299	\$6,180
Singapore	323,902	\$57,713
Malaysia	314,497	\$9,813
Pakistan	303,993	\$1,541
Bangladesh	261,374	\$1,602
New Zealand	201,485	\$41,593
Sri Lanka	87,591	\$4,085

We will deliver the Crowd2Fund banking and investment system across these markets as a 3rd rollout phase, after successful growth in the UK and establishing Crowd2Fund in India.

We will use a consistent phased approach for each new market: preparing the platform from a compliance and technology perspective, pre-launch communications, launch communications, and finally, hard launch. Geographical offices will need to be established to effectively cover the new markets. These geographical centres will be:

- London
- Mumbai
- Singapore
- Sydney
- Cape Town
- Toronto
- Auckland
- Lagos
- Lahore
- Dhaka
- Cayman Islands

A regional centre will be set up in each city to service geographically closer markets as we expand.

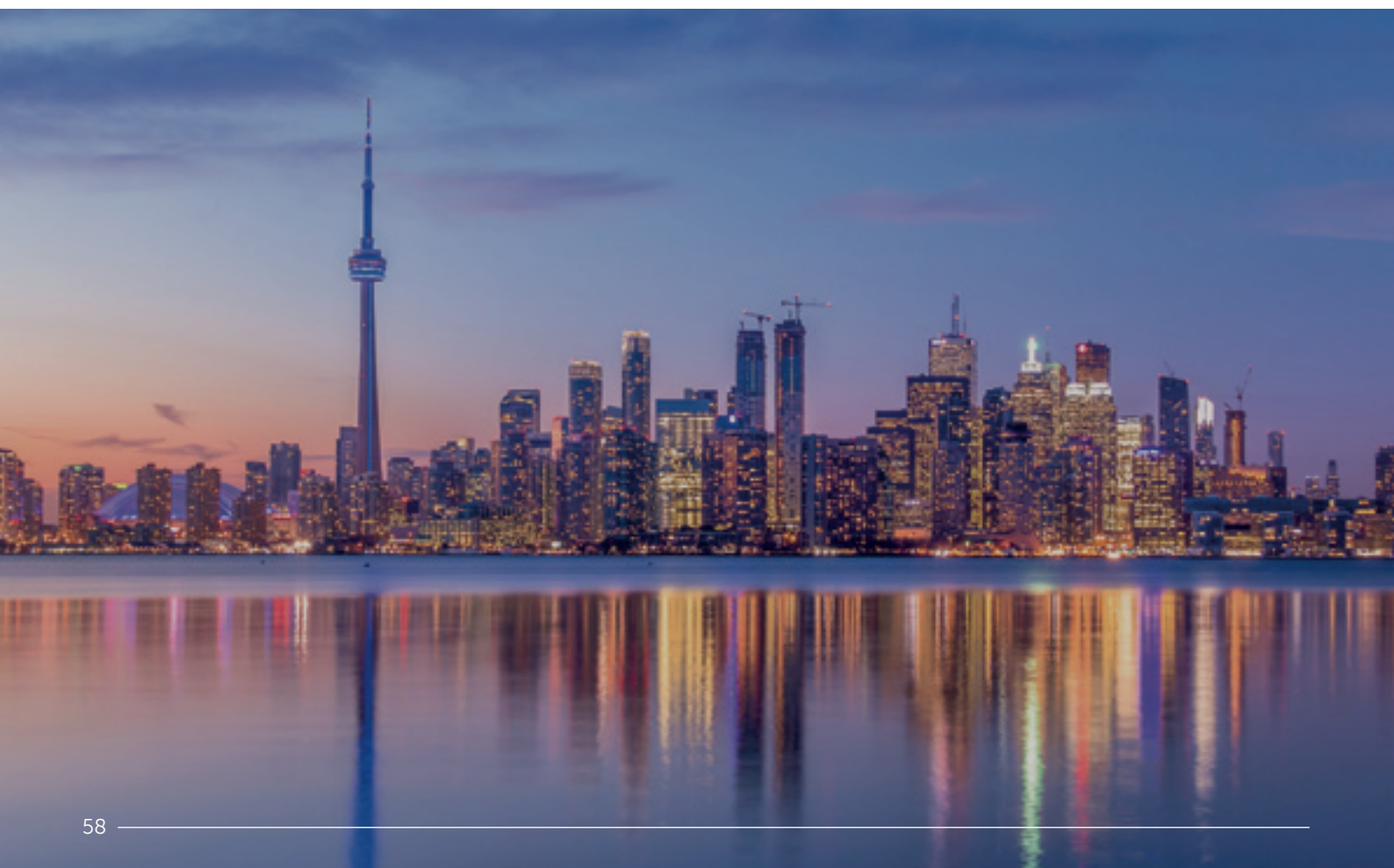


## Deliverables

- Tech and compliant platform for the Next 10 Commonwealth markets
- Acquisition of 7,021 Commonwealth investors
- Completed 1 deal in each of the next markets by the end of 2021
- Completed 1,690 deals over 5 years in these markets

## Budget

Next 10	Total
Business Marketing	£4,056,000.00
Investor Marketing	£2,438,786.87
Business Development	£187,266.65
Investor Relations	£107,009.51
Office Manager	£37,983.22
Legal & Regulations	£428,038.05
IT - Hardware/Software/Hosting	£42,803.80
Office	£214,019.02
Other	£85,607.61
Total capital investment budget before revenues generated: £1,934,270.24	£7,597,514.73



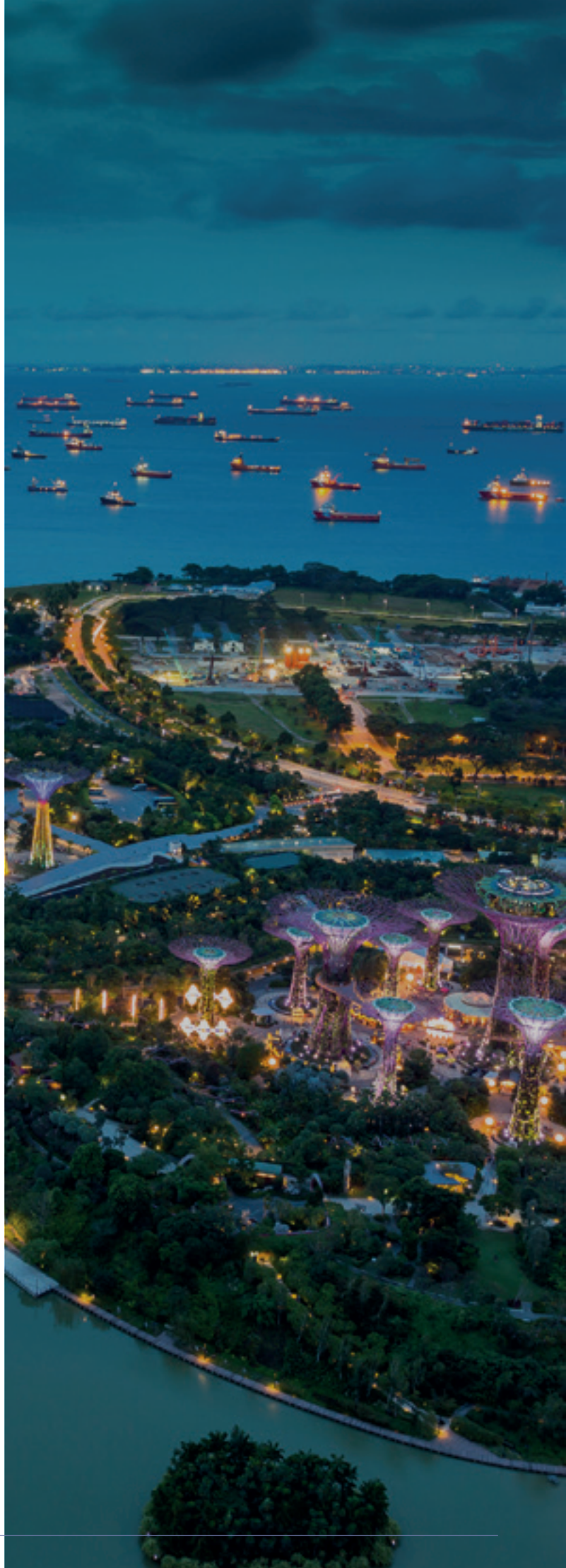


# Launch and Growth in the Rest of the Commonwealth

After successfully establishing Crowd2Fund in India and the Next 10, the platform will be deployed in the remaining Commonwealth markets. Our objective will be to perform one transaction in each market before the end of 2024.

The remaining markets will be managed from the defined geographical offices.

Market	GDP (\$000)	GDP Per Capita
Kenya	79,511	\$1,702
Tanzania	51,725	\$1,034
Ghana	47,032	\$1,663
Cameroon	34,006	\$1,401
Uganda	26,349	\$699
Zambia	25,504	\$1,480
Papua New Guinea	23,617	\$2,861
Cyprus	21,310	\$24,976
Trinidad and Tobago	20,300	\$15,769
Botswana	16,725	\$7,877
Jamaica	14,290	\$5,048
Namibia	12,558	\$5,413
Mozambique	12,345	\$429
Mauritius	12,273	\$9,794
Malta	12,011	\$27,250
Brunei	11,963	\$29,712
Bahamas	9,127	\$31,255
Rwanda	8,918	\$772
Malawi	6,261	\$324
Bermuda	5,601	\$99,363
Fiji	5,054	\$5,740
Barbados	4,821	\$17,859
Sierra Leone	3,897	\$491
Eswatini	3,620	\$3,915
Guyana	3,591	\$4,710
Cayman Islands	3,480	\$63,261
Lesotho	2,721	\$1,425
Belize	1,819	\$4,806
Saint Lucia	1,717	\$9,607
Antigua and Barbuda	1,535	\$16,702
Seychelles	1,479	\$15,686
Solomon Islands	1,273	\$2,081
Grenada	1,111	\$10,360
Gambia	1,038	\$1,015
Saint Kitts and Nevis	939	\$16,296
British Virgin Islands	902	\$31,677
Samoa	844	\$4,253
Vanuatu	837	\$3,094
Saint Vincent and the Grenadines	815	\$7,271
Turks and Caicos Islands	797	\$26,291
Dominica	608	\$7,921
Tonga	437	\$4,177
Anguilla	311	\$22,861
Cook Islands	311	\$16,698
Kiribati	186	\$1,721
Nauru	186	\$8,575
Montserrat	63	\$12,044
Tuvalu	40	\$3,638





## Deliverables

- Tech and compliant platform for rest of the commonwealth
- Acquisition of 287 investors
- Completed 23 deal during the first year in 2023
- Completed 46 deals during the second year in 2024

## Budget

The rest of the Commonwealth	Total
Business Marketing	£165,600.00
Investor Marketing	£99,571.77
Business Development	£7,645.80
Investor Relations	£4,369.03
Office Manager	£1,550.79
Legal & Regulations	£17,476.11
IT - Hardware/Software/Hosting	£1,747.61
Office	£8,738.05
Other	£3,495.22
Total capital investment budget before revenues generated: £78,973.16	£310,194.39





# Convertible investment terms

Up to £10m capital investment is required to deliver the Reboot Britain plan. This will be a convertible interest-only loan, structured as a preference share, offering an 8% APR in total with 4% APR simple interest paid monthly in cash to your Crowd2Fund account and 4% APR interest on maturity in the form of equity. The investment may be transferable on the secondary market assuming market demand if investors require access to their capital. The terms of the investment are detailed below and subject to change before final confirmation after the investor has made the pledge.

**Borrower:** Crowd2Fund Limited

**Use of funds:** To provide Crowd2Fund scale up capital to expand its investment capability for entrepreneurs to help Reboot Britain.

**Risk profile:** Crowd2Fund takes the risk of default and in the event that the investor elects to convert, or Crowd2Fund is unable to repay any balance of the loan, the loan converts into ordinary shares in the share capital of Crowd2Fund at a price per share equal to that paid by investors in the most recent equity investment round.

**Term:** 36 months.

**Interest:** 4% p.a. simple interest paid monthly in cash and 4% p.a. simple interest accrues over the term of the loan and is paid in ordinary shares in the share capital of Crowd2Fund, at the end of the term or upon conversion, in accordance with the conversion terms below.

**Transferability:** Investors can transfer their investment using the Crowd2Fund secondary market subject to there being willing buyers and sale is not guaranteed.

**Aggregate amount of loan:** up to £10m from private investors and potentially some funding from an institutional lender to help achieve the target.



## Conversion:

- 1 Automatically on completion of an equity round by Crowd2Fund raising at least £10,000,000 (excluding the loan amounts converting). At a 20% discount to the price paid by investors in the round.
- 2 At the election of a majority of the private investors in respect of an equity round raising at least £2m. At a 20% discount to the price paid by investors in the round.
- 3 At the election of a majority of the private investors and if an institution participate themselves in respect of an equity round raising less than £2m. At a 20% discount to the price paid by investors in the round.
- 4 On a sale of Crowd2Fund only if the private investors would end up with more than if the loan plus the accrued 4% interest was repaid.
- 5 Automatically at the expiry of the term.

**Application Process:** Investors can login and pledge all or some of their account balance and elect their loan balances to be repaid into the round. Investors can subscribe new funds via the Crowd2Fund platform. Investors will start receiving interest at the end of the calendar month from making the pledge. Investors can cancel their repayments being subscribed at any point.

**Example:** If an investor pledges the £1,000 in their account which is currently not earning interest the investor will receive £40 per year of interest (4% APR) in monthly payments. Based on the current financial model with £10m of investment, the Crowd2Fund platform can scale to a much higher valuation and it is assumed the investors investments will convert into equity at a 20% discount. The investor will also receive an additional £120 of interest in the form of equity if the conversion occurs upon maturity after 36 months. If the conversion occurs before maturity then this additional interest will be based on the number of months the capital was lent. Alternatively, an investor may choose to sell the investment on the secondary market to another investor however the sale is not guaranteed.

Do not invest more than you can afford to lose. Investing in start-ups and early stage businesses involves risks, including illiquidity, lack of dividends, loss of investment and dilution, and it should be done only as part of a diversified portfolio.

## Disclaimer:

Terms are subject to change prior to completion of the campaign and receiving final approval from the British Business Bank. Investors can withdraw pledges at any point during the investment round.

## Risk warning

Past performance and forecasts are not reliable indicators of future results. Tax treatment of any of the investment offers will depend on the individual circumstances of each investor and may be subject to change in the future. If you are unsure about any aspect of the information provided by the company, you should seek advice from an independent financial adviser. Do not invest more than you can afford to lose. Investing in start-ups and early-stage businesses involves risks, including illiquidity, lack of dividends, loss of investment and dilution, and it should be done only as part of a diversified portfolio. Investing in start-ups may expose the individual concerned to a significant risk of losing all of the money or other assets invested. Peer to business lending through Crowd2Fund is not the same as holding a bank or building society savings account. When making a peer to business loan, your capital lent to a borrower is not covered for compensation in the event of a loss by the Financial Services Compensation Scheme. It may prove impossible to recover all or part of the loan by calling in the business assets held as security on that loan. Reward and Donation funding types are not regulated by the Financial Conduct Authority Crowd2Fund Limited is authorised and regulated by the Financial Conduct Authority (FRN 623683). Crowd2Fund Limited is registered in England and Wales. Registered No. 08472687 Registered Address: 242 Acklam Road, London, W10 5JJ.

# Risks FAQs:

## **a) What happens to my investment if Crowd2Fund does not achieve the business plan?**

The business plan is an estimate based on the past performance and growth of the business. Historical data is not a reliable indicator of future performance. If the business underperforms based on the numbers quoted in the business plan, then it is likely that you will be able to purchase equity at a lower valuation at the next round with the 20% discount which forms part of this convertible note.

If the platform is continuing to trade, then you will continue to receive the 4.00% APR monthly interest directly to your Crowd2Fund wallet. Equally, the business may overperform which means that the equity you potentially purchase upon maturity is valued higher, however, it is positive the business has outperformed estimates.

## **b) What happens to my investment if Crowd2Fund ceases trading?**

If Crowd2Fund ceases trading, then you will lose your investment. It will, however, be converted into platform equity and become part of any liquidation process. It's important you understand that your capital is at risk and not protected by the Financial Service Compensation scheme.

## **c) How much can I invest?**

You should not invest more than 10% of your liquid investible assets, and it is important to build a diversified portfolio. You should not invest more than you can afford to lose. That said, you can invest anything up to the campaign target.

## **d) How long before my investment is returned? If I need it urgently can I get it back?**

This is a long-term investment product and the most likely outcome is that you will be repaid within 36 months at the point of maturity, unless, you convert your investment into discounted platform equity at a 20% discount. If the business cannot afford to repay you at the next round, then it will automatically be converted into platform equity.

There may be a possibility you can list your investment on the Exchange. (Secondary market) and sell it to another investor – assuming market demand.

## **e) Are interest rates guaranteed and will I always receive interest payments?**

The interest rate is not guaranteed if the business fails, however, if the business is running you will continue to receive monthly interest payments of 4.00%. In addition to this, you will receive bonus interest upon maturity where you will most likely have the option to also collect the principle at the next funding round, unless you decide to convert into company equity.

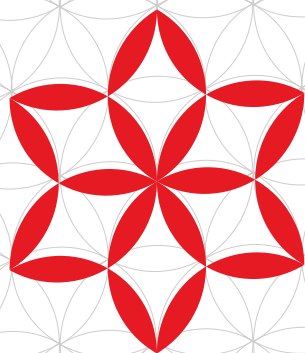
## **f) If converted into equity, can I ever get my investment back?**

If you decide to convert into equity you will get your investment back when the business is purchased or floats on the stock exchange. You may also be able to sell your investment to another investor depending on market demand.

## **g) I can see Crowd2Fund have been loss-making, does this mean there is a high-risk of loss of my investment?**

This is a high-risk investment as early-stage businesses need to scale to achieve critical mass before making a profit. So even though Crowd2Fund is loss-making over the years it has been growing its user base and developing its technology. With a £10m investment the business hopes it can achieve critical mass in terms of revenue growth and the repayments for the Future Fund convertible loan have been taken into consideration with this modelling.





**CROWD2FUND**

[www.Crowd2Fund.com](http://www.Crowd2Fund.com)

[info@Crowd2Fund.com](mailto:info@Crowd2Fund.com)

020 3735 5669

Crowd2Fund Limited is authorised and regulated by the Financial Conduct Authority (FRN 623683). Crowd2Fund Limited is registered in England and Wales. Registered No. 08472687 Registered Address:  
242 Aclam Road, London, W10 5JJ