



CROWDPROPERTY

Outcomes Statement

2020

Confidential

Introduction

The Outcomes Statement is a regulatory requirement by the Financial Conduct Authority (FCA), which came into effect on 9th December 2019. CrowdProperty will publish this every year within 4 months of the end of our financial year.

This statement is designed to show you the expected and actual default rate of all Peer-to-Peer (P2P) loans available on The CrowdProperty platform over the last calendar year as at 30th April 2020, and also enables you to compare the advertised target interest rates with the actual returns achieved.

CrowdProperty will disclose borrower default where: a) the borrower is unlikely to meet its obligations under the P2P agreement without the platform enforcing any relevant security interest; or b) the borrower is past the contractual due date by more than 180 days.

When you invest in P2P Property loans, there is always a possibility that some of them will not be repaid on time (a Default) or you might lose some or all of the money you invested (a Loss). It's important to note that a Default doesn't always mean that there will be a Loss.

Please also see the live statistics table on our website:

<https://www.crowdproperty.com/statistics>

Loan book Performance

This table displays the advertised target interest rate against the actual return for all investment accounts for the calendar years up to 2019. As part of CrowdProperty Loan Agreements, additional interest may be payable on loans that run late, which can provide a higher than targeted return if repaid. Due to the nature of property loans and the average length being longer than 12 months, performance is reported by calendar year. For comparison a snapshot of the Statistics Table is included for the reporting period.

In line with the new regulations, we are obliged to show our defaults as well as any assumptions used when determining a future potential default rate.

Year	Number of Loans	Contract Rate	Actual Rate ¹	Technical Defaults ²	Number of Recoveries	Number of Loans Losing Any Capital	Number of Loans Losing Any Interest
2018	31	8.00%	8.07%	1	0	0	0
2019	77	7.81%	7.81%	0	0	0	0
Cumulative	191	7.98%	8.87%	5	3	0	0

- Actual Return includes paid back loans as of 30th April 2020. As rates vary, Actual Return can be below Contract Rate without losses if the loans that are paid back are lower rate than the average contract rate.
- Technical Default is defined as an active loan being 180 days or more past the contracted end date.

DETAILED STATISTICS BY YEAR							
	2015	2016	2017	2018	2019	2020 (YTD)	TOTAL
Total Originated	£2,287,500	£4,026,000	£5,171,500	£15,378,392	£28,875,547	£20,485,266	£76,224,205
Average Size of Loan	£326,786	£335,500	£517,537	£480,799	£367,039	£380,446	£394,323
Number of Loans	6	10	9	31	77	53	191
Average Project Size	£381,667	£518,200	£594,389	£826,806	£707,571	£611,320	£712,630
Total GDV Funded	£4,486,000	£11,713,500	£11,677,000	£46,550,500	£60,814,090	£31,689,000	£166,930,090
Total Units Funded	30	71	83	301	322	184	1,000
Average Loan Term	10 months	12 months	15 months	15 months	14 months	14 months	13 months
Loan to current market value ¹	60.0%	64.2%	66.8%	59.7%	61.1%	56.8%	60.5%
Loan to GDV Excluding Interest ²	55.1%	47.4%	48.9%	52.7%	56.0%	52.3%	53.2%
Loan to GDV Including Interest ³	60.2%	52.3%	57.3%	60.2%	61.0%	56.3%	58.7%
Total Projects > 180 Days Late ⁴	1	2	1	1	0	0	5
Total Projects > 180 Days Late Repaid	1	2	0	0	0	0	3
Actual Defaults ⁵	0%	0%	0%	0%	0%	0%	0%
Anticipated Defaults ⁶	1%	1%	1%	1%	1%	1%	1%
Total Capital Paid Back	£2,287,500	£4,026,000	£4,843,581	£11,849,907	£6,856,430	£0	£29,863,418
Total Interest Paid Back	£243,708	£404,763	£476,706	£1,335,898	£768,870	£42,631	£3,272,587
Total Paid Back	£2,531,208	£4,430,763	£5,320,287	£13,185,805	£7,625,300	£42,631	£33,136,005
Borrower Contract Rate ⁷	11.71%	10.00%	10.00%	10.00%	9.79%	9.79%	9.99%
Borrower Actual Rate ⁸	15.66%	10.17%	10.25%	10.08%	10.00%	10.00%	11.17%
Lender Contract Rate ⁷	9.71%	8.00%	8.00%	8.00%	7.81%	7.81%	7.98%
Lender Actual Rate ⁸	13.03%	8.17%	8.07%	8.07%	7.81%	7.81%	8.87%

- Loan to current market value** is the average of the first release of capital to the borrower divided by the Current Market Value of the property being offered as security. In 2019, we introduced serviced bridging loans with up to 75% LTV. This means that the average LTV in 2019 may be higher than in previous years.
- Loan to GDV Excluding Interest** is the planned total capital facility divided by the RICS assessed Gross Development Value (GDV) averaged over all projects.
- Loan to GDV Including Interest** is the planned total capital facility plus interest divided by the RICS assessed Gross Development Value (GDV) averaged over all projects.
- Total Projects > 180 Days Late** As per P2PFA policy, Brismo methodology and FCA proposals, technical default of a project is 180 days which must be disclosed. CrowdProperty has recovered all > 180 days late projects fully in terms of both capital and interest.
- Actual Defaults** this is the actual loss of capital invested, if any, on a loan in Default, after any money we've been able to get back from the borrower. To keep losses to a minimum, we take the First Legal Charge on all loans as security.
- Anticipated Defaults** are only 1% of capital invested due to retaining First Charge security on all projects we fund through the platform. Retaining the First Legal Charge on behalf of lenders gives CrowdProperty the legal right to take ownership of a property in the unlikely event that a property professional defaults on their loan. The First Legal Charge is the highest level of security, the holder of which is paid out both capital and accrued interest first in case of default and controls any required recovery processes. This gives CrowdProperty the same rights that a mortgage company holds on a person's home if they fail to keep up repayments.
- Contracted Rates** for Borrower and Lenders are the averages across all loan agreements.
- Actual Rates** show the real returns for Lenders and the actual paid by Borrowers. This is based on the actual interest paid for all projects. Some actual rates will be higher than 8% for Lenders as some loans have run late and will be subject to a higher rate. Only rates for paid back projects are included. All reporting is based on the year of origination. For all averages, subsequent raises are not included in the averages to ensure no double counting. RICS - Royal Institution of Chartered Surveyors

Predicted and Actual Losses

To provide risk band segmentation the most accurate quantitative measure of probability of any loss is Loan to GDV (LTGDV), the table below shows how each band has performed for each calendar year cohort.

2018 Cohort as of 30/04/2020

Risk Band	LTGDV	Contract Rate	Expected Loss Rate	Expected Rate	Actual Loss	Actual Return ¹
A	<=50%	8.00%	0.50%	7.50%	0%	8.05%
B	50%<=60%	8.00%	0.75%	7.25%	0%	8.18%
C	60%<=65%	8.00%	1.00%	7.00%	0%	N/A ²
D	65%<	8.00%	1.25%	6.75%	0%	8.14%

1. Actual Return includes paid back loans as of 30th April 2020. As rates vary, Actual Return can be below Contract Rate without losses if the loans that are paid back are lower rate than the average contact rate.
2. Risk Band C had no repayments as of 30th April 2020.

2019 Cohort as of 30/04/2020

Risk Band	LTGDV	Contract Rate	Expected Loss Rate	Expected Rate	Actual Loss	Actual Return ¹
A	<=50%	7.73%	0.50%	7.23%	0%	8.00%
B	50%<=60%	7.93%	0.75%	7.18%	0%	7.50%
C	60%<=65%	7.87%	1.00%	6.87%	0%	8.00%
D	65%<	7.96%	1.25%	6.71%	0%	N/A ²

1. Actual Return includes paid back loans as of 30th April 2020. As rates vary, Actual Return can be below Contract Rate without losses if the loans that are paid back are lower rate than the average contact rate.
2. Risk Band D had no repayments as of 30th April 2020.

COVID-19

We are continuing to maintain close on-site monitoring of each individual loan that is currently live on the platform. This is to verify that each borrower is able to service their ongoing credit obligations in relation to our lender base. Any forecasted difficulties will be addressed by the firm in a proactive manner to ensure that the loans remain performing for as long as possible, and that expectations on returns are appropriately managed in a timely manner, with any progress on loans provided as updates.

Brexit

Brexit has been factored in as a consideration for all loans. The main indicators are property prices and transaction volumes.

Investor Diversification

As part of assessing the performance of investments with CrowdProperty, it is important to take into account a measure of diversification. A highly diversified investment portfolio is important to mitigate exposure to defaults or losses from an individual loan. Investors are able to achieve a diversified portfolio through CrowdProperty's many loan offerings and opportunities to invest via Self Select and AutoInvest. All investors are treated fairly and are able to gain access to loans as they launch. These investment options have been made available to actively encourage diversification with the following effect over time:

% of Lender Capital	>= 5 Loans	>= 10 Loans
Cumulative to 2018	35.65%	15.16%
Cumulative to 2019	73.00%	48.60%

For diversification data, lenders with only 1 loan are discounted as well as lenders whose first pledge was less than 180 days from the reporting date.

Important note

Nothing contained within the information provided is or should be relied upon as a warranty, promise, or representation, express or implied, as to the future performance of any loan through CrowdProperty. Any historical information contained in this statistical information is not indicative of future performance.

