

Whitepaper Initial Coin Offering (ICO)

Crowd for Angels

An FCA Regulated Crowdfunding Platform

Liquid Crypto Bond



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1) A message from our founder

Dear Investors,

Crowd for Angels (UK) Limited (CfA) is an FCA authorised crowdfunding platform for both debt and equity funding. Launched in January 2014, we have developed a sophisticated platform and helped companies connect with thousands of investors to raise the funds they need for expansion.

Our investors get the opportunity to invest in shares in a tax efficient manner through the use of SEIS/ EIS tax relief and through Crowd Bonds that can be held within the tax free Innovative Finance ISA (IF-ISA) wrapper. We have successfully raised several million pounds for a number of ambitious growth companies via a mix of equity and debt pitches.

In an environment of low interest rates, there is a significant demand for products offering higher interest rates. Recent data from financial information website Moneyfacts shows that the average one year ISA rate stood at just 1.04% in October this year. At the same time there is high demand for good quality secured loans. We have developed our Crowd Bonds to take advantage of this significant opportunity.

In crowdfunding we are dependent on our investor base. The greater the size of the investor base the greater is our ability to fund pitches successfully. The traditional way to sign up new investors is on the back of significant marketing campaigns, mostly through social media. This option is expensive and often not very effective. We estimate that marketing costs are as high as 30% of operating costs for the industry as a whole, making it difficult to achieve profitability.

As such, we have created a new model to attract members and potential investors to our platform, using newly minted “tokens” as a currency for marketing spend. To this end we have created our unique Liquid Crypto Bond, a 5 year bond with tokens, with the Bond proceeds used to partly fund pitches on the platform.

We believe the monetary aspects of our tokens align the interests of the token holders with those of our shareholders. We have recently raised funds valuing the company at over £3 million and the Bond is a company liability so we have a vested interest in making this ICO a success.

Our aim is to make Crowd for Angels one of the biggest crowdfunding platforms in the UK, Europe and internationally. We hope you'll join us in this new and innovative venture.

Yours Sincerely



Tony De Nazareth

Director, Crowd for Angels

2) Crowd Bond Details

| | |
|--------------------------------------|---|
| Name: | Liquid Crypto Bond (LCB) |
| Issuer: | Crowd for Angels (UK) Limited |
| Symbol: | ANGEL |
| Seeking: | Up to £50,000,000 in 3%, 5 year Bonds |
| Use of proceeds: | To invest in a range of secured Crowd Bond issues listed on the Crowd for Angels platform. |
| Number of tokens issued as a reward: | 5 billion based on £50 million raise. |

Token Distribution

For every £1 invested 100 tokens will be minted by Crowd for Angels and distributed as rewards. Up to 99 of these tokens will be issued to the initial investors for every £1 invested, with Crowd for Angels retaining the balance.

The bonus structure for the token sale will be based on three tiers.

Tier 1: 99 tokens per pound (£) for pre-sale.

Tier 2: 93 tokens per pound (£) for the first 8 hours of ICO launch.

Tier 3: 90 tokens per pound (£) for ICO.

Timetable

Whitepaper Published: - 13th November 2017

Pre-sale Live: - 23rd November 2017, 0500 GMT

Pre-sale Ends: - 29th December 2017, 1700 GMT

Token sale Live: - 15th January 2018, 0900 GMT

Token sale Ends: - 19th January 2018, 1700 GMT

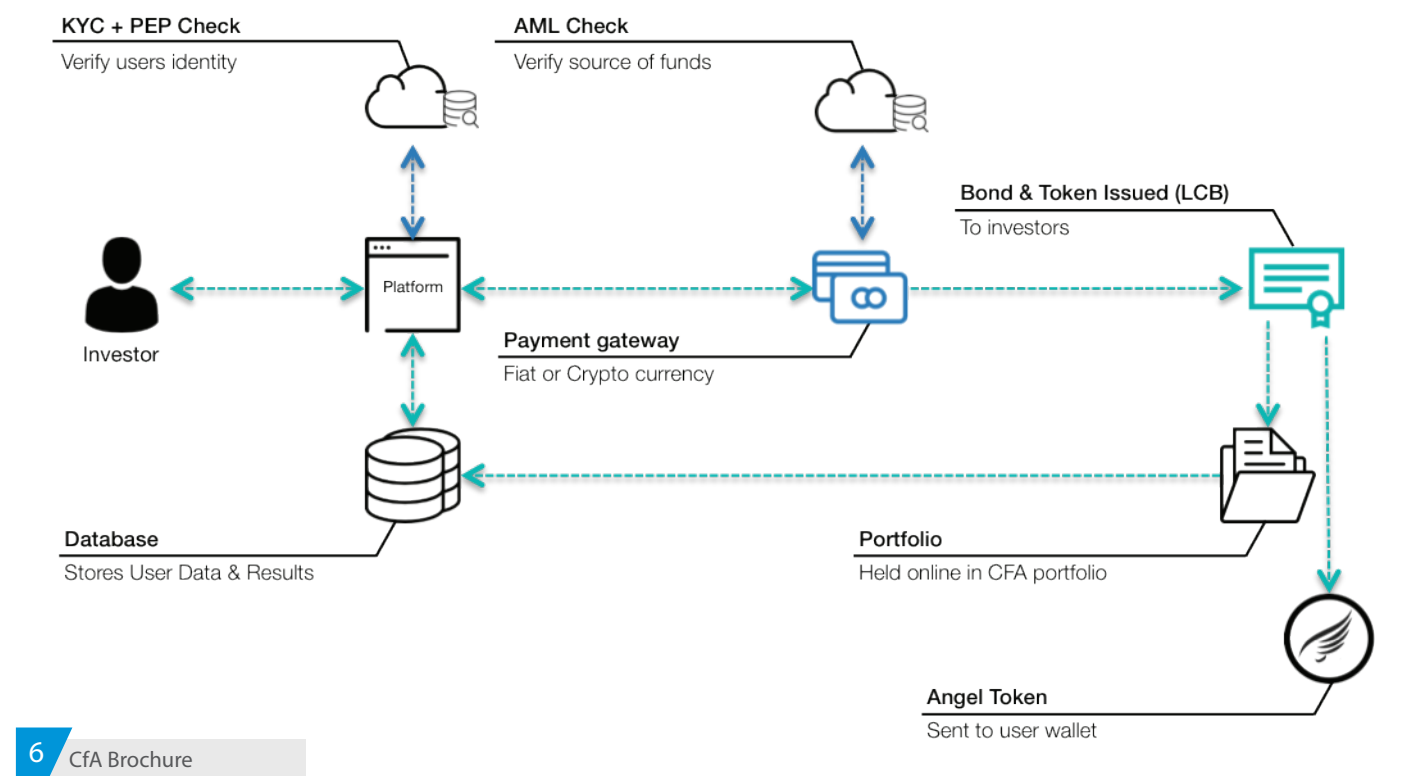


3) About Us

Crowd for Angels (UK) Limited, the issuer of the Liquid Crypto Bond (LCB), was incorporated and registered in England and Wales on 31st May 1995 with company number 03064807. Our offices are located in the City of London at 8 Little Trinity Lane, London, EC4V 2AN.

Crowd for Angels is an FCA authorised and regulated crowdfunding platform launched in 2014 for both debt and equity funding. It has, over a number of years, developed a sophisticated platform and has successfully funded a number of companies. In order to expand its operations it needs access to funds to grow its investor base, which has traditionally come via spending on large marketing campaigns.

[Below is diagram outlining the user’s journey through the platform to purchase a LCB]





CfA Crowd Bond

4) Crowdfunding Market Background

In the UK the market for equity and debt crowdfunding started to take off in the years following the financial crisis of 2008/9. The reduced supply of funding for small companies available from large banks, along with advances in technology, combined to significantly advance the development of the industry.

Despite the growth seen, many companies operating in the sector remain loss making at large. Intervention by governments and institutions into the market, particularly by favouring larger entities for investment and support, is distorting the market and making it difficult for smaller players to operate on a level playing field. Platforms have, in part, moved from the crowdfunding model (being funded by many, small investors) to being dependent on government or institutional funding to plug the funding gap. Funding Circle for example has received £100 million from the state-owned British Business Bank.

Even larger companies are facing significant challenges, with a large amount of their costs being related to marketing on platforms such as Google. Without marketing, the platforms cannot attract investors and without a core of investors their pitches cannot be funded in a timely manner. We estimate that marketing costs make up around 30% of the industry's operating costs.

Despite being the market leaders in equity crowdfunding, Crowdcube made an operating loss of £5.39 million in the year to September 2016, with rival Seedrs making an operating loss of £4.1 million in the year to December 2016. In peer-to-peer, Funding Circle reported losses of c.£37 million for its last financial year. We believe that companies which can find solutions to the marketing cost problem should be more likely to succeed in the future.

As a small company with low overheads and a sophisticated platform, Crowd for Angels is able to quickly take advantage of opportunities as they arise. In that respect, we believe we have identified a solution to the marketing cost problem via issuing a bond with tokens.



5) Initial Coin Offerings (ICOs)

Initial Coin Offerings (also known as ICOs) are a digital way of raising funds from the public using a virtual currency, also known as cryptocurrency coins or “tokens”. Research from digital currency website Coindesk shows that a combined \$3.52 billion has been raised via ICOs since the start of 2014 (up to 6th November 2017). Amounts raised have accelerated significantly in the current year, with c.\$3.22 billion of those funds, or 92%, having been raised in 2017 alone. According to data from Coindesk, ICOs are growing so quickly that the cumulative total raised has recently overtaken the total amount raised by blockchain start-ups through traditional venture capital firms.

ICOs have recently caught the attention of various regulators around the world, including the Financial Conduct Authority in the UK. It highlighted that ICOs can be very high-risk, speculative investments, with most not coming under the regulatory framework. This of course very much depends on the structure of the ICO as to whether they fall under the security laws of the country.

Crowd for Angels mitigates some of these issues through the following measures.

- 1) Crowd for Angels is regulated by the FCA and is able to issue the Bond as a regulated security.
- 2) The tokens are issued as rewards to investors investing in the Bond issue so are not subject to capital loss.
- 3) The tokens have no nominal value and are issued for free. They have no entitlement to dividends or profits and therefore are not classified as securities.
- 4) While the token issue itself is unregulated, the company will apply its current processes and best practices to protect investors investing in its Bonds.

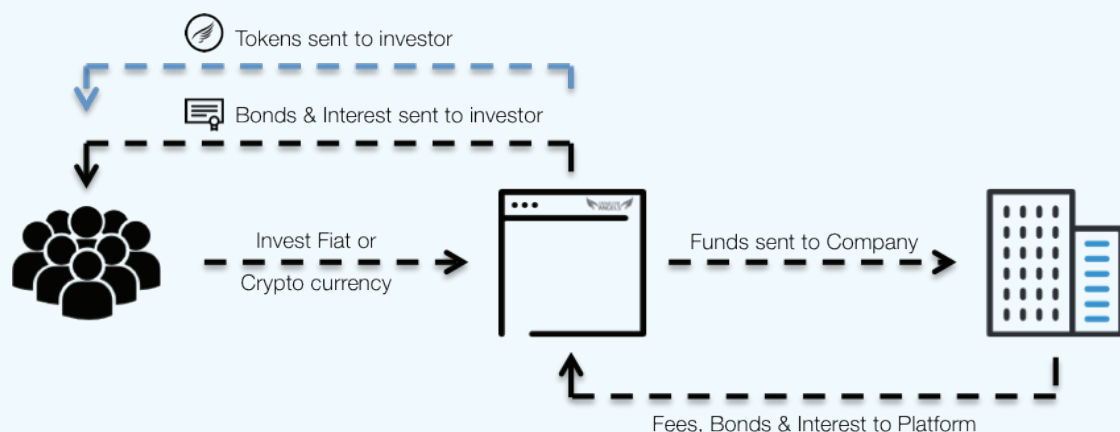
6) Liquid Crypto Bond (LCB)

Crowd for Angels intends to raise up to £50 million by way of a 5 year Liquid Crypto Bond paying 3% interest per annum.

The Crowd for Angels' Bond is also eligible for inclusion in the Innovative Finance ISA (IF-ISA), which can be opened through our platform. Interest payments on IF-ISA eligible crowd bonds are able to be earned free of income tax. The bond will also be able to be traded on our secondary market, subject to demand.

As part of the fund raise, each initial £1 Bond raised will have 100 tokens attached, of which investors will receive up to 99 tokens, with Crowd for Angels retaining the balance. Tokens are being issued to investors as a reward for investing in the Bonds at no additional cost to them. A total of 5 billion tokens will be issued if the fund raise reaches its target of £50 million.

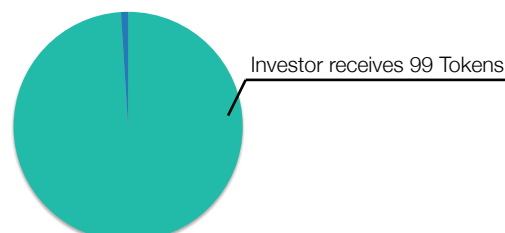
Crowd for Angels expects to have the tokens traded on external exchanges following their issue. In addition, Crowd for Angels has a marketplace on its platform where bonds can be bought or sold depending on demand/supply. We anticipate to have a similar arrangement for our tokens too. Therefore, we expect the tokens and the Bonds to be liquid subject to demand/supply (Liquid Crypto Bond).



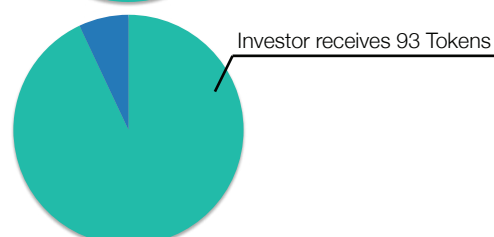
7i) Token Issuance

As part of the fundraising, for each initial £1 Bond raised 100 tokens will be minted, of which investors will receive up to 99 tokens, with Crowd for Angels retaining the balance.

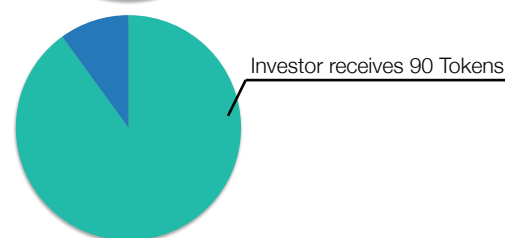
- 1) Investors in the Pre-ICO round will receive 99 tokens for every £1 invested.



- 2) Investors in the first 8 hours of the ICO round will receive 93 tokens for every £1 invested.



- 3) Investors in the ICO round will receive 90 tokens for every £1 invested.



*The minimum investment in the Pre-ICO round is £5,000.

Tokens are being issued to investors as a reward for investing in the Bonds at no additional cost to them. At the choice of the Bond holder, interest may be paid either in cash or tokens.

A total of 5 billion tokens will be issued if the fund raise reaches its target of £50 million. The company will be responsible for the creation and allocation of tokens. Initial Bond holders will receive their tokens once the ICO round has closed.

The token is based on the ERC20 Ethereum technology, an open source, blockchain-based distributed computing platform with smart contracts. These applications are stored in the Ethereum blockchain, fully capable of enforcing performance.

Crowd for Angels expects to have the tokens traded on external exchanges and our internal exchange following their issue. The value of this token can be used internally towards an investment on the Crowd for Angels platform or exchanged subject to demand. Both routes provide a way to realise the value of the token.

7ii) Token Economics

A model for virtual currency exchange rates was theorised by Dutch economists von Oordt and Bolt in 2016. The model suggests that the value of virtual currencies consists of three major factors;

- 1) the utility of the virtual currency to make payments,
- 2) the decision of forward-looking speculators to regulate the supply of virtual currency,
- 3) the elements that drive user adoption and acceptance of a virtual currency.

The exchange rate for tokens is therefore proportional to the volume of services purchased and inversely proportional to the currency not used in transactions for a particular time period. This encapsulates the insight that a lack of money in circulation will raise the exchange rate.

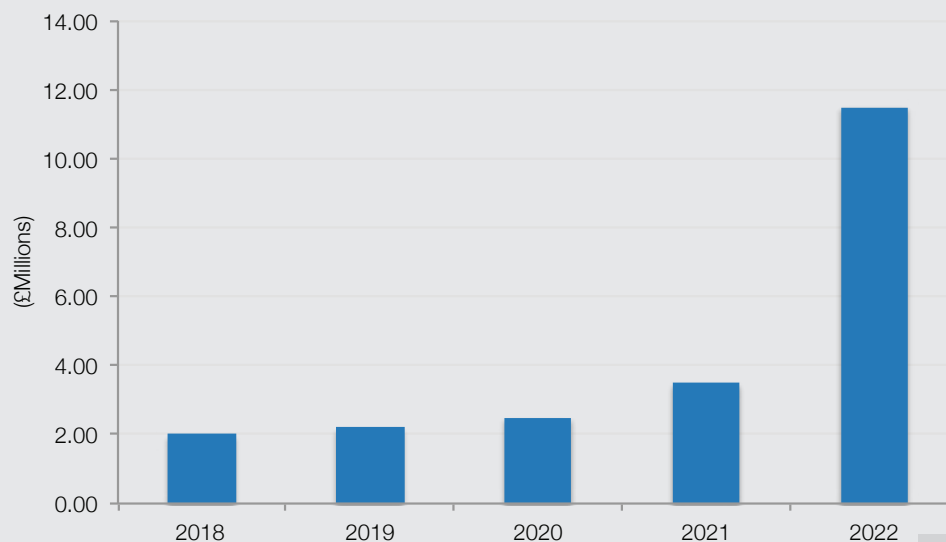
If we further reduce the supply of tokens by open market purchase, this will reduce the money in circulation and, in theory, raise the exchange rate.

The value of cryptocurrencies and tokens can be enhanced by having a controlled and limited supply. This means that, when all have been issued, the price will only be driven by demand for the asset as no further tokens can be created. In contrast, fiat currencies, such as the pound and US dollar, can have their supply increased on a whim by governments and thus their value can be decreased over time.

Tokens can only be minted as part of our funding rounds. They are issued as rewards for taking part in our funding and this therefore limits the amount of new tokens that can be minted. Our model includes an allocation of our revenue to open market purchases of tokens. Every time we raise a new loan for a client, a 1% fee payable in Angel tokens will be charged to the client. This means that if we raise £50 million we should in the first year have £0.5 million of such fees, rising to an estimated £11.5 million in year 5.

During the life of the 5 year bond, the tokens received as fees will be burnt (taken out of circulation).

Our model has been structured to align the interests of the token holders with those of the equity holders in Crowd for Angels. A significant part of our revenue is expected to be used to buy back tokens in open market purchases.



7iii) Token as a Reward

We will issue tokens as rewards for participating in our bond issue. It is clear that consumers seek rewards, so the business strategy of creating, or nurturing, loyalty through a rewards programs is sound.

A recent study by the Deloitte Center for Financial Services (DCFS) on pricing innovation in banking showed that 80% of respondents said that they were much more likely to choose a bank that offered them rewards for being a good customer. 89% of Millennial respondents said the same.

For Crowd for Angels loyalty programs are relatively low-risk as they are not core to the businesses' operations, but, rather, a value-added service. The program will be added to our existing channels, such as email, mobile and social media channels to attract and retain members and investors to the platform.

Tokens will also be issued in a referral programme. For example, they could be issued to a current investor if they refer a friend or colleague to sign up to the platform or to third-party website owners for referring members who then go on to invest in pitches.



7iv) Token as a Tool for Marketing

Our current marketing methods focus on pushing content to potential investors across a number of networks. We are focused on six sources of investor acquisition that we monitor and track. These are:

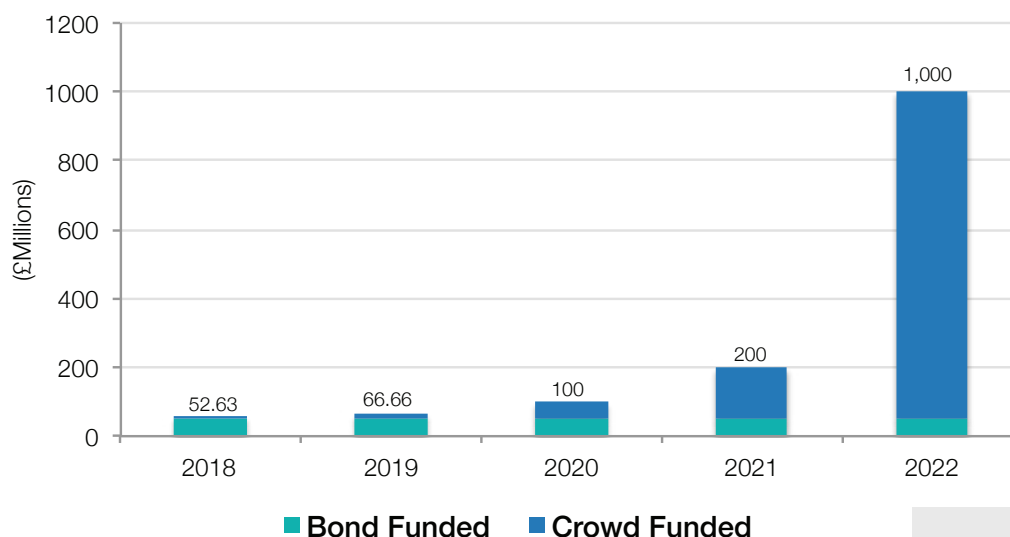
- Digital Marketing through CPC & CPM
- Email Marketing (Newsletter and Solus)
- Print Marketing (Brochures & leaflets)
- Public Relations
- Events
- Referral Networks on a CPA model

These methods have been tried, tested and proven to grow our user base, deliver conversions and attract pitches to the platform. Currently we welcome several thousand users to the platform per month and have ranked as high as 3rd for traffic to a UK Equity and Debt Crowdfunding platform. Nevertheless, we do not believe that the cost/benefit ratio of this form of marketing is economical and we seek a more competitive and efficient form of marketing to attract and retain users.

Crowd for Angels will generate attention for the platform by driving user traffic (Advertising) and engagement (Loyalty) by using tokens as rewards. Users will benefit from token rewards by engaging with our website, apps, product advertising and media. The use of distributed technology enables users to spread both content and profit through token rewards to foster interaction on social media and to increase the size of the platform community.

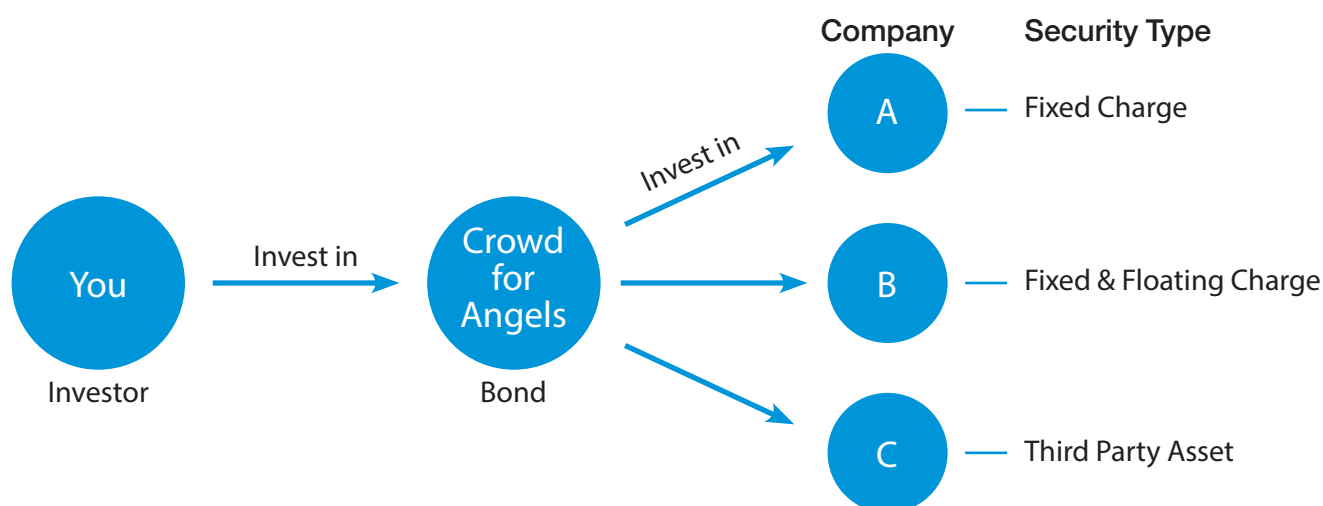
We expect users to actively seek the tokens as stores of value. In this way we expect the additional demand to reduce our cost of investor acquisition and significantly reduce the costs of marketing compared to other traditional methods. This will provide Crowd for Angels with a significant cost and competitive advantage.

Over five years we expect the percentage of funds coming from the crowd to rise from 5% of the total loan portfolio to 95% by attracting new members through this form of marketing. With a bond raise of £50 million we expect to see significant growth over the next five years, with the total annual funds raised forecast to rise to £1 billion by 2022 - see chart below.



8) Use of Funds

The Bond proceeds are to be used by Crowd for Angels to predominantly invest in or acquire secured crowd bonds listed on its own platform. Bondholders will therefore indirectly gain investment exposure to the bonds listed on the Crowd for Angels platform by investing in the Bond. In this way, they benefit from the advantages of what will be a diversified portfolio of bonds.



Repayment of Bond and Interest

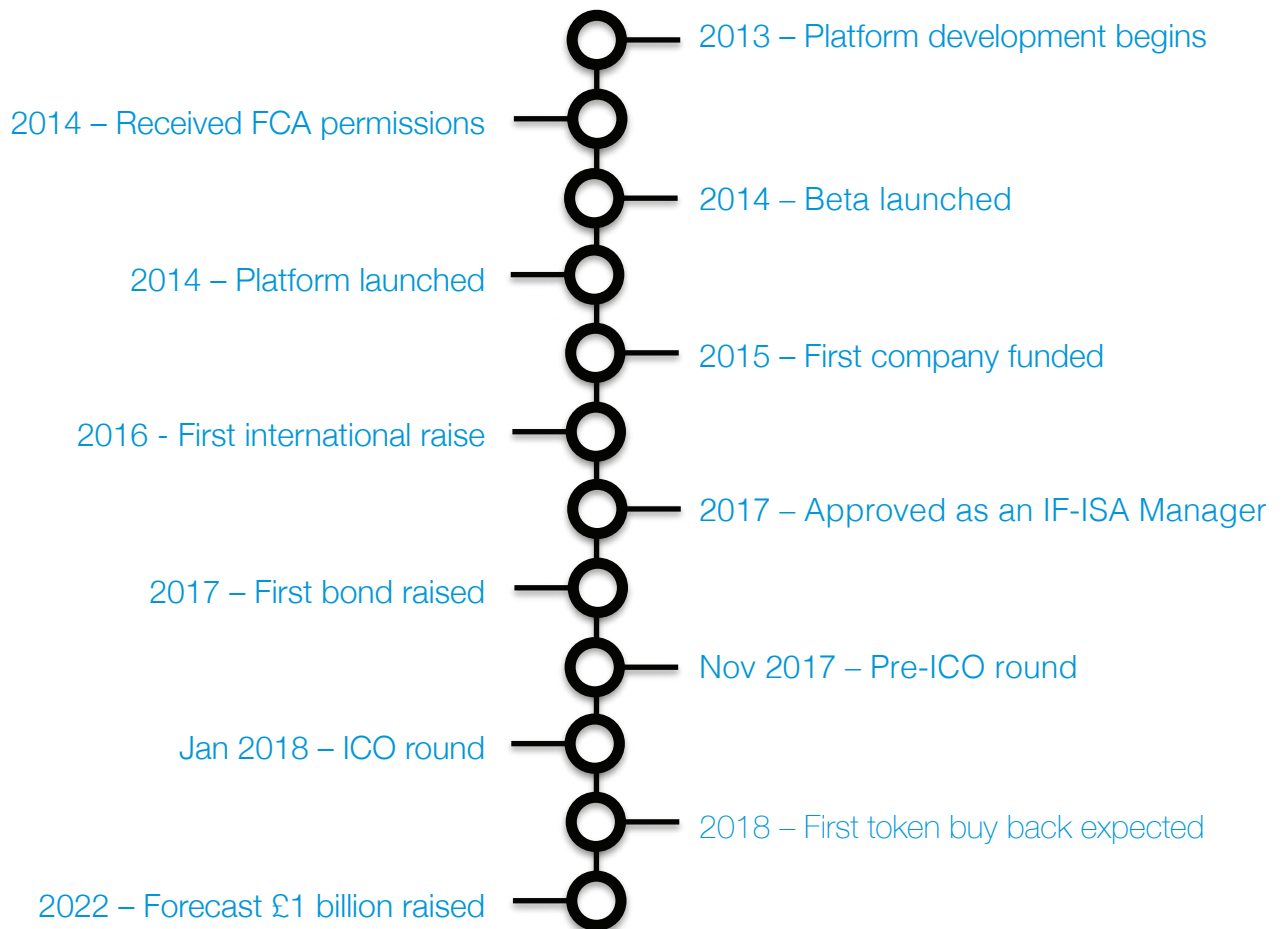
Money raised via the Crowd for Angels Bond will be retained in a Designated Account, with the funds being used to invest in other secured crowd bonds listed on the platform. The invested bonds will be held by a third party Nominee on behalf of investors.

We expect the amount raised under this issue to be at all times represented by cash in the Designated Account plus the amount of purchased bonds held by the Nominee on behalf of investors. The cash flow from repayments and interest on the invested bonds will be used to pay interest due on the Bonds and to redeem the Bonds on maturity. Crowd for Angels will benefit from fees and interest differentials.



9) Road Map

Crowd for Angels is delivering its vision to the market.



10) Our Team



Tony De Nazareth
Director

Tony is the founder of Crowd for Angels. He is a Fellow of the Institute of Chartered Accountants in England and Wales, an Associate member of the Corporate Treasurers and a member of the Association of MBAs. He has considerable experience of loans, private investment in public entities (PIPEs) and corporate finance.



Danesh Varma
Director

Danesh Varma is a highly accomplished and experienced global business leader, having held a number of senior finance and Board positions over the past four decades. His experience covers the banking, corporate finance and accounting fields, having particular expertise on the dynamic Indian growth economy.



Andrew Adcock
Chief Marketing Officer

Andrew is the Chief Marketing Officer at Crowd for Angels. Previously, He worked at NinetyTen, a web application developer and provider of Private Social Networks. He takes a keen interest in investing, app development & all things tech.



Richard Gill
Compliance Officer

Richard is a Chartered Financial Analyst (CFA). He has a background focused on analysing small cap companies and for the past 5 years has been a judge at the Small Cap Awards.



Kenrick De Nazareth
Finance Officer

Kenrick is the Finance and Administration Officer at Crowd for Angels and holds a BA Honours degree in Business Management and Finance. Previously, Kenrick worked as an assistant accountant at E.C Capital Ltd

11) Our Advisors



Dr John Collins
Advisor

John is the Commercial Director of a UK National Centre for commercialising new technologies based at Imperial College London.

For several years John ran the UK's 'Emerging Technologies and Industries' programme and was tasked with taking new, disruptive technologies and promoting them to Government for supporting the industries of tomorrow. John owns Innovation Foundry Ltd.



Professor Wilson Ng
Advisor

Professor Wilson Ng, PhD, MBA, MA, CDipAF, FHEA is Professor in Innovation & Entrepreneurship Studies at the University of Roehampton, London.

He is a former City investment banker who read Mathematics at Trinity College Cambridge on an open scholarship. On graduation he joined the UK investment bank NM Rothschild.



Ismail Malik
Marketing Advisor

20 years of experience in technology startups covering asset management, blockchain and mobile payments. Founder of ICOCrowd and Blockchain Labs.

12) Risk Factors

Risks involved in subscribing to the Crowd for Angels Crowd Bond include but are not limited to:

Crowd bonds specific risks

The “crowd bonds” available through Crowd for Angels are often referred to as “high-yield” bonds. These are debt securities which have not been graded by any credit rating agency and have been issued by companies with lower or no credit ratings. As a result they represent a higher risk for the investor, so tend to offer higher interest payments than other debt securities.

Default risk

Crowd bonds have a higher risk of default than rated debt instruments. This means that the issuer of these bonds is more likely to fail to meet payments of interest and principal and may have a higher risk of insolvency. This means a greater risk of loss of your capital or investing without any returns.

Security may be insufficient to cover capital

Crowd bonds offered via the Crowd for Angels site will normally be secured against assets of the company, as described in the individual company pitches. Independent valuations of those assets may be inaccurate, the prices of assets held as security may fluctuate and it may be difficult to realise any security within a reasonable time or at all. While crowd bonds may be secured, this does not mean that repayment of interest or principal is guaranteed.

Illiquidity

Crowd bonds will typically have a maturity of between 1-5 years but may be for longer. You may have no rights or be unable to cash them in early or sell them at any price as they are unlikely to be sold or dealt with on any investment exchange or public market and there may be no secondary market for them.

13) Risk Warning

Investing in small public listed or private companies 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 debt pitches through Crowd for Angels (UK) Limited involves lending to companies and therefore your capital is at risk and interest payments are not guaranteed if the borrower defaults. Past performance is not necessarily a guide to future performance and forecasts are not a reliable indicator of future results.

Crowd for Angels is targeted exclusively at investors who are sufficiently sophisticated to understand these risks and make their own Investment Decisions. You will only be able to invest via Crowd for Angels once you are authorised.

Please visit crowdforangels.com/risk-warning to read the full Risk Warning.

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The availability of any tax relief depends on the individual circumstances of each investor and of the company concerned, and may be subject to change in the future. If you are in any doubt about the availability of any tax reliefs, or the tax treatment of your investment, you should obtain independent financial advice before proceeding with your investment.

The prices of virtual goods and products, like real goods and products, constantly fluctuate over time. Any currency, virtual or otherwise, could be subject to large swings in value and at any time might become worthless. As such, the value of your holding may increase or decrease over time or even go to zero.

Cryptocurrencies, tokens and other digital currencies are not regulated by the Financial Conduct Authority and therefore do not offer recourse to the Financial Ombudsman Service or the Financial Services Compensation Scheme.



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To find out more information and to register please visit
crowdforangels.com/ICO

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