

# Crowd for Angels

A Crowdfunding Platform regulated by the Financial Conduct Authority (FCA)

## Liquid Crypto Bond

With attached Initial Coin Offering (ICO)



# 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 (in this case Crowd for Angels (UK) Limited) 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.

# Disclaimer

You should carefully consider the risk factors on pages 1 and 27 of this private Information Memorandum. The Bonds represent debt obligations of the company only.

The information contained herein is confidential and may not be reproduced in whole or in part.

If you are in any doubt about the action you should take or the contents of this Crowd for Angels Liquid Crypto Bond with attached Initial Coin Offering Information Brochure (the “Document”), you should seek advice from an independent financial adviser authorised under the Financial Services and Markets Act 2000 (“FSMA”) who specialises in advising on investments in bonds, shares and other securities, including unlisted securities.

This Document, together with the website Terms and Conditions (“Terms”), constitutes a financial promotion pursuant to Section 21 of the FSMA, and has been issued and approved by Crowd for Angels (UK) Limited (Company number: 03064807) (“CfA”), 8 Little Trinity Lane, London EC4V 2AN, which is authorised and regulated by the Financial Conduct Authority (“FCA”) in the United Kingdom with firm reference number 176508.

Prospective investors should only subscribe for the Bond on the basis of the information published in this Document and the Terms. No person has been authorised to give any information or to make any representation concerning the Offer, other than the information contained in this Document and, if given or made, such information or representation must not be relied upon.

As part of the Bond issue the company intends to comply with exemptions under Section 86 and Schedule 11A of the Financial Services and Markets Act 2000 in relation to offers made to the public and transferable securities. Investors who subscribe for less than €100,000 (£90,000) of bonds will be considered to be taking part in an offer of transferable securities where the total consideration for the securities being offered in the EEA States is less than €5 million (£4.5 million). Those investors who subscribe for more than €100,000 (£90,000) of bonds will be considered to be taking part in a simultaneous but separate offer.

This Offer does not constitute an offer to sell, or the solicitation of an offer to buy securities in any jurisdiction in which such offer or solicitation is unlawful. Therefore, persons who come in possession of this Document should observe and inform themselves about any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions.



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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 (IFISA) 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 Individual Savings Account (ISA) rate stood at just 1.08% in November 2017. 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 needed to create an alternative model to attract members and potential investors to our platform. Our advisors have suggested using blockchain technology to create a cryptocurrency or token that could be used as a form of reward. We accordingly have now launched an Initial Coin Offering (ICO) of our "ANGEL" tokens.

We are doing this in association with launching a 5 year, 4% Liquid Crypto Bond. Investors in the bond will receive the ANGEL tokens as a reward, at no additional cost to themselves. The proceeds will be used to invest in crowd bonds listed on our own platform. The bond is a company liability so we have a vested interest in making sure we can repay it. Similarly we need to make the ANGEL token a success as our marketing strategy will benefit from an appreciation in value. We have recently received an investment from Legendary Investment Plc, an AIM listed company that valued our business at £3.7 million post money.

We believe the bond and token issue is a unique offering that provides investors with a return of investment on maturity, an inflation beating coupon, a tax efficient structure for UK tax payers and a free opportunity to participate in the cryptocurrency asset class.


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 Offer Details

Name:	<b>Liquid Crypto Bond (LCB)</b>
Issuer:	<b>Crowd for Angels (UK) Limited</b>
Symbol:	<b>ANGEL</b>
Investment Target:	<b>Up to £50,000,000 in 4%, 5 year Bonds.</b>  Investors who subscribe for less than €100,000 (£90,000) of bonds will be considered to be taking part in an offer of transferable securities where the total consideration for the securities being offered in the EEA States is less than €5 million (£4.5 million). Those investors who subscribe for more than €100,000 (£90,000) of bonds will be considered to be taking part in a simultaneous but separate offer. Euro to Pound exchange rate taken at €1 = £0.90
Use of proceeds:	<b>To invest in a range of secured Crowd Bond issues listed on the Crowd for Angels platform.</b>
Minimum Investment:	<b>£100</b>
Token Supply:	<b>5 billion ANGEL tokens.</b>
Accepted forms of payment:	

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### Token Distribution

Crowd for Angels will issue 5 billion tokens. For every £1 invested, 100 tokens will be allocated as stated below with Crowd for Angels retaining the balance.

The reward structure for investors to the bond issue will be based on three tiers.

**Tier 1:** 99 tokens per pound (£1) for investments of or above £90,000

**Tier 2:** 93 tokens per pound (£1) for investments of or above £5,000

**Tier 3:** 90 tokens per pound (£1) for investments below £5,000





### 3) About Us

Crowd for Angels (UK) Limited, the issuer of the Liquid Crypto Bond (LCB), is incorporated and registered in England and Wales under 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.

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

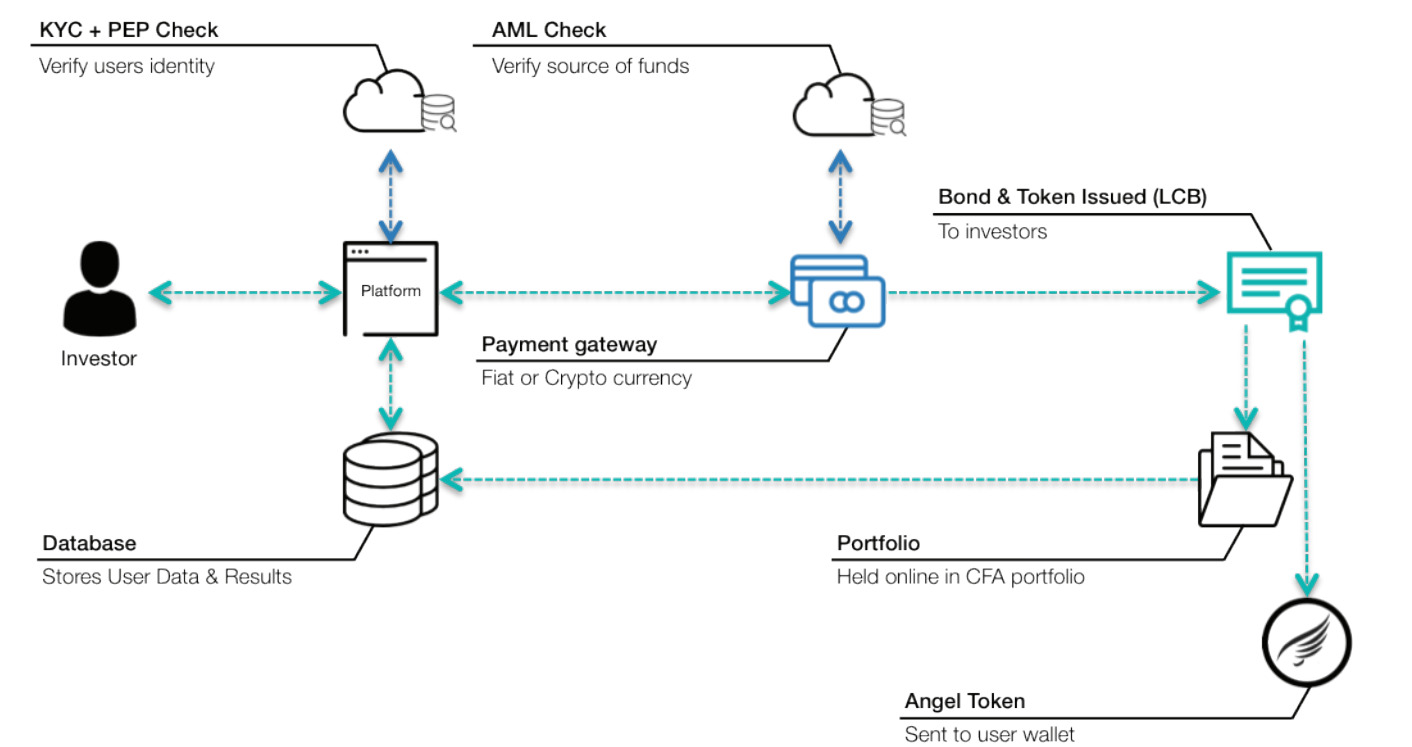


Figure 1: Purchase process

## 4) Crowdfunding Market Background

### The Competitive Landscape

The online alternative market in the United Kingdom increased sharply over the past years. This as a result of small businesses and entrepreneurs having had limitations and restrictions placed on them while trying to access bank loans. Investors who sought higher returns than available on their money, started to invest via online platforms for better returns.

CfA is regulated by the FCA for funding investment debt products, which means that besides offering products such as debentures, convertible loans, it can also compete with P2P in making loans. The peer-to-peer (P2P) lending market was valued at \$26 billion in 2015 and is projected to reach \$460 billion by 2022, growing at a compounded annual growth rate (CAGR) of 51.5 percent from 2016 to 2022 according to a recent report from ResearchandMarkets.

Despite the growth witnessed, 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. 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 £37 million for its last financial year. 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. We believe that companies, which can find solutions to the marketing cost problem, should be more likely to succeed in the future.

As such, we needed to create an alternative model to attract members and potential investors to our platform. Our advisors have suggested we take advantage of blockchain technology to create a cryptocurrency or token that could be used as a form of reward. We accordingly, now have our initial Coin offering (ICO) for our “ANGEL” tokens. We are doing this in association with the launch of a 5 year, 4% Liquid Crypto Bond. Investors in the bond will receive the ANGEL tokens as a reward, at no additional cost to themselves. The proceeds will be used to invest in crowd bonds listed on our own platform.

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 this respect, we believe we have “first mover” advantage.



## 5) Competitor Analysis

### Key Players in the Market

**Lending Club** - Founded in 2007, Lending Club is the world's largest P2P lending platform with over \$20 billion in loan issuance. It offers both consumer and small- and medium-sized enterprise (SME) loans over fixed periods of 36 or 60 months. Lending Club has grown exponentially and currently has a 45% market share. It raised over \$800 million from its IPO in 2014, but its share price has since fallen 72%.

**Prosper** - Launched in 2006, Prosper was the first P2P platform in the US. It has since funded over \$6 billion in loans and serviced over 2 million customers. Prosper only offers unsecured consumer loans and does not make SME loans.

**Funding Circle** - Is a P2P marketplace that allows investors to lend money directly to small and medium-sized businesses. It was the first website to use the process of peer-to-peer lending for business funding in the UK, and now operates in the UK, US, Germany, Spain, and the Netherlands. As of Dec 17, Funding Circle has facilitated over £2.4 billion in loans to small and medium-sized firms.

### Emerging Players using blockchain technology

**Lendoid** - Is a decentralized P2P lending marketplace platform based on Ethereum, which connects borrowers and lenders from around the world using the advantages of Smart Contracts and the Blockchain technology. Loans can be given in any of the ERC20 currencies.

**ETH Lend** - Offers a fully decentralized peer to peer lending Smart Contract which runs on the Ethereum blockchain and uses digital tokens as collateral. The details of the loan are decided by the parties involved meaning that a lender and buyer anywhere in the world can create a loan contract on their terms.

**SALT** - Is a blockchain-based fiat currencies loan platform for loan amounts higher than \$5,000. It uses smart contracts for depositing cryptocurrency as collateral. Their target market is borrowers with cryptocurrencies who do not want to liquidate their cryptocurrency into fiat currencies. Only accredited investors and qualified financial institutions can become lenders on the platform.

**BTCPOP** - Founded in 2014, BTCPOP's peer-to-peer lending is based on reputation and not on credit score. Users can get loans from other members or make money by lending - all by using Bitcoin. It does not use smart contracts.

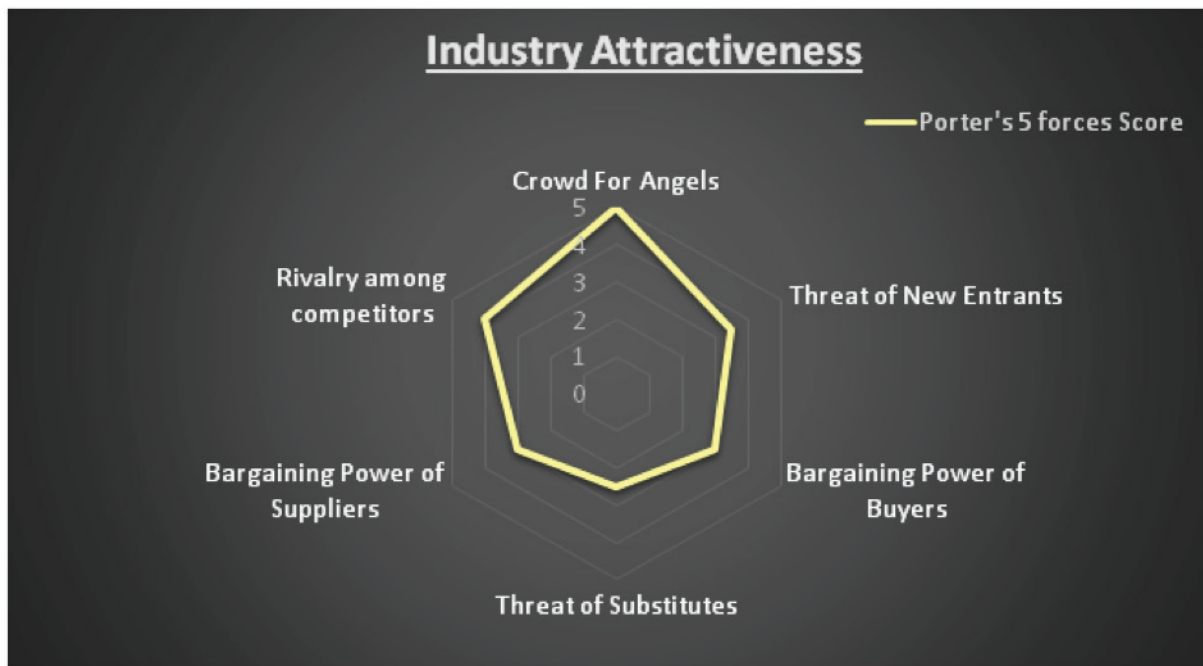


Figure 2: Porter's Five Forces against emerging competitors (ICOs)

<b>Threat of new entrants:</b>	Moderately high: The high cost and time required to set up a crowdfunding platform restrict new competitors to enter the market easily unless they have substantial funds. The new entrants tend to minimise the regulatory hurdles they have to undergo. New models using blockchain assume that the technical ability will overcome regulatory issues.
<b>Bargaining power of buyers</b>	Moderately low: Investors tend to look for investments that offer security, high interest rates and possible tax benefits. Interest rates on deposits are currently very low: Moneyfacts reports in 2017, the average cash ISA rate was as low as 0.82%, with a current overall average of 1.08% (November 2017). According to government statistics, at the end of the 2015/16 tax year the total market value of Cash ISAs was £250.7 billion.
<b>Threat of substitute products or services</b>	Moderately Low: It is not immediately obvious what new substitute products could replace existing ones. It seems more likely that the delivery and speed of transactions might be a threat from new technologies.
<b>Bargaining power of suppliers</b>	Moderately Low: A common complaint from entrepreneurs is the lack of available funds for their companies. According to the British Bankers' Association the funding gap for SMEs can be from a few hundred million a year to over £30 billion.
<b>Rivalry among existing competitors</b>	Moderately high: A number of companies have raised money through ICOs for lending models using blockchain technology. We have yet to see the impacts of these emerging players in the market. They might not succeed because of regulatory concerns.

At present, there are no crowdfunding platforms that offer tokens as a reward-based incentive.

## 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 4% 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 £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. Therefore, we expect the tokens and the Bonds to be liquid subject to demand/supply (Liquid Crypto Bond).



## 7) 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 mix of bonds.

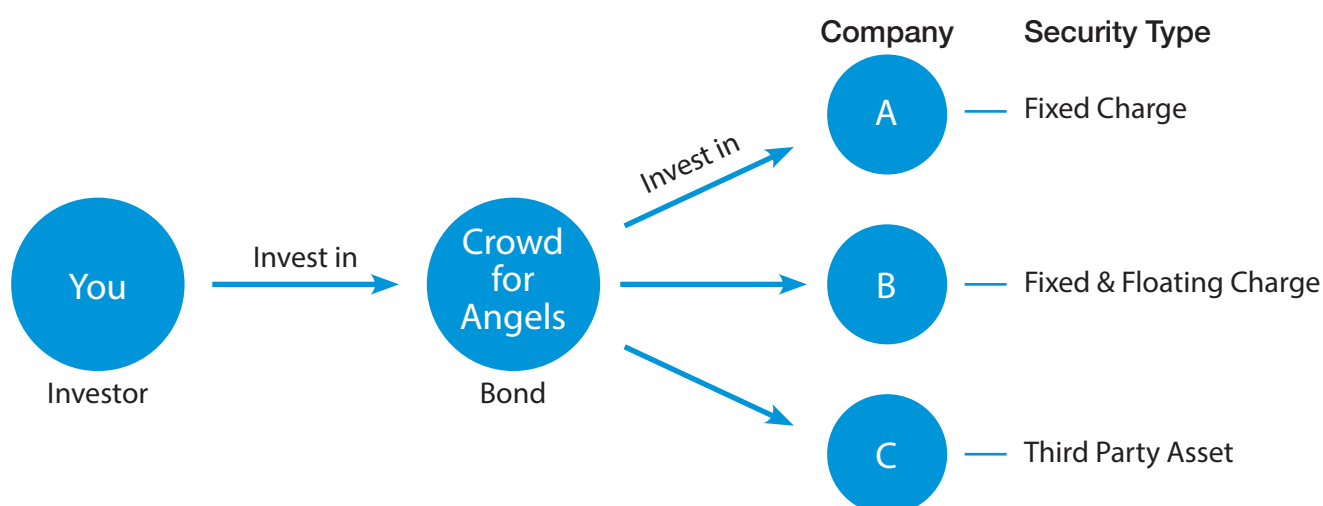


Figure 3: Diversified Investable mix of Bonds

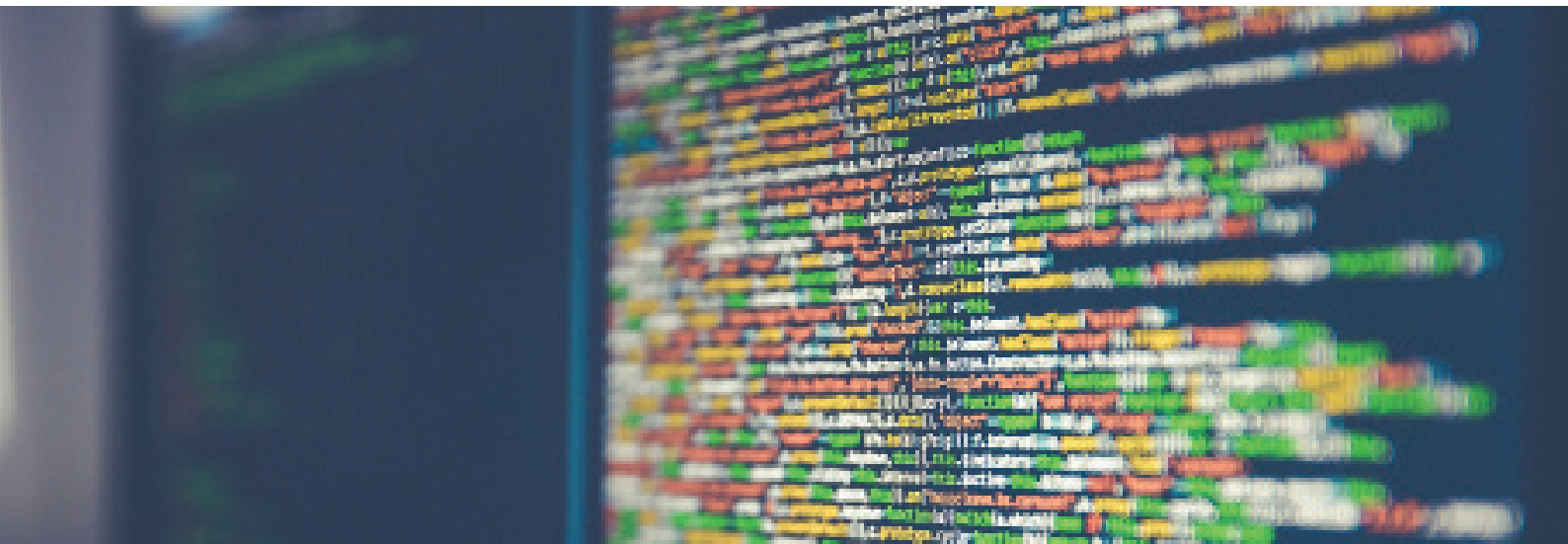
## Repayment of Bond and Interest

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.



Figure 4: Cash Flow Exchange



## 8) Initial Coin Offering (ICO)

Initial Coin Offering (ICO), sometimes referred to as Initial Token Offerings (ITO), are a digital way of raising funds from the public using a cryptocurrency, also known as “coins” or “tokens”. Research from digital currency website Coindesk shows that a combined \$3.775 billion has been raised via ICOs since the start of 2014 (up to 25th November 2017). Amounts raised accelerated significantly last year, with c.\$3.48 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.

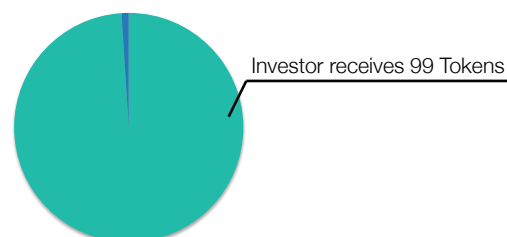
Crowd for Angels mitigates some of these issues through the following measures. .

- 1) The tokens are issued as rewards to investors investing in the Bond issue so are not subject to capital loss.
- 2) 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.
- 3) While the token issue itself is unregulated, the company will apply its current processes and best practices to protect investors investing in its Bonds and therefore in its tokens too.

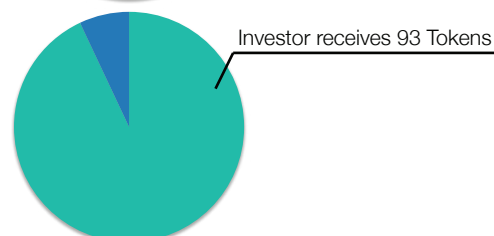
## 9) Token Distribution

Crowd for Angels will issue 5 billion tokens. For every £1 invested, 100 tokens will be allocated as stated below, with Crowd for Angels retaining the balance.

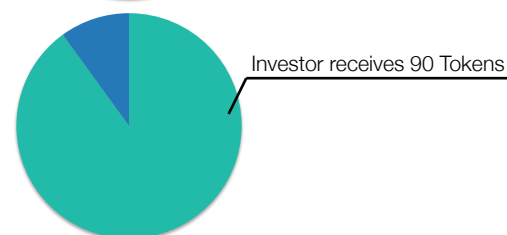
Investments of or above £90,000 pounds will **receive 99 tokens** per pound (£) invested.



Investments of or above £5,000 pounds will **receive 93 tokens** per pound (£) invested.



Investments below £5,000 pounds will **receive 90 tokens** per pound (£) invested.



**\*The minimum investment is £100.**

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 Bondholder, interest may be paid either in cash or tokens.

A total of 5 billion tokens will be issued by Crowd for Angels. The number of tokens issued will be determined by the amount raised at each close. The balance of the tokens not issued will be frozen. The company will be responsible for the creation and allocation of tokens and Initial Bondholders will receive their tokens soon after the offer has closed.

Crowd for Angels expects to have the tokens traded on external exchanges 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.



## 10) Token Technology

The amount of Angel tokens will be pre-issued on the Ethereum platform (ERC-20 compliant) and will be of a fixed supply. Then, the network dynamics and demand-supply will drive the platform operations and revenue generations.

ERC-20 compliant tokens, provide a novel way of associating metadata to digital assets with negligibly cheap Ethereum transactions (gas fees) that unambiguously represent the creation or transfer of digital assets.

Angel Tokens that are built on top of the Ethereum Technology stack have the following characteristics.

- **Standard ERC20 Token**
- Name: **Angel**
- Symbol: **ANGEL**
- Tokens Minted: **5 billion**
- No of Decimals: **18**

## 11) Blockchain Architecture

Distributed Ledger Technology (DLT) or Blockchain Technology, the IT backbone behind the Bitcoins cryptocurrency, as firstly described by its inventor Satoshi Nakamoto. Is a celebrated technology that solves many previous problems of digital cash, such as double spending and fair consensus in a network, without the need for a Central Authority to oversee and approve the information flow. The proposed architecture gave rise to a new era in which nodes over the network have been fully empowered to exchange any type of value, removing the need for intermediaries and thus removing extra costs and burdens whilst at the same time improving upon security and transparency.

**The main properties of Blockchain are:**

- **Transparency:** The ledger can be public and queried any time. Each user can hold a copy of all the data related to transactions over the network.
- **Decentralisation:** No central authority is required to oversee and approve the information flow within a network. The power is given to all stakeholders and distributed in a way to incentivise them to participate fairly.
- **Immutability:** It is computationally infeasible to alter any data on the ledger as they are secured by highly secured cryptographic functions.
- **No Single Point of Failure:** Every network participant holds a copy of the ledger.
- **Security:** All transactions are secured by advanced and provably-secure cryptographic primitives such as digital signatures and cryptographic hash functions, while past blocks are linked via hash chains. Thus, there is full transparency among all transactions settled on the network.

# Blockchain Architecture

## How it works:

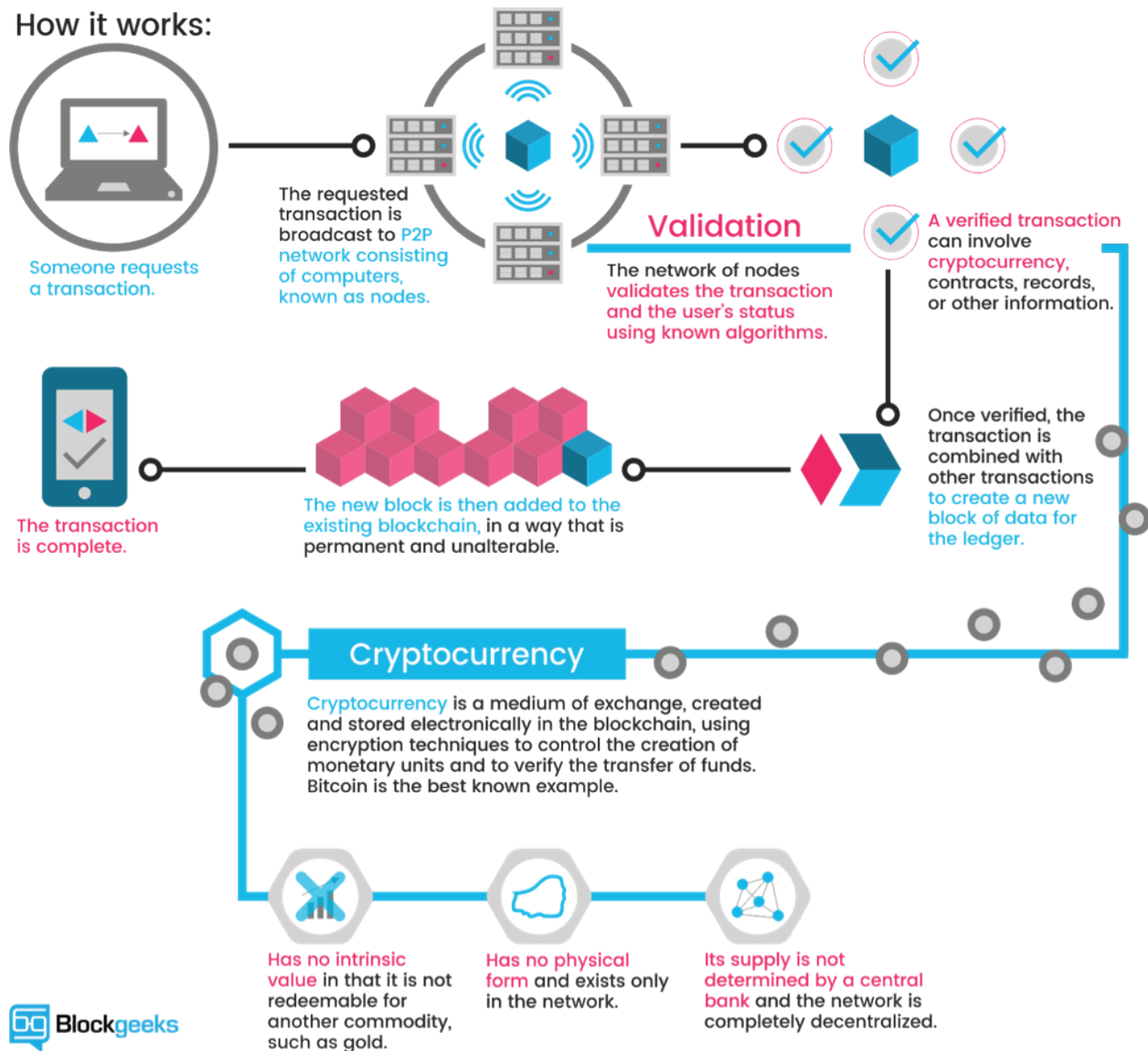


Figure 5: Blockchain Transaction Flow [Ref: BlockGeeks]

## 12) Smart-Contract as used in Crowdfunding Campaigns

The first generalisation of Bitcoin architecture was that of Ethereum, which relies on a virtual machine architecture responsible for settling, managing and executing smart contracts.

Figure 6 depicts the information flow in a smart contract settlement in which an underlying asset of any type is agreed to be transferred to another party after all conditions listed in the smart contract are successfully met.

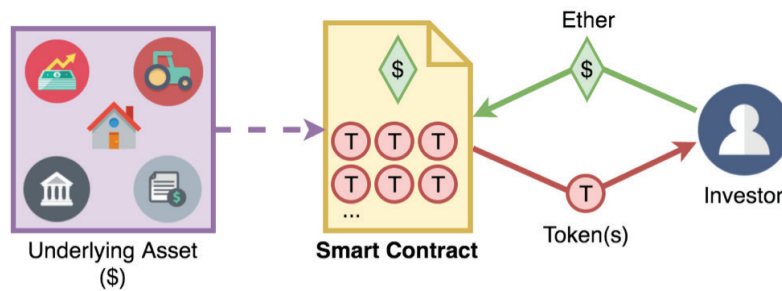


Figure 6: Smart Contracts Flow [BlockGeeks]

Smart-contracts are used in crowdfunding campaigns as well as for the exchange of cryptocurrencies or assets of any type. CfA will initially deploy smart contracts on the Ethereum technology stack for building and distributing the Angel tokens to potential investors (cf. Figure 6).

Smart contracts are executable scripts written usually on top of the Ethereum stack using programming languages such as Solidity. An example of a simple smart contract template for transferring tokens is depicted in Figure 7.

```
contract token {
    mapping (address => uint) public coinBalanceOf;
    event CoinTransfer(address sender, address receiver, uint amount);

    /* Initializes contract with initial supply tokens to the creator of the contract */
    function token(uint supply) {
        if (supply == 0) supply = 10000;
        coinBalanceOf[msg.sender] = supply;
    }

    /* Very simple trade function */
    function sendCoin(address receiver, uint amount) returns(bool sufficient) {
        if (coinBalanceOf[msg.sender] < amount) return false;
        coinBalanceOf[msg.sender] -= amount;
        coinBalanceOf[receiver] += amount;
        CoinTransfer(msg.sender, receiver, amount);
        return true;
    }
}
```

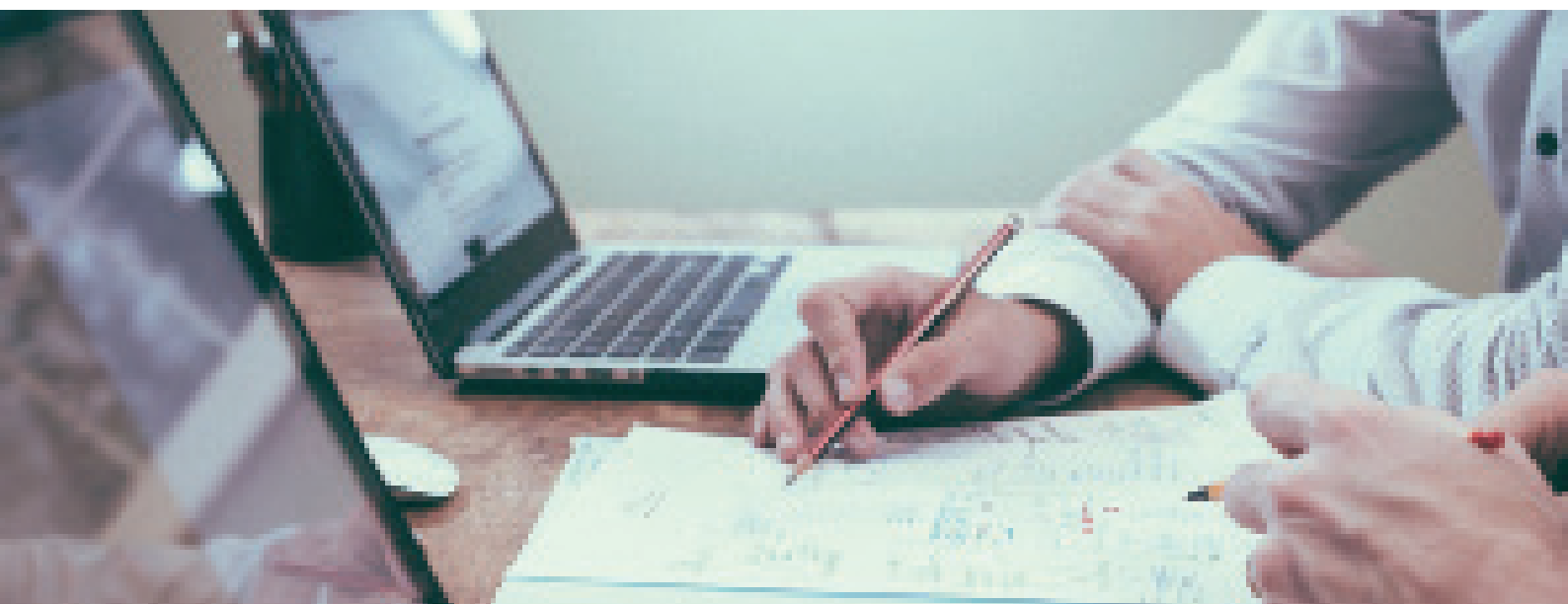
Figure 7: Smart Contract Code Example [BlockGeeks]

Further use of the blockchain will be done in stages as we will need to integrate the technology within an established platform.

## 13) Stakeholders in the CfA Ecosystem

The stakeholders in the CfA ecosystem are defined as follows:

- **Investors** - These invest in pitches or early-stage startups on the platform and if they use ANGEL tokens as a form of payment, will be reward with a small discount on the investment price.
- **Companies** - These are companies which raise funds on the CfA platform via pitches. They will be required to pay their fees in ANGEL Tokens.
- **Crowd for Angels** - The company behind the operation of the platform, issuer of the token. We will burn ANGEL tokens when received as a fee.
- **Trader** - An individual who intends to profit from any change in the ANGEL Token.
- **Service providers for marketing** - Will be used as a distribution channel of ANGEL tokens as a way of incentivising people to join CfA.
- **Exchanges** - Where the ANGEL coins will be traded.
- **Companies (but not pitches)** - Can accept ANGEL tokens as a payment for good or services.



# 14) Why is CfA issuing tokens?

## 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 five 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

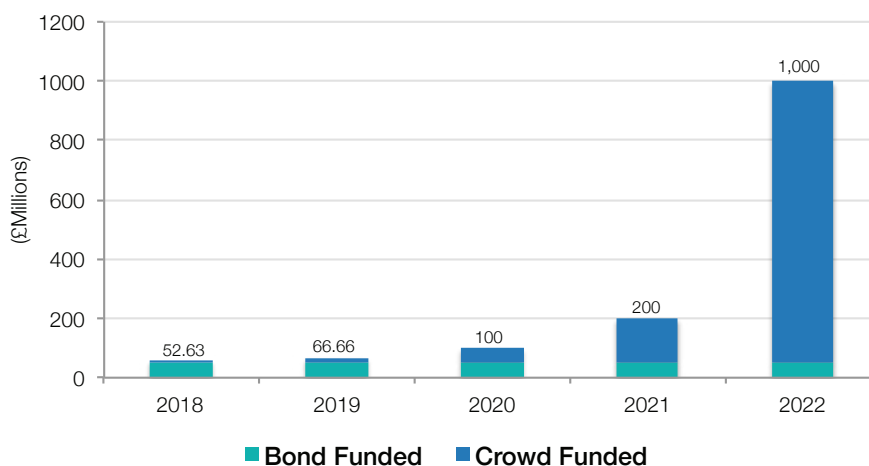
These methods have been tried, tested and proven to grow our user base, deliver conversions and attract pitches to the platform. Currently, we welcome several thousand users to the platform per month and are currently ranked 4th for traffic to a UK Equity and Debt Crowdfunding platform. Nevertheless, 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 using our ANGEL Token. Using the retained tokens generated during the fundraise, Crowd for Angels will attract attention for the platform by rewarding users who complete actionable 'events' with free ANGEL tokens.

Users will benefit from token rewards by engaging with our website, apps, advertising and media. This will help foster user interaction, loyalty and spread content through the internal and external network.

For example, if a user registers on the CfA platform, we could reward them with 25 free tokens. If that same user then completes their Know-Your-Customer (KYC) status, we could reward them with a further 75 tokens. These rewards will be based on the perceived value of an actionable event. We expect that over time, the number of tokens issued for similar tasks will be reduced as the value of tokens increased, thus rewarding early adopters.

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 go on to invest in pitches. We expect users to actively seek the tokens as stores of value. In this way, additional demand will reduce our cost of investor acquisition and significantly reduce the costs of marketing compared to 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 loans raised forecast to rise to £1 billion by 2022 - **see chart below**.



Forecasts are not a reliable indicator of future performance.

# 15) Token Economics

## Token Fundamentals

The tokenomics of our ICO have been carefully considered to make sure the model is viable and therefore sustainable.

## Monetary Policy

Our monetary policy is based on a total cap of 5 billion tokens issued on the back of the offer and issuance of £50 million, 4% Liquid Crypto Bonds. The tokens will be issued to investors as rewards. The number of tokens issued to investors will depend on the size of their investments. The larger their investment the more tokens they receive. The token issuance is as follows:

- £90,000 or above will receive 99 tokens per £1
- £5,000 or above will receive 93 tokens per £1
- Below £5,000 will receive 90 tokens per £1

The balance of the tokens that are not issued to investors are retained by CfA. In this way the supply of tokens is fully issued and distributed. There will be no further token issuance unless CfA an entirely new bond issue. It is envisaged that the supply of new tokens from such a bond issue will be very limited completes as the tokens will have acquired value and it would therefore be difficult to issue them as no value reward tokens.

Investors who subscribe for less than €100,000 (£90,000) of bonds will be considered to be taking part in an offer of transferable securities where the total consideration for the securities being offered in the EEA States is less than €5 million (£4.5 million). Those investors who subscribe for more than €100,000 (£90,000) of bonds will be considered to be taking part in a simultaneous but separate offer.





## Fiscal Policy

We are keen to develop and maximise our crowdfunding business and that requires an increase in the number of members and investors on the platform. Our ICO participants will not only accrue capital gains from holding our tokens but will also be able to use the tokens in investing on the platform. It is envisaged that token holders will gain an initial discount of one percent on the platform when using their tokens. These discounts are variable.

We will also use our tokens in our marketing activities as described previously.

In addition, our model includes an allocation of our revenue to open market purchases of tokens. We earn fees from our clients when a loan is successfully funded. As part of this fee structure, 1% of the loan amount is payable in ANGEL tokens. This means that if we fund loans to the value of £50 million in the first year, we would earn £0.5 million in such fees, rising to an estimated £10 million in year 5. The tokens acquired during the life of the 5 year bond, will be burnt (taken out of circulation).

One benefit of such a fiscal policy mechanism is that we can increase the commercial benefit to the token holders, for example by increasing the discount available to them on the platform, which in turn will increase aggregate demand of the tokens. Such an action can then be combined with monetary policy decisions, for example as the aggregate demand of the tokens increases through the fiscal policy decisions, could then also release further tokens in a marketing campaign from its own stock, thereby increasing the total supply in circulation. This combined increase of supply in circulation and the demand due to increased commercial benefits may then have a minimal impact on the current market price.

## 16) Valuation of Token

A model for virtual currency exchange rates was theorised by Dutch economists Van 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 purchases, 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 issued 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 issued.



# 17) Token Model

In order to study the tokenomics of the ANGEL token an agent based model was employed. The agent based model allows an exploration of the interaction of the different parameters down to individual events, and the explicit modelling of variance induced by exogenous factors. Therefore, it is a robust way of forecasting the future value of the Angel Token.

The assumptions behind the model are the following:

- Time is measured in discrete events. These events are the loans handed out by CfA.
- The number and size of loans has been based on forecasts and calculations by CfA. They come to a total of approximately 2,250 loans, with a value that could go up to £1 billion.
- At any given event, only a percentage of the users are active.
- The investment by the users follows a power law distribution.
- If the supply by the active users is not enough to satisfy demand, then the price of the tokens increases.
- The exchange rate is also influenced by speculation. This is simulated by applying Gaussian noise to the exchange rate.

Based on the above information, the model indicates that the exchange rate of the token is likely to reach parity with sterling within the simulation timeframe. The plots below have been based on a 1,000 simulations.

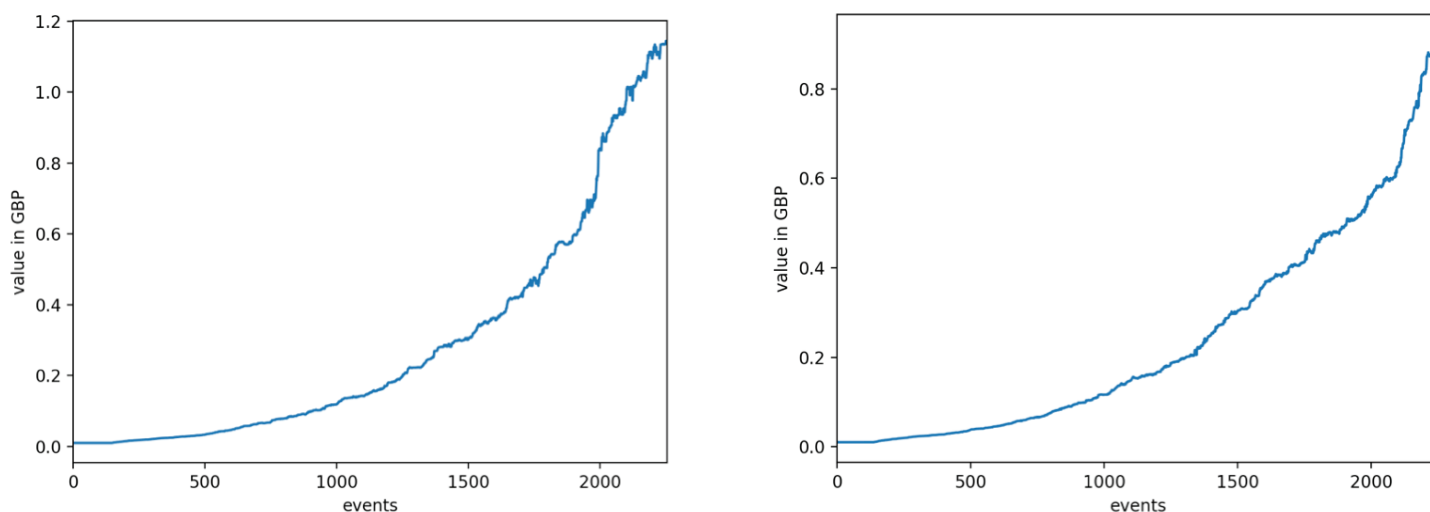


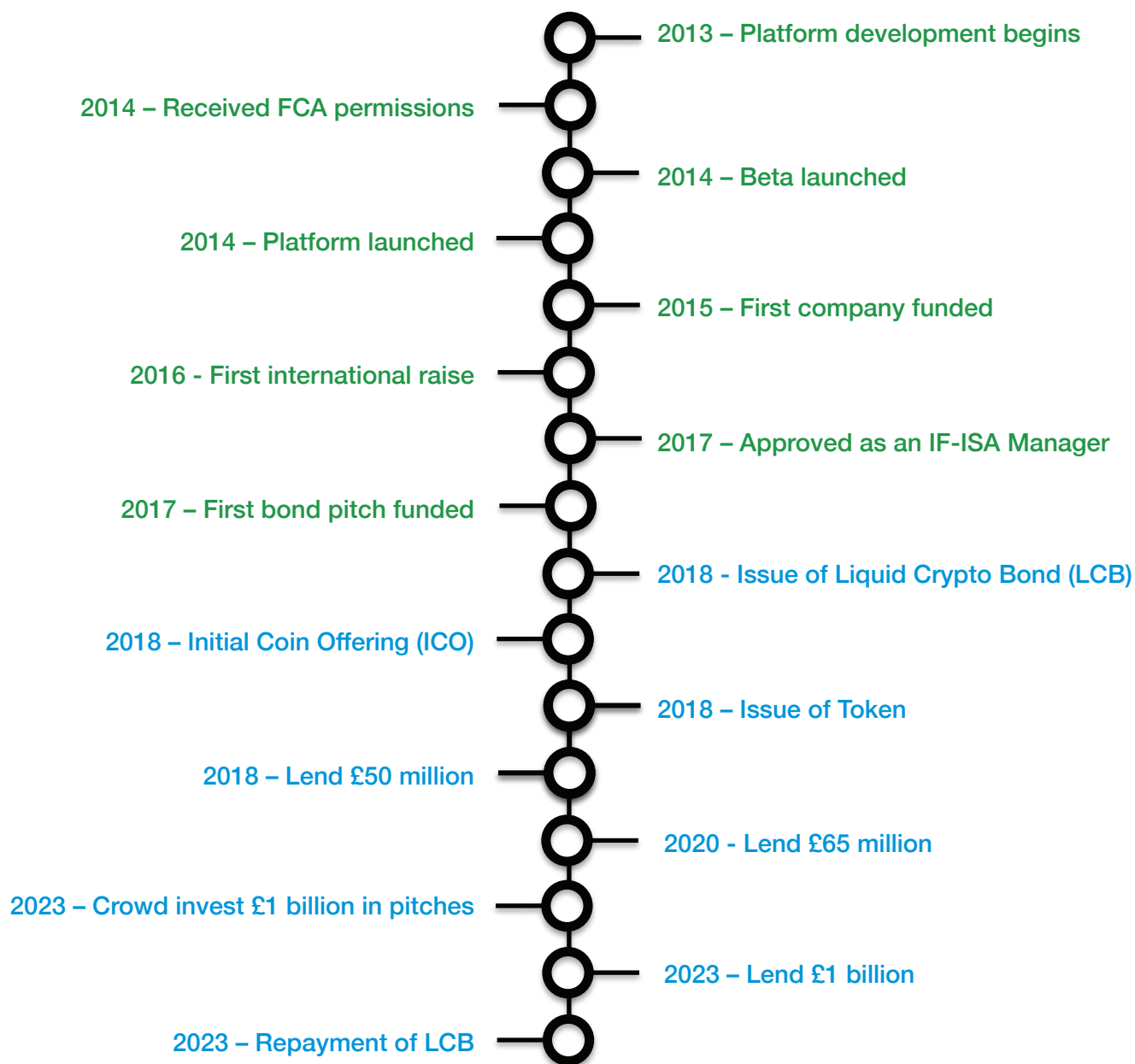
Figure 8: Exchange rate (Angel Token:GBP) forecast over a total of 2256 loans and 1000 simulations

Full details of the parameters used, a copy of the code and justifications can be found in the Agent based model code appendix.

**Forecasts are not a reliable indicator of future performance.**

## 18) Developments to date & road map

Crowd for Angels is delivering its vision to the market.



# 19) Our Team



**Tony De Nazareth**  
Director

Tony is the founder and CEO of Crowd for Angels and has four decades of experience in financial services.

Having worked as an investment banking executive in London, Luxembourg, Hong Kong and the Cayman Islands, Tony joined the Arab International Trust Company Ltd, where he helped to establish their financing and venture capital business. In 1999 he founded EC Capital, an independent corporate finance company specialising in the smaller quoted sector throughout Europe, and continues to be a director. He is also a director of social networking provider NinetyTen.

Tony has considerable experience of convertible loans, private investment in public entities (PIPEs) and corporate finance. He is the developer of financing instruments termed the 'Headstart Committed Share Finance Facility' and the 'Headstart Convertible Loan Facility' for Headstart Funds. Tony completed his Westminster Business School MBA in 1994, is a Fellow of the Institute of Chartered Accountants in England and Wales, and an Associate Member of the Association of Corporate Treasurers.



**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.

Danesh has been extensively involved in the junior mining sector and has sat on the board of numerous mining companies as Finance Director / Chief Finance Officer. He has been intimately involved in raising capital for junior mining companies based around the world and listing them in Toronto and London. His previous directorships include Aureus Mining., Canadian Zinc Corporation, Feronia Inc. and Ovoca Gold. He currently serves as Chief Finance Officer for Anglesey Mining plc, Xtierra Inc., Conquest Resources Ltd. and Minco plc. He is also is on the Board of Labrador Iron Mines Holdings Ltd in Canada and Iron AB.

In the financial sector, Danesh currently runs Global Preservation Strategies Ltd., an asset management firm based in the City of London that is regulated by the Financial Conduct Authority.



**Andrew Adcock**  
Chief Marketing Officer

Andrew graduated from University of Westminster and is the Chief Marketing Officer at Crowd for Angels, where he looks after the day-to-day marketing operations. He often attends and speaks at events on Crowdfunding, Alternative Finance and Investment.

Previously, he worked at NinetyTen, a web application developer and provider of Private Social Networks, whose clients included Nokia, Channel 4 and Shop Direct. He takes a keen interest in investing, app development & all things tech.



**Richard Gill**  
Compliance Officer

Richard graduated from King's College London in 2006. He began his career in the City of London shortly after, working as a smaller companies analyst for a specialist research business which is now owned by entrepreneur Jim Mellon. Richard achieved the Chartered Financial Analyst (CFA) qualification in 2012 and he is qualified to advise retail clients under the Retail Distribution Review.

Richard joined Crowd for Angels as Compliance Officer in 2015 and in 2016 co-founded Align Research, a specialist small cap research firm, where he is Head of Research.



**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 from University of Westminster. Kenrick was an intern at Ninetyten Limited. He interned at E.C. Capital analysing investments and subsequently become the assistant accountant at the company.

Kenrick is a keen chess player having been a member of the England youth squad and enjoys computer games.



## 20) Our Advisors



**Dr. John Collins**  
Technology 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.



**Ismail Malik**  
ICO Marketing Advisor

Ismail an ICO Strategist, Founder of ICOCrowd and Blockchain Labs has over 20 years experience in Technology related startups and entrepreneurship covering Asset Management, Cryptocurrencies, Mobile Payments in the City of London and Emerging Markets working with leading firms such as Vodafone, Cellnet and News International. Ismail was the founder of the world's first Blockchain Lab and first 'DLT' company within Level 39 in Canary Wharf (world's largest Fintech accelerator).



**Prof. Wilson Ng**  
Investment 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. He completed a doctorate in Management Studies (entrepreneurial family firms) at the Judge Business School.



**Henry Watkinson**  
Institutional Advisor

Henry's career began at Bankers Trust in London working on the Fixed Income trading desk. Henry is a Director at Headstart Advisers Ltd. Prior to joining Headstart in 2002, Henry worked for Credit Suisse Asset Management in Sydney specialising in Futures and Fixed Income, having previously supported the top performing Fund Manager at Morgan Stanley. Before this, Henry worked at ANZ Emerging Market Fund Management (later renamed Ashmore).



**Ken Tachibana**  
Marketing Advisor, Asia

Ken's professional passion is brainstorming and integrating impactful ideas on FutureSmartTech, top 1% talents, high performance and creative organizations, and strategic and innovative financing accessing integrated capital markets, i.e., Public/ICO/Venture Funding through Blockchain Infrastructures. Thus, creating an integrated centralized legacy structures with decentralized new generational structures.



**Dr. Theodosios Mourouzis**  
Blockchain & Strategic Advisor

Theo is an information security (with specialization in cryptography) and data analytics expert. He has a BSc and MSc in Mathematics from University of Cambridge and a MRes and PhD in Cryptography from University College London. He has experience applying analytics in several domain applications such as fraud detection purposes and device fingerprinting. He has worked in research projects funded by UK Technology Strategy Board (TSB) and UK CDE.



**Dr. Stylianos Kampakis**  
Statistics & Data Scientist

Dr. Stylianos (Stelios) Kampakis is an expert data scientist, member of the Royal Statistical Society statistician, honorary research fellow at the UCL Centre for Blockchain Technologies and startup consultant living and working in London. A natural polymath, with degrees in Psychology, Artificial Intelligence, Statistics, Economics and a PhD in Computer Science he loves using his broad skillset to solve difficult problems - <http://www.skampakis.com/>

### Technology Partners





# Risk Warning

## Risk warning

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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.



To find out more information and to register please visit  
**[crowdforangels.com/ICO](https://crowdforangels.com/ICO)**

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