



Annual Report 2017

Bridging the gap between
investors and borrowers



The Property Platform





OUR MISSION

Lendy is one of the UK's leading P2P platforms.

We are committed to making property investing and borrowing easier, offering high income returns to our investors and fast, flexible and competitive pricing for our borrowers.





The Property Platform

2016 AT A GLANCE*

+224%

£29.2m

GROUP TURNOVER

£3.3m

GROSS PROFIT BEFORE TAX

*Report and Accounts 2016

2017 PERFORMANCE

£35m+

INTEREST PAID TO INVESTORS

£141m+

REPAYMENTS OF PRINCIPAL TO INVESTORS

£362m

TOTAL MONIES RAISED



Company statement



Our aim is to continue to help our investors generate impressive returns from a range of exciting projects, while protecting their capital and improving our service offering to borrowers.

Liam Brooke

DIRECTOR AND CO-FOUNDER OF LENDY

2017 was the year we turned five, which in the world of P2P lending is almost a lifetime! We reached profitability in 2013 - and confirmed profits of £3.3m in our audited Report and Accounts 2016. And last year we also saw continued strong growth across our business, with significant increases in the size of our loan book, client numbers, and the amount of interest paid to lenders.

Despite increased competition in the sector, which saw some challenger banks under-cutting lending rates, we experienced rising demand from investors and borrowers. This meant we had a healthy pipeline of high quality opportunities to choose from, and the capacity to deliver on our deals.

Our aim is to continue to help our investors generate impressive returns from a range of exciting projects, while protecting their capital and improving our service offering to borrowers.

2017 was a year of change, with an uncertain UK and global economy. But the UK P2P sector is now being seen as a mainstream lender, and an important contributor to the health of the UK economy, with cumulative lending transacted through P2P platforms now far in excess of £8 billion.

Lendy finished the year having undergone a major rebrand, with lending and borrowing at record levels, a higher profile as a result of marketing and sponsorship activities like Lendy Cowes Week, and an enhanced business, with greater controls, governance, and client protection.

Our aim has been to continue to build a platform that places our customers at its heart. We believe the improvements we made last year are now delivering real benefits to our clients.

As our latest Report and Accounts showed, 2016 was a very strong one for Lendy, with growth in both turnover and profits, which was built on in 2017. Our balance sheet is more robust, and our growth has been closely controlled. We've also experienced growth in every area of the business. All of that has made us one of the few profitable P2P platforms in the market today.

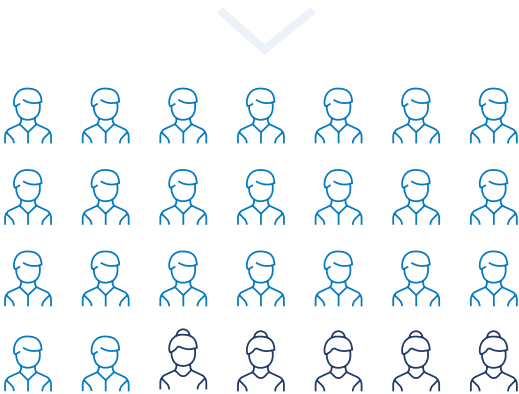
Customer insights

Putting customers at the heart of our business.

Our activity is driven by listening to our customers and analysing the market to build a strong picture of our clients' needs and wants. Everything we do as a company is based on this understanding.

19,500

NUMBER OF CUSTOMERS

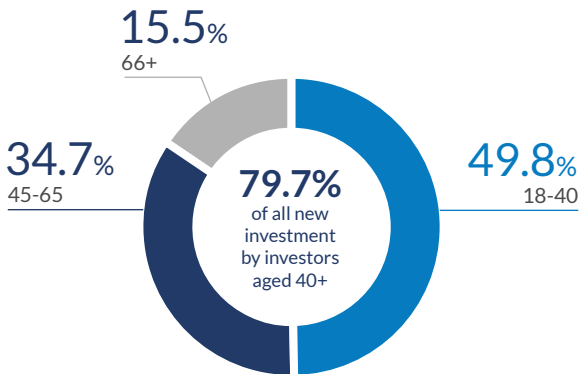


80.8%

MALES

19.2%

FEMALES



AGE RANGE

165,000

UNIQUE WEBSITE VISITS PER MONTH



39.8%

USE MOBILE AND TABLET

10,000+

UNIQUE SUPPORT ENQUIRIES PER ANNUM

Year in review

Our loans

2016/17 Performance

£362m



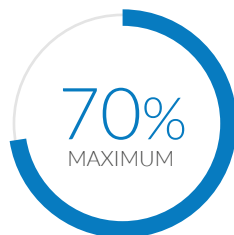
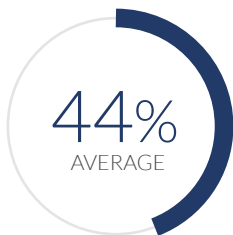
2-3 months

BANKS



24hr

LENDY



£42.1m
Bridging



£48.9m
Development



TOTAL LENDING - £101M

Loan book growing strongly

In 2017, we have continued to expand the opportunities we offer to our lenders, both in terms of size and diversity.

Capacity to deliver

Borrowers can be confident that if their project satisfies our stringent investment criteria and due diligence checks, we have the financial firepower to deliver. The majority of our opportunities are oversubscribed, as we have continued to grow. We also continue to grow our investor base year-on-year.

All this means we can make initial offers in principle within 24 hours of being contacted by a broker, whereas banks often take months.

Sensible LTVs

At Lendy, our maximum loan-to-value (LTV) ratio is 70%, but most of the deals we write are on LTV ratios significantly lower than this. In fact, of the loans we wrote in 2017, our average LTV is just 44%, giving our investors even more protection.

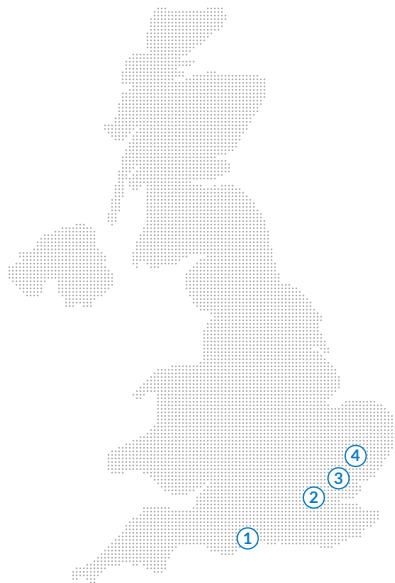
Backing more development as well as bridging loans

We backed £42.1m of bridging loans and £48.9m of development loans in 2017. That's some 42.5% bridging deals and 49.4% development loans.

Year in review continued

Our loans

2016/17 Performance



1. PBL152 - Christchurch (repaid)
2. PBL143 - London (repaid)
3. PBL047 - Essex (repaid)
PBL048 - Essex (repaid)
PBL049 - Essex (repaid)
4. PBL160 - Suffolk (repaid)

Diverse scale and scope of projects and properties

We funded over 70 projects in 2017. Our loans typically range from **£100k to £10m+** and cover a wide range of property types and locations nationwide, from **Cornwall to Scotland**. This scale and scope is vital for portfolio diversification, so that investors can include a wide range of different types of property asset within the mix, helping to reduce risk and drive desired target returns.

Record-breaking loan repayments

October 2017 saw a record-breaking month for loan repayments, with £20m being recovered in just one month alone. The record figure included repayments on P2P loans on three caravan parks in Christchurch, Dorset, totalling £7.6m and a Manchester mill of £1.35m

Some of Lendy's major repaid deals in 2017 include:

- **Case study 1: Port View Caravan Park (PBL152)** - 12-month bridge on a caravan and camping touring park with 200 pitches. £3.18m (50% LTV) was required to assist with purchase/OIP in Nov 16, with loan drawdown in Feb 17. The loan was fully repaid in Oct 17.
- **Case study 2 - JML House (PBL143)** - a warehouse and office building constructed in 1998, which was latterly used as a film studio. It was Lendy's largest single asset loan, with all investors repaid in full.
- **Case study 3 - The Chase (PBL 47, 48, 49)** - bridging finance on three large development sites, with all three sites fully repaid.
- **Case study 4 - Seckford (PBL160)** - a large single asset loan, a large, newly built, luxury residential property, a development plot and additional land, with all investors receiving full repayment.

Year in review continued

Our returns

2016/17 Performance

£34.7m

2016

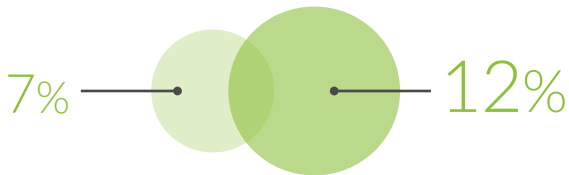
£15.7m

2017

£34.7m

Almost £35m returned to investors

£34.7m has been returned to investors since 2012 - that's well over twice the amount (£15.7m) we'd returned to investors this time last year.



Consistently double-digit returns

Lendy offers returns of up to 12% pa - providing investors with an impressive level of income, at a time when rising inflation and continued low interest rates are eroding savings. Our loans have ranged from 7-12%, with the opportunity to earn additional cash back and bonuses.



Year in review continued

Our performance

2016/17 Performance

£106m

Secondary loan part value



Active secondary market brings liquidity

In 2017, there were 280,201 secondary loan part sales with a total value of £106m.

10,000,000

transactions



Account transactions

10m account transactions undertaken since 2012.



Our innovation

We never stop looking for ways to improve our service. **In 2017 we:**



Enhanced our platform features

Our platform now has even more functionality and is easier than ever to use. Improvements include new features to help improve the liquidity of the available loans market, a new Help Centre and greater visibility over interest status and deposits.



Invested heavily in due diligence

Stringent due diligence is key, and we have ramped up our internal credit and compliance expertise, and strengthened our processes. This includes a five-phase credit assessment to ensure we select only high quality investment opportunities. We are also supported by a panel of reputable law firms and specialist RICS-registered valuers.



Press



The Guardian
JULY 31ST 2017



City AM
FEBRUARY 9TH 2018



Bridging & Commercial
FEBRUARY 16TH 2018

Our innovation continued



Reviewed our recovery strategy

We take an equally robust approach to contingency planning to ensure that if problems arise, suitable recovery options are available. We recently added extra experienced personnel to our team and reviewed our recovery strategy and default policy so that if there is cause for concern, we find the best way of returning capital and interest to investors.



Set sail at Lendy Cowes Week

In 2017 we also became the title sponsor of Cowes Week, one of the world's premier sailing regattas. This has allowed us to raise the profile of our brand and attract new lenders and borrowers, as well as helping ensure this fabulous event goes from strength to strength.

We also sponsored two young tennis players at Wimbledon. Katy Dunne and Harriet Dart took on Britain's number 2, Heather Watson and her partner Naomi Brody at the 2017 The Championships - Wimbledon.



"I was invited to come to the Isle of Wight...have a little sail... WOW I didn't expect that!"

JODIE KIDD
SUPER MODEL AND
BROADCASTER



Read all about it

2017 was a great year for the company.

But that's no good if no-one knows about it. We've therefore placed a stronger emphasis on communication, which has resulted in a:



↑ **38** %

increase in positive national press coverage in 2017 compared with 2016



↑ **102** %

increase in PR related trade publication coverage in 2017 compared with 2016



52

news releases produced - averaging one per week. And generated over 140 items of coverage in both national and trade media.

Read all about it continued

We hit the road, exhibiting at the **NACFB Finance Expo in June**, and we attended a large number of industry events including the Moneywise, B&C and Moneyfacts conferences, and won a string of awards.



Our awards

In 2017 we were named:



Moneywise Customer Service Awards 2017:
Best P2P Platform
★★★★☆



F5 Future of Finance Awards:
Top Alternative P2P Platform:
Credit Strategy



B&C Awards 2017:
Highly Commended
Alternative Lender of the Year



Lendy was also shortlisted for the following awards:



B&C Awards 2017
Best Use of Fintech



Shares Awards 2017
Best P2P Lending Platform



Moneyfacts Consumer Awards 2018
P2P Provider of the Year



British Bank Awards 2018
Finalist in Best Investments Provider
and Best Alternative Finance

Read all about it continued

And we spread the word via a number of online and print marketing campaigns to attract both new investors and new borrowers.



Looking ahead

With continuing uncertainty over Brexit and a slowing housing market, 2017 has had its challenges. Against this backdrop, our success in the last 12 months is a testament to the strength of our offering.

Lendy has pioneered best practice, enabled over 70 investment and development projects to go ahead, and delivered impressive returns to our investor community, which were hard to beat in our low inflation, low interest rate environment.

We are continuing with the process of achieving our FCA authorisation this year. This is a lengthy process providing the FCA with the evidence required in this ever-changing marketplace. Once authorised we'll be able to offer a range of innovative new products, including a range of Bond based investments and the IFISA.

We've also won a number of awards, increased our staff headcount, bringing in strong financial services experience and expertise, and introduced a range of innovative new developments - that's why we believe we're recognised as one of Europe's leading P2P secured property platforms.

We plan to build on these firm foundations in 2018, with a raft of exciting new investment opportunities in the pipeline and demand from investors and borrowers remaining strong. New products to attract investors looking for more of the hard work done for them are also being considered.

Improving website and mobile user experience are top of the 'to do' list, and we are keen to continue to listen to our customers about improvements they would like to see.

And we have even bigger plans for Lendy Cowes Week in 2018, so we look forward to seeing you on the waterfront from August 4-11!

For more info call
0800 779 7706
or visit lendy.co.uk

All loans made through Lendy's platform are secured on UK property; however, your capital is at risk should a borrower default. Funds lent through a peer-to-peer website are not covered by the Financial Services Compensation Scheme (FSCS). Past performance is not a guarantee of future performance. Please obtain independent advice if you are in any doubt as to whether this platform is suitable for you or if you require tax advice. Please review our full risk assessment at <https://lendy.co.uk/risk>

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