

## LANDLORDINVEST OUTCOMES STATEMENT FOR THE FINANCIAL YEAR 2020

Pursuant to Financial Conduct Authority (FCA) rules, this is LandlordInvest's Outcomes Statement for the financial year 2020.

The Outcomes Statement will help you monitor and understand the performance of the loan portfolio, as it will show the expected and actual default rate of all loans originated within a financial year by reference to risk categories.

LandlordInvest's risk rating are based on a number of factors including data sourced from leading credit agencies, data suppliers and financial information the borrowers supplies to us.

Many lenders use this data in their decisions on whether to lend to borrowers.

There are many factors taken into account when assigning a risk rating, including:

- Borrower's income and expenses
- Borrower's financial standing (asset and liabilities)
- Borrower's credit history
- Borrower's ability to service a loan
- Loan purpose
- Exit strategy
- Security (property)
- Projected income and expenses from the property

All borrowers are carefully reviewed and assessed before their loan becomes available for funding on LandlordInvest's lending platform. Only borrowers that we determine to be creditworthy are allowed to borrow through us.

The risk ratings range from A to D, where A is lowest risk. Please see the [How it works page](#) for more information on how our risk rating is set.

Risk Rating	Expected Default Rate*	Actual Default Rate
A	0.28%	0.00%
B	0.56%	0.00%
C	1.45%	3.91%
D	4.48%	0.00%

\* Expected default rates are calculated using mortgage statistics from FCA which is then adjusted based on LandlordInvest's internal view of the additional risk in the various risk ratings. In more detail, we assume a base rate of 0.56% representing a "B" risk rating and adjust this using an exponential growth factor of 0.5 x ratings index (A = 1, C = 3 etc).

Please keep in mind that past performance is not a reliable indicator of future results.

LandlordInvest defines default when two of the following events have occurred:

1. the borrower has missed two or more interest payments, or
2. when the loan is not repaid on the loan maturity date,

**AND**

3. any enforcement actions (means the enforcement by any means of any security and/or the instigation of any insolvency proceedings (or analogous proceedings) affecting the Borrower, including the appointment of an administrator, liquidator, receiver or other similar officer in respect of the Borrower or any of its assets or in respect of any third party or any of his/its assets) are undertaken.