



LENDERMARKET LIMITED RISK DISCLOSURE STATEMENT

Effective Date	May 5, 2023
Approving Authority	Board
Approval Date	May 5, 2023
Version	1.0
Responsible unit	Compliance

Any kind of investing involves a level of risk, and funding of loan originators are no exception. Investment in crowdfunding projects entails risks, including the risk of partial or entire loss of the money invested. Your investment is not covered by the deposit guarantee schemes established in accordance with Directive 2014/49/EU of the European Parliament and of the Council. Nor is your investment covered by the investor compensation schemes established in accordance with Directive 97/9/EC of the European Parliament and of the Council.

You may not receive any return on your investment. This is not a savings product and we advise you not to invest more than 10 % of your net worth in crowdfunding projects. You may not be able to sell the investment instruments when you wish. If you are able to sell them, you may nonetheless incur losses.

We have therefore described below, in more detail, some of the potential risks in investing in loans. You should note that the risks described below are not intended to be exhaustive. We ask you to take time to carefully familiarise yourself with each of the risks and to properly assess whether investing in such early-stage companies is appropriate in your particular circumstances.

Risk Disclosure Statement

Date: [May 5, 2023]

You should seek independent professional advice if you do not fully understand the risks of or services related to investing through the Lendermarket platform (the "Platform") operated by the authorised crowdfunding service provider Lendermarket Limited.

Generally, investments made through the Platform are not made in or accompanied by a prospectus that is lodged with or registered by a regulatory authority, and therefore statutory liability in relation to the content of prospectuses would not apply. Although information is provided over the Platform, you should also note that there is no strict statutory obligation for offerors to provide you with information that one may reasonably require to make informed assessments of such offers.

Most of the companies raising funds through the Platform are small- or medium-size companies. Lending to companies comes with a number of significant risks as there is no certainty whether an early-stage company you invest in will succeed to the point where your investment is returned, or you receive any return on your investment. Small and medium-sized companies also face a range of business risks. Therefore, lending to these companies may involve a number of significant risks.

You should NOT invest in the loans offered on the Platform unless you fully understand the risks and potential consequences, including the potential of losing all of your principal investment, and you are prepared to take such risks and able to bear such consequences. You should carefully consider whether investment is suitable for you in light of your knowledge and experience in financial and business matters, investment objectives, financial means and the risks that you are prepared to take and the losses you are able to absorb. You should also only invest in these types of securities as part of a well-diversified portfolio and ensure that your investable capital is spread across a number of assets and businesses, and not too highly-concentrated in a small number of companies or businesses.

We have listed below some of the risks that you should consider and be aware of before making any investment through the Platform. However, this list is not intended to be an exhaustive or comprehensive description of all relevant risks. You should regularly review information on the loan originators, the investment made and the market developments that are available on our Platform and other public sites, and, as required, seek professional advice, to ensure that any investments made and held through the Platform remain suitable for you in your particular circumstances.

- Loss of investment

The biggest financial risk to an investor is losing the entire investment. Investments available through the Platform include loans to mature businesses but also to companies without a proven track record. Most of the early-stage businesses are also at the risk of barely surviving with no profits or growth in the immediate years following your investment. In such cases, it is highly likely that you may lose your principal investment completely. Even if a company does become profitable, it is not guaranteed that your initial investment will be returned or you will receive a return on your investment as such returns are highly variable. You should be aware that any returns you could potentially receive might not cover your initial investment and may also be inconsistent in amount and frequency.

Loss of investment may stem from general risks as well as business-related risks. General risks can include (but are not limited to) geographical risks, political risks, legislative risk, and economic risk. Business risks include: risks arising from fluctuations in market demand for the products or services offered; industry risk (meaning, risks inherent to the business area in which the company operates); competition risk (including, for example, the risk that a competitor is not only in the same area but better able to service customers or suppliers in that area); growth risk (for example, that the company grows too quickly versus business demand for its products or services, or that it is unable to grow to a level required in order to be successful); employee risk (for example, that key employees required for the business cannot be recruited or retained); fraud risk; and revenue risk (such risks vary from company to company, but include risks that may prevent revenue being released such as the costs of new product launches or research and development costs, which cannot always be accurately budgeted).

- Low liquidity

There is no assurance that active trading will occur or be formed, or that any market for the investments will develop. In these circumstances, you are not able to sell your investments in a timely manner or at the expected price level. Hence, it is impossible for you to cash in on or exit investments.

- Differences in legal and regulatory regime

If a project owner is in a foreign jurisdiction, or the loan is structured through a foreign special-purpose-vehicle, or you purchase receivables that originate from foreign project owners, your investment and/or continued holding of interest may be subject to the laws and regulations of that jurisdiction. The investment or you yourself may be subject to additional tax liabilities, transaction costs or capital controls under the foreign laws. Any claims or action may need to be raised before foreign courts or authorities. You should be aware that overseas markets may be subject to rules which may offer different or diminished investor protection as compared to EU, or any other jurisdiction in which you reside or are domiciled.

In addition, countries and markets where foreign project owners are registered and operate may not be familiar to you and it may be difficult to make a full assessment of the risks involved. Political, legal, economic, financial or other developments in these countries or markets may significantly affect the financial condition or results of operations of companies. These developments may sometimes come unexpectedly not only to investors but also to companies operating in these markets.

Before making an investment in loans offered by a foreign project owner, you should be fully aware of the types of redress available to you in Ireland or other countries and the jurisdiction of the foreign project owner, as any claims or action may need to be raised before foreign courts or authorities and even if any judgments are obtained, there may be difficulties in attempting to enforce these in Ireland or the other jurisdiction in which you reside.

You should remain mindful that in some countries, legal concepts which are practised in mature legal systems may not be in place or may have yet to be tested in courts. This would make it more difficult to predict with a degree of certainty the outcome of judicial proceedings or even the quantum of damages which may be awarded following a successful claim.

- Different costs involved

Each payment on interest may be subject to additional tax liabilities, transaction costs, duties, charges or capital controls under the foreign laws. Before each investment into foreign project owner, you should be clear on all fees and other charges for which you may be liable as such charges may affect your net profit (if any) or increase your loss on the investment made.

- Currency risk

You should be aware that the loans may be denominated in currencies different from the currency of your home country. Investments made through the Platform are displayed in currencies which we as a service provider support, although if sometimes project owners are able to accept capital only in a currency we are not able to support, the investment made by an investor may be denominated in different currencies. Respective amounts must be converted which often results in changes in the investment amount due to rounding and conversion costs.

In all these cases, your investment return will be affected by exchange rate fluctuations and you will therefore be exposed to foreign currency risk. Currencies depreciate or appreciate value against each other and this may correspondingly reduce or increase the value of your investment in foreign currency terms. Further, currencies may be devalued or revalued, or countries may establish capital movement restrictions. Any of these events or restrictions may adversely affect the value of your investment or your ability to invest or hold assets in foreign currencies.

Your payment service provider may also charge fees for converting funds into foreign currency or for making payments in foreign currencies.

- Risks related to clients' assets

We may hold money for you or otherwise in connection with investments (e.g. through a SPV). We provide such services under laws and regulations applicable for holding client money. Whilst trust arrangements are well-established and frequently utilised under Irish law, and in other common law jurisdictions, and recognised as effective under a number of other jurisdictions, foreign laws or courts do not always recognise trust relationships.

Accordingly, holding money collectively for investors, may adversely affect the way we are able to exercise rights attached to and money may become subject to proceedings that limit our ability to get access to, or dispose of, them. Whilst we take all reasonable steps to guard against this, there is also a risk that we make mistakes or become subject to a fraud which may result in a loss of assets held by us.

- No assurance that information from the companies that you invest in will be accurate or accessible

The financial statements of the companies in which you invest may not be subject to a statutory audit. As such, the financial information presented to you may not have been ascertained or reviewed by a qualified auditor. An unaudited financial statement may not accurately reflect the financial health of a project owner. The financial statements of the companies also may not be made accessible to you in the absence of requirements in their home country for them to do so. In addition, the information made public by a project owner may also be general in nature and may not have been verified by any independent parties.

- Investment structure

Most of the investment opportunities made available through the Platform are arranged through a direct lending model. It means you will not become a direct shareholder of the project owner, nor receive convertible instruments, but investors will provide direct loans to project owners. This means the investor is becoming a creditor of the project owner upon effectuating the debt instruments. Lending to one project owner is arranged separately for each participating investor.

- Pending Withdrawals

Instant settlement is rarely possible for multiple reasons, especially concerning international money transfers. While transfers are in the process of being made, pending withdrawals can occur. Pending withdrawals represent money that is in the process of being transferred to the investor's account. Receivables from Loan Originators are settled in batches where investments and repayments are offset against one another and the difference between the two is transferred. Due to this there can be instances where the new investments made are less than the amount of borrower repayments. In such instances, investor's withdrawals become pending withdrawals while waiting for payment from the Loan Originator. Pending withdrawals are segregated from the platform's own funds and are not related to the company's liquidity.