



# ThinCats

## Lending through ThinCats

How the ThinCats peer to peer lending platform operates

## About Peer to Peer Lending

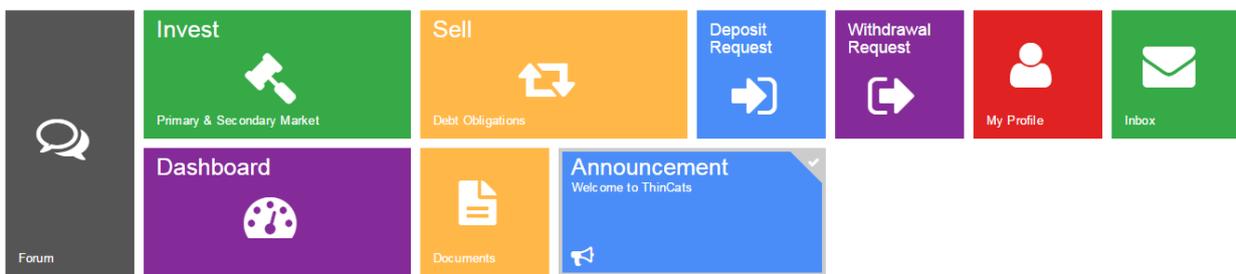
ThinCats uses an internet-based platform to put together syndicates of individual lenders, each contributing a small part of a large loan to a single borrower. Each lender provides a proportion (“loan part”) of the direct loan to the borrower.

Lenders have the ability to select the borrowers that they wish to lend to, decide the amount and place bids at the interest rate that they wish to be paid. Loan parts are allocated at auction close, prioritising lenders who are willing to accept a lower interest rate. The platform manages all legal documentation, the collection of interest and capital repayments from the borrower and allocation of income to the lenders.

## Joining ThinCats, and the auction process

After completing registration, which is free, you will have access to the Home Screen on the platform:

ThinCats



By clicking on the ‘Invest’ button, you can see what open auctions are listed:

Primary Market		Secondary Market							
Loans In Auction									
30 records per page <span style="float: right;">Search: <input type="text"/></span>									
Loan Name	Amount Required	Amount Bid	Auction Start	Time Remaining	Fixed Rate	Interest Only	Current Max Rate	Target Rate	Action
Pitsbury Farm SW Ltd 2C	£170,000	£81,000.00	10 Feb 2016 at 16:00:00	12.99 days	✓	✓	13.50 %	13.50 %	<a href="#">View</a>
Pitsbury Farm SW Ltd Loan 2B	£170,000	£105,000.00	10 Feb 2016 at 15:30:00	12.97 days	✓	✓	11.25 %	11.25 %	<a href="#">View</a>
Pitsbury Farm SW Ltd Loan 2A	£180,000	£72,000.00	10 Feb 2016 at 15:00:00	12.94 days	✓	✓	11.75 %	11.75 %	<a href="#">View</a>
ECSLL Ltd	£180,000	£180,000.00	05 Feb 2016 at 09:00:00	Ended	✓	✓	10.00 %	10.00 %	<a href="#">View</a>
Rayleigh SPV2 Ltd (Staddon House Loan 4)	£475,000	£259,000.00	04 Feb 2016 at 10:00:00	7.74 days	✓	✓	11.00 %	11.00 %	<a href="#">View</a>

The main market, for auctions of new loans, is the Primary Market. To lend, you must be registered and have deposited sufficient funds into your client account to make the minimum bid. There is a minimum bid of £1,000 and the maximum bid is the whole amount of the loan. Bids must be made in multiples of £1,000.

No bids will be accepted unless you have sufficient cleared funds in your ThinCats account to meet your commitment for the bid you are making.

There are two types of auctions; “variable rate” and “fixed rate”.

- In a **variable rate auction**, you set the interest rate that you want to receive and the platform will allocate the loan to the lowest bids which make up the total loan value, discarding any bids that are too high. Each successful syndicate member gets the interest rate that they actually bid. It is therefore possible to make multiple bids (and subsequently be allocated multiple loan parts) at different interest rates for the same borrower.
- In a **fixed rate auction** the interest rate is set in advance and bids are accepted on a ‘first come first served’ basis. The interest rate is fixed but popular auctions fill quickly and lenders may have to act fast if they want to be part of the syndicate.

Variable rate auctions will normally also offer the opportunity to use ‘dynamic bidding’. This allows you to set a floor i.e. lowest acceptable interest rate. The system will then try to get the best price possible for you at or above your minimum rate.

Generally smaller auctions tend to be variable in order to allow anyone who wants to bid to have chance and ‘rationing’ is done on the basis of price. Larger loans are often listed on a fixed rate basis where ‘rationing’ is done on the basis of time.

## The bidding process in detail

You can request electronic messages informing you about the progress of the auction, such as when other Lenders have outbid you in a variable rate auction. If you have been outbid your funds will be released, allowing you to submit another (lower) bid if you wish or to bid in another auction.

Once you have confirmed a bid it cannot be withdrawn. If your bid is successful, you must honour your commitment to make the loan.

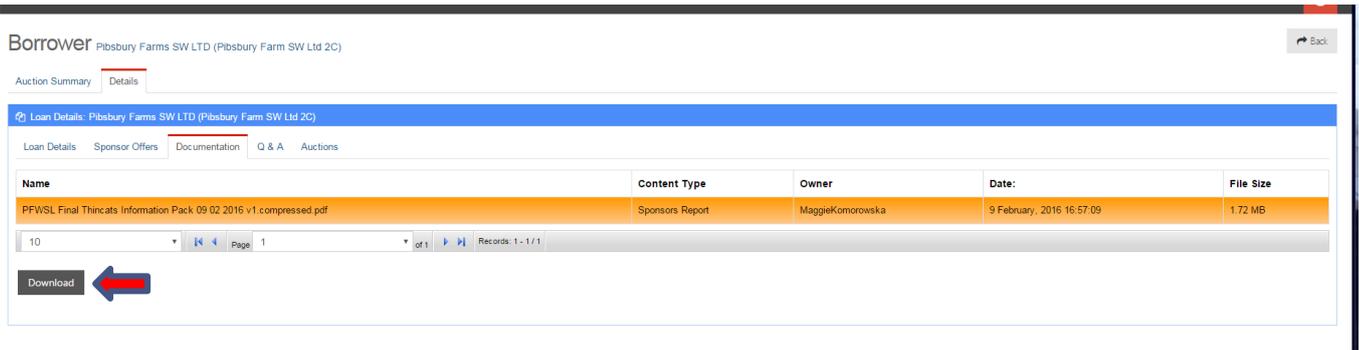
The Borrower may decide to end the auction early if sufficient funds have already been bid at an acceptable interest rate. In the case of an auction that has not yet reached the minimum required, the platform may decide to extend the period of the auction to allow additional time for further bidding. If a variable rate auction is extended, the auction will be closed as soon as possible after the auction has filled.

Following auction close, loans will be drawn down as soon as all loan documentation is received and approved by ThinCats.

## Staying informed about auctions

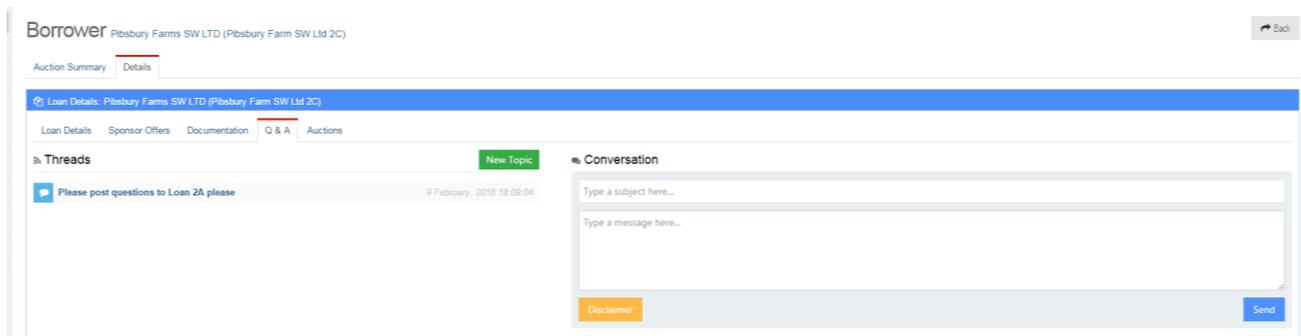
A weekly email – *Weekly Deals* – is published every Tuesday, listing new auctions, and those which are being drawn down. However, new auctions are listed any day of the week, thus it is advisable to check the listings regularly.

Each loan on the Primary Market comes with comprehensive supporting information, including a downloadable Information Pack. You can find this by clicking the ‘View’ button on the right hand side of each open auction listing.



Information Packs describe the opportunity and provide background information, which may include business plans, credit reports, information on security, and past accounts. The sponsor helps (and is paid by) the borrower to put together the deal and Information Pack.

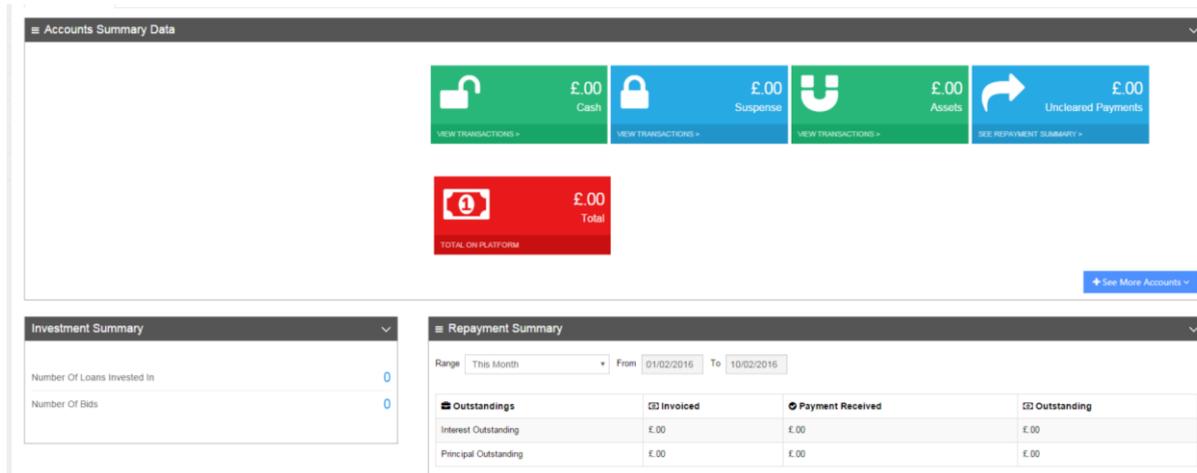
You will be able to ask questions or request further information using the Q&A facility within each auction.



The majority of posts are made available to all Lender Members to view. There is also a Forum where members can exchange information and opinion on auctions, and also engage Sponsors and Borrowers.

## Information on your account

The Dashboard provides information on the status of your loans, including loans outstanding, capital and interest received, the amount held in your client account and related information.



## Secondary Market

In addition to the main Primary' Market there is also a Secondary Market where existing loan parts can be traded among members.

Purchases on the Secondary Market are made on an as-seen basis and limited new information is provided. Prospective purchasers can use the ThinCats website and Forums to research the information provided at the time of the original auction.

### Safeguards

If we suspect that there may be a problem with any loan, ThinCats prevents the sale of loan parts on the Secondary Market by changing the loan status. A list of the loan statuses of all loans is kept in Dropbox.

There are several possible reasons for blocking Secondary Market sales, most of which relate to things that are not in the public domain but may impair the value of a loan. Examples include impending or actual legal action, likelihood that a loan may be repaid early or the borrower encountering trading difficulties.

## What happens to your money after the auction is complete? Drawdown and payment

When a Loan for which you have made a successful bid is drawn down by the Borrower, the full value of that loan will be transferred from the platform to the bank account of the Borrower.

Interest and capital repayments due from borrowers is collected and allocated to Syndicate members each month, proportional to the sum of the loan part(s) that they hold. Your share of any loan interest and capital will be transferred into your client account and you will be able to view the status of your account on the Dashboard.

When you make a loan, it is an agreement directly with the borrower. Loans are not made through a fund or bank so if you have a portfolio of loans they are all independent investments.

You may withdraw all or part of the uncommitted funds in your client account at any time by sending a request via the website. Upon receiving that request we will transfer the funds to your bank account. Funds can only be returned to the bank account from which they were transferred, except by prior arrangement.

## Membership Fees

### Primary Market

We do not charge a fee for registering as a lending member or for lending money.

### Secondary Market

We charge the seller a fee of 1% of the capital outstanding that is sold (rounded to the nearest whole pound). Buyers do not pay a fee.