Goji Diversified Lending Bond

Goji's Lending Partners

January 2018

Empowering Direct Lending

IMPORTANT NOTICE

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January 2018.

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We're only as good as the partners we choose

Goji takes partnering very seriously; after all, it's at the heart of what we do. We offer our investors highly diversified, risk-managed Direct Lending products, and that means selecting who we believe are the very best lending partners from the UK Direct Lending industry. Our rigorous selection process means we only work with partners who meet strict criteria on who they lend to, how they assess risk, how they handle defaults and importantly, how they complement each other. We have partners who cover SME loans, real estate lending, leasing and even financing Government backed educational institutions. This combination of lending partners means Goji can offer a truly diversified portfolio of secured loans selected from robust partners across the UK Direct Lending landscape.

We're also proud that by supporting these businesses, we're helping to power the UK economy. Whether it's helping a university build its new halls of residence, a farm owner diversify into renewable energy provision, or an SME to expand into a bigger property, it makes us feel good about what we do. We hope it makes you feel the same.

HERE ARE OUR PARTNERS

Funding Circle

assetz capital

THINCATS

GROWTH STREET

Prestige ASSET MANAGEMENT

lendinvest

sancus straightforward financing

Meet: Funding Circle UK

Who are Funding Circle?

A Direct Lending platform that focuses on giving SMEs access to fast, flexible, transparent and tailored finance. They've lent £3.2 billion to 40,000 businesses globally (although we only work with the UK part). Businesses apply online, and once they pass the credit assessment, the loan is randomly allocated by Funding Circle to either whole or fractional loan markets. Once the loan is accepted by the business, Funding Circle then manages the collection of repayments from borrowers to investors.

Why do we like them?

Funding Circle gives Goji exposure to SME loans with the opportunity to earn attractive, stable returns. We believe Funding Circle has strong capabilities across marketing, technology, underwriting, servicing and collections, and is well-positioned to serve SMEs looking for an alternative to bank finance:

- Funding Circle launched the Funding Circle SME Income Fund in 2015 and has raised over £300m since launch. This gives us confidence that Funding Circle are used to dealing with institutional funds
- The European Investment Bank started investing through Funding Circle in June 2016
- Funding Circle launched the first securitisation of P2P SME loans in Europe in May 2016. The offer was backed by the German Development Bank (KFW) in association with the European Investment Fund

The outlook is positive

Funding Circle has raised circa £250m in equity from investors since it launched in 2010, including some who've also backed a number of high profile technology companies. Funding Circle has also recently announced that it is considering an IPO.

At a glance

Class of lending	SME
Date founded	2010
Amount lent to date	£3.1 billion
Risk management	Personal guarantees typically required from borrowing company directors
Performance **– Loss rate** **– Recovery rate**	2.1% annual bad debt rate, after recoveries (48% recovery rate)

Source: Funding Circle.

Meet: Assetz Capital

Who are Assetz Capital?

Founded in 2013, Assetz Capital are one of the UK's largest online lending platforms offering investors a number of structured options as well as a more classic platform approach. Investors can choose to fund UK SMEs, clean energy initiatives or property-secured lending.

Why do we like them?

- Assetz Capital have won awards for service, quality of product and focus on innovation including from DeFaqto and Moneynet. They are one of only four lending platforms to hold a five-star rating from Defaqto, the independent financial information business' highest rating in the 'Loan Based Crowdfunding' category
- Assetz Capital have just been granted full FCA approval and are now able to offer their products within the new Innovative Finance ISA

The outlook is positive

In the past four years, nearly £300 million worth of loans have been issued through the platform, with investors earning total gross interest of more than £23 million. Assetz are continuing to invest heavily in its borrower pipeline to ensure that both the quality and quantity of its investment opportunities are on the up.

At a glance

Class of lending	SME
Date founded	2012
Amount lent to date	£406 million
Risk management	Security taken on loans including charges on property and debentures
Performance **– Loss rate** **– Recovery rate**	Total bad debt, after recoveries, of 0.08% of the amount lent out in 2017

Source: Assetz Capital.

Meet: ThinCats (ESF Capital)

Who are ThinCats?

ThinCats is an online lender specialising in secured SME loans. Since its launch in 2011, ThinCats has facilitated over 750 loans totalling over £205 million for UK SMEs. ThinCats is owned and backed by ESF Capital, the specialist asset manager that manages money for institutions and other professional investors. Returns vary typically range from 7–12% per annum depending on the risk profile of the borrower. Please note, past performance is not indicative of future returns. Investors benefit from a professional credit analytical and underwriting process, proprietary technology and dedicated monitoring and recovery teams.

Why do we like them?

Institutionally backed – ESF Capital, ThinCats' parent company, has a high-quality presence in Direct Lending and means that the lending has the oversight of a professional asset manager. ESF Capital is backed by leading UK and US institutions, including one of the UK's largest pension funds. ESF's senior management team has an average of 30 years' experience, across banking, asset management, operations and IT.

The outlook is positive

ThinCats have announced they're teaming up with Hennik Edge – the network advisory team for manufacturers – to support companies which require a level of capital to take their businesses forward by making £100m available for funding.

They have also just announced a modern new rebrand and easier to navigate website, which we believe could potentially improve the borrower experience and increase the volume of new clients onto the platform.

At a glance

Class of lending	SME
Date founded	2011
Amount lent to date	£272 million
Risk management	Security taken on loans, typically first ranking debentures
Performance **– Loss rate** **– Recovery rate**	4.98% defaults, 85% recovery

Source: ThinCats.

Meet: Growth Street

GROWTH STREET

Who are Growth Street?

Founded in 2014, Growth Street offer SME's up to £1m of flexible working capital finance. If it's not used, there's no charge. Goji invest with Growth Street who allocate funds across various SME borrowers using their proprietary credit model and advanced cloud accounting integrations that use first hand financial data to assess risk.

Why do we like them?

- Robust ongoing relationship monitoring – Key business metrics are continuously reviewed and verified. Borrowing facilities are uncommitted, so drawdown requests are only processed if, using the live accounting data, Growth Street can see borrowers are complying with covenants
- Growth Street offers a Loan Loss Provision fund which is designed to repay investors in the event of a borrower default. To date, the Loan Loss Provision has paid investors for all capital and interest they were owed in cases of a default

The outlook is positive

Growth Street's product offering continues to appeal to borrowers thanks to its seamless online experience and sophisticated underwriting model – they have lent out over £100 million since their founding in 2014.

At a glance

Class of lending	Short-term SME
Date founded	2014
Amount lent to date	£33 million
Risk management	Provision fund equal to 7.3% of loans outstanding. Risk mutualised over all borrowers.
Performance **– Loss rate** **– Recovery rate**	6 defaulted facilities. No investor losses so far, as provision fund paid out investors in 4 cases, and borrowers made repayments in 2 cases.

Source: Growth Street.

Meet: Prestige Asset Management

Who are Prestige?

Prestige are a UK based, FCA regulated, asset management group. They were founded in 2007 and currently have over $900m under management. They specialise in Direct Lending and typically lend to agricultural clients who wish to either modernise equipment or expand away from traditional farming and into renewable energy generation through wind turbines, solar panels or anaerobic digestion. They have experience with institutional clients such as pension funds and sovereign wealth funds, and we're pleased to partner with them to offer the Goji Renewables Bond, bringing their Institutional-level expertise to UK advisers.

Why do we like them?

- Over 10 years of Direct Lending experience serving institutional clients
- Robust risk control with a focus on capital preservation – loans are secured on real assets such as land, buildings and equipment
- Prestige's focus on Renewable Energy supports the UK agriculture sector to diversity into new and sustainable growth areas

The outlook is positive

The UK has an energy deficit and ambitious sustainable energy targets. Traditional sources of energy production can't keep up with demand and UK agriculture is making the most of this opportunity by expanding into new areas such as anaerobic digestion, solar and wind power (especially important given that traditional farming practices like dairy are becoming less profitable).

As banks continue to restrict lending, direct lenders such as Prestige are stepping into fill this gap and we are proud to support UK farming as it adapts to significant change.

At a glance

Class of lending	Leasing
Date founded	2007
Amount lent to date	$1.5 billion
Risk management	Risk mutualised over pool of borrowers
Performance **– Loss rate** **– Recovery rate**	2% default rate

Source: Prestige Asset Management.

Meet: LendInvest

lendinvest

Who are LendInvest?

LendInvest was originally established as private equity manager Montello in 2008, and captured significant market share in UK real estate lending at a time when banks were reluctant to lend. In 2013, the Montello executives founded LendInvest, an online marketplace lender. They're now one of the leading providers of property finance in the UK; they provide fast finance for property professionals and access to investment in secured property loans. They advise on or manage over $1bn of assets across two funds, institutional accounts, a listed retail bond and a proprietary marketplace lending platform, making them one of the biggest non-bank lenders out there.

Why do we like them?

- Goji gains exposure to UK property lending through LendInvest securing strong risk adjusted returns. LendInvest have consistently returned between 7–9% per annum to investors since 2014
- Their operations, origination and underwriting capability were analysed and achieved the highest rating of 'Servicer Quality 1' by ARC Ratings in June 2015. ARC is an ESMA registered credit rating agency
- They work with some large institutional partners include Macquarie Bank and the Merseyside Pension Fund

The outlook is positive

We consider LendInvest to be one of the most successful businesses in the Direct Lending market. They're profitable, with a number of varied investor groups, and continue to grow both their market share and product range (all within the Real Estate lending sector).

At a glance

Class of lending	Property
Date founded	2013
Amount lent to date	£1.1 billion
Risk management	Risk mutualised over pool of property developments
Performance **– Loss rate** **– Recovery rate**	4.3% default rate, 100% recovery rate, no investor losses

Source: LendInvest.

Meet: Sancus

Who are Sancus?

Sancus specialises in flexible funding for UK SMEs offering supply chain, invoice, education and property finance. They are part of the listed GLI group and have lent out over £700m to date. Their digital funding platform allows users to invest across funding opportunities in a range of sectors and products.

Why do we like them?

- Not only are all loans secured, but Sancus also offers credit insurance protecting 90% of investor's capital which is provided by QBE, the A rated global insurer
- Sancus operate a 'Triple Lock' assessment process – comprehensive credit search, review and approval by Sancus' expert committee and meeting the borrower for a site visit
- Sancus finances key elements of the UK economy, such as universities and colleges attracting the next generation of high quality graduates, contributing to a better economy and society for all of us

The outlook is positive

- The Government's move to staged payments for educational institutions means they continue to need flexible funding to meet the increasing demands of their students
- Traditional lenders remain cautious, leaving reputable UK businesses struggling to access finance, and thanks to Sancus's thorough risk assessment process, investors can make the most of this opportunity with peace of mind

At a glance

Class of lending	Supply chain finance, education finance
Date founded	2011
Amount lent to date	£578 million
Risk management	90% capital insurance provided by QBE (rated A+ by Standard & Poor) on supply chain financing
Performance – Loss rate – Recovery rate	No defaults so far

Source: Sancus.

Case study: Sancus helped St Helens College stay top of the class

Sancus provided just the answer to support St Helens College with their funding challenge, giving them the confidence to drive on with their ambitious growth plans

Merseyside-based St Helens College is one of the largest further and higher education providers in the North West. They work closely with employers across the Liverpool region to close skills gaps and support the economic turnaround of the region. With annual income hitting the £25m mark, the College is proud of its success. But the Education sector is challenging. Government funding cuts and their emphasis on apprenticeships are also placing a strain on cash reserves. The College needed a source of finance that would support their new cash management strategy without interfering with existing funding lines.

Sancus provided St Helens with an £800k Educational Finance facility, which allows them to draw on it when they need to and pay it off when they want to. This gives them the additional support they need to merge with another local college; increasing their size and the range of courses they can offer. It means they don't have to rely too heavily on the bank, who will then be free to support the funding requirement to make the merger happen.

St Helens has firm ambitions to continue growing by 25% over the next three years by investing in every area of their business, supporting the local economy with a stream of qualified graduates, and being a large local employer.

To find out more about Goji,
our lending partners and
our products, please visit
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