

AM03

Notice of administrator's proposals



Companies House

THURSDAY



A12 *A8AF908Y* #9
25/07/2019
COMPANIES HOUSE

1 Company details

Company number 0 8 2 4 4 9 1 3

Company name in full Lendy Ltd

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Damian

Surname Webb

3 Administrator's address

Building name/number 25 Farringdon Street

Street

Post town London

County/Region

Postcode E C 4 A 4 A B

Country

4 Administrator's name

Full forename(s) Phillip

Surname Sykes

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address

Building name/number 25 Farringdon Street

Street

Post town London

County/Region

Postcode E C 4 A 4 A B

Country

② Other administrator
Use this section to tell us about
another administrator

Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. ^①
Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

→ **Filling in this form**
Please complete in typescript or in bold black capitals

All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

- ☒ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

① You can use this continuation page with the following forms:

- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s)

Mark

Surname

Wilson

3 Insolvency practitioner's address

Building name/number 25 Farringdon Street

Street

Post town

London

County/Region

Postcode

E C 4 A 4 A B

Country

AM03
Notice of Administrator's Proposals

6		Statement of proposals	
		<input checked="" type="checkbox"/> I attach a copy of the statement of proposals	
7		Sign and date	
Administrator's Signature	Signature X <i>Tan V</i> X		
Signature date	<div>^d1^d9</div>	<div>^m0^m7</div>	<div>^y2^y0^y1^y9</div>

AM03 Notice of Administrator's Proposals



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	Matthew Foy
Company name	RSM Restructuring Advisory LLP
Address	25 Farringdon Street
Post town	London
County/Region	
Postcode	E C 4 A 4 A B
Country	
DX	
Telephone	0203 201 8000



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed and dated the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ,
DX 33050 Cardiff.



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For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

In the matter of

**Lendy Ltd In Administration
('the Company')**

**In the High Court of Justice, Business and Property Courts in Birmingham, Insolvency and Companies
List No 443 of 2019**

**Joint Administrators' Proposals and Report dated 15 July 2019
Date of delivery of Proposals: 16 July 2019**

**Damian Webb, Phillip Sykes and Mark Wilson
Joint Administrators ('the Joint Administrators')
Appointed 24 May 2019**

**RSM Restructuring Advisory LLP
25 Farringdon Street
London
EC4A 4AB
0203 201 8000
restructuring.london.core@rsmuk.com**

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1 Purpose of report and decisions requested from creditors

The Joint Administrators present their Proposals and Report pursuant to Paragraph 49, Schedule B1 to the Insolvency Act 1986 and other relevant legislation

1.1 Purpose of report

These Proposals have been prepared solely to comply with the statutory requirements of Paragraph 49, Schedule B1 to the Insolvency Act 1986. They have not been prepared for use in respect of any other purpose, or to inform any investment decision in relation to any debt or financial interest in the Company. Any estimated outcomes for creditors are illustrative and may be subject to revision and additional costs. They should not be used as the sole or principal basis for any bad debt provision or other purposes. Neither the Joint Administrators nor RSM Restructuring Advisory LLP accept any liability whatsoever arising as a result of any decision or action taken or refrained from as a result of information contained in these Proposals.

1.2 Decisions requested from creditors

The requirements to call a physical meeting (as opposed to an alternative decision procedure e.g. by way of correspondence) between the Company and the Creditors have been fulfilled. Accordingly, in compliance with Section 246ZE(4) of the Insolvency Act, a physical meeting of the creditors has been called as at least 10 creditors in number have requested such a meeting.

Formal notice of the Creditors' Meeting to approve the Joint Administrators' Proposals, and relevant Proxy Form for voting at this meeting, which is to be held at The National Conference Centre, Coventry Road, Bickenhill, Solihull B92 0EJ at 11.00am on 31 July 2019 are included within these Proposals.

Should you wish to vote on the Proposals please complete and return the Proof of Debt form and Proxy form (if applicable), in accordance with the instructions set out in the attached notice. If you plan on attending the meeting it would be helpful if you would notify your intention by email to [Lendy Restructuring@rsmuk.com](mailto:LendyRestructuring@rsmuk.com)

The creditors' decisions which are being sought are detailed below:

- a. **Seeking a decision of the creditors, to the approval of the Joint Administrators Proposals, as set out at Section 8 below and;**
- b. **Inviting creditors to decide if a creditors' committee should be formed and;**

In the event a creditors' committee is not formed:

- c. **Seeking a decision of the creditors for the approval of the basis of the Joint Administrators' post appointment remuneration and disbursements as set out at sections 8 and 9.**

Please note that, in order for a creditors' committee to be formed, there must be at least three creditors wishing to be represented on the committee, and no more than five. Guidance on acting as a committee member can be found at the R3 website, www.R3.org.uk. A hard copy can be requested by telephone, email or in writing to this office.

You may also wish to note that R3 have also produced general guidance on the different insolvency processes, which can be located at their website.

2 Events leading up to the administration

2.1 Background

The following background section is based on information provided by the director of the Company and management. The Joint Administrators have not verified the factual accuracy of the summary and, accordingly, we can accept no responsibility for the same.

Lendy Ltd ("Lendy") or (the "Company") was established in October 2012 by Liam Brooke and Tim Gordon ("Directors"), initially as a specialist lender focused on the marine sector, ie providing funding secured against boats. The business was originally funded by investments made by the shareholders. The trading name of the Company at this time was Lendy Marine. This was an activity regulated by

Consumer Credit regulations.

In February 2014 the Company secured an interim peer to peer licence from the Financial Conduct Authority ("FCA"). This permission allowed the Company to act as a peer to peer lender, acting as an agent through which individual investors ("Investors") could lend funds to companies ("Borrower Companies") ("Model 1 Loans")

The Company then decided to focus on secured bridge lending and started trading as Saving Stream. An integrated website was created from which Investors could identify the loans in which they wished to invest. The website was widely recognised as market leading, notably in respect of the ease of the Investor interface and the simplicity of the presentation.

The Company was advised by Edward Foster of Foster Law, Herne Bay, Kent in respect of the structuring of the loans and the associated terms and conditions between Investors, the Company and Borrower Companies. Based on this advice the intention was to create a trust relationship, whereby the Investors chose which loans to make and the Company would act as their agents in respect of these loans. This was reflected in the creation of Saving Stream Security Holding Limited ("SSSH") which was set up as trustee vehicle to hold the loans for the benefit of the Investors.

The Company issued its first secured bridge loan in April 2014 funded by the Investors.

Initial investments by the Investors via the Company were made under the terms of the "Model 1" loan. The Joint Administrators are still finalising the legal advice on this matter, but it appears that despite the intentions of the Company, the original Model 1 loans made were effectively loans by the Investors to the Company with the Company thereafter making a corresponding loan to the Borrower Companies. If this proves to be the case, these loans would not be peer to peer loans but loans made by the Company acting as principal in relation to Borrower Companies.

The issues in the original Model 1 Loan structure were identified by management and Investors, so in 2015 Grant Thornton LLP were instructed to provide advice to ensure all future loans were compliant with the peer to peer regulations. After engaging Clarke Wilmott LLP, in late 2015 a revised set of terms and conditions was issued ("Model 2"). The Joint administrators are still awaiting final legal advice on this matter, but the initial advice indicates that loans issued on Model 2 terms were peer to peer loans, in compliance with article 36 H of the FCA handbook.

2.1.1 Structure

On the basis of the advice received from Grant Thornton and Clarke Wilmott, the Company was restructured. This led to the Company entering into the Model 2 Loans between the Borrower Companies and Investors acting as agent for the Investors. These loans were secured by security granted by the Borrower Companies to SSSH as security trustee. The Company was the operational entity conducting all the administrative tasks for the platform. However, there does not appear to be a formal servicing agreement in place between SSSH and the Company.

In addition, Lendy Provision Fund Limited ("LPFL") was created. LPFL holds a discretionary fund ("the Provision Fund") to which the Company allocated, from its income, a target amount equivalent to 2% of the current loan book. The funds in respect of the Provision Fund were held in a separate LPFL bank account with the Directors having full discretion as to their utilisation.

2.1.2 Growth of the Business

After conversion to a property lending platform in 2014 the growth of the business started to accelerate. In an era of low yields the Company proposition of 12% pa return, fully secured against UK property appealed to Investors. In addition, the Company's proposition emerged at a point in time in which there was significant focus on the peer to peer sector with the sector emerging as an alternative to traditional low yielding investment options.

From early 2015 retail deposits increased from £2m a month to £10m a month in December 2015, an increase of 500%.

2.1.3 Secondary Market

The Company created a secondary market in mid-2014. This allowed Investors to sell their investments to other Investors part way through the duration of their investment. This proved very popular as it enabled Investors to rapidly cash out their investments rather than waiting until the expiry and

repayment of the loan

2.1.4 2015-2016

By December 2015 the Company loan book had reached c£70m of investment, and investment in the platform was running at c£10m a month. The accelerated growth of the business led to the Directors focusing on investing in the business to sustain the growth. In late 2015 the Company purchased Branksmere House as a head office. From early 2016 there was significant recruitment, which included the following, head of lending, head of legal, finance director, business development managers, IT staff, compliance and finance support.

2.1.5 Product Range

At this point the Directors had taken the decision to expand the Company's product range. Originally the Company had focused on secured bridge loans. These were typically to businesses and related to the acquisition of a property, modest refurbishment, or assisting in a global refinancing. These were typically on a term of 12 months with the Company lending to a maximum loan to value of 70%, with the valuation being performed by a third-party Royal Institute of Chartered Surveyors ("RICS") valuer. These were characterised on the platform as PBLs and were unregulated loans.

However, in early 2016 due to Investor demand, the Directors commenced development lending. This is a fundamentally different proposition to secured bridge lending with a more complex and higher risk profile. The key risks of development loans as compared to bridging loans can be summarised as:

- development loans typically need funding over stages, hence there will be multiple draw downs. As an example many of the Company development loans had build programmes over 2 years. Therefore, they would need multiple draw downs and additional investment from Investors,
- development loans typically carry higher risk as the lender is exposed to the development risk, notably cost overruns, project delays and variances on valuations,
- development loans typically are for a period of one year to two years, hence the additional time exposes a lender to additional risks

The Company put in place controls to address these risks, notably the appointment of a head of lending and the engagement of various professionals (monitoring surveyors, valuers, legal advice, etc) to support their development lending.

2.1.6 Regulation

As noted earlier the Company secured an interim FCA permission in February 2014. In line with FCA requirements they commenced from mid 2016 the process to secure full permission for their licence to operate a peer to peer lending platform and engaged a range of professional advisors.

2.1.7 2017

The growth of the business continued to accelerate during the first six months of 2017, the loan book peaking at £228m in June 2017 and monthly inflows of investment from Investors averaging £14m per month.

During this period the Company focused on securing institutional investment into the platform. This was to reduce the dependence, and associated vulnerability, of the Company's capital being wholly dependent on retail investment, which was identified as a key business risk. Multiple negotiations were engaged with various parties, but the Directors were unable to secure institutional funding.

2.1.8 Non-Performing Loans

From early 2017 the level of non-performing loans steadily increased. Investors could easily identify underperforming loans via the platform and publicly available information. This negatively impacted on the Company's brand and led to an associated loss of confidence amongst its Investors leading to investment in platform declining from £15m in Q1 2017 to £5m in Q4 2017.

2.1.9 Investment Levels

The decline in investment in the platform led to the Company being unable to fully finance many of the development loans it had committed to. Hence, on a number of major development projects the

Company was unable to provide the development finance in accordance with the agreed terms. This in turn created issues for the Borrower Companies who were unable to build out their schemes in line with the agreed terms. This led to significant disputes with Borrower Companies causing an increase in the non-performing element of the loan book. In addition, it exposed Investors to a number of schemes which were only partly built out, thereby increasing their losses.

2.1.10 Re-branding

Following concerns from the FCA that the name Saving Stream might lead Investors to consider that the business was providing savings products, the business was rebranded to Lendy in March 2017.

2.1.11 Investor Confidence

Based on correspondence from Investors, public comment on message boards and in the media it became clear that Investor confidence was being eroded in the Company. This was not assisted in the Company's difficulties in securing full permission from the FCA. By this stage many of its competitors had already secured formal permission

2.1.12 2018

Investment in the platform continued to decline significantly. This lack of investment undermined the business on a number of levels,

- the Company was unable to fulfil its development loan commitments, thereby increasing disputes with Borrower Companies and thereby increasing the level of non-performing loans;

- the Company's principal income was earned from the arrangement fees it received from new loans. The absence of new investment meant that the Company's income decreased substantially in line with the decrease in retail investment

The level of non-performing loans continued to increase, further undermining confidence. This increase in the level of non-performing loans led to significant additional costs. A dedicated work out team was put in place and professional advisors were appointed to assist in the recovery of the loans. Accordingly, during a period in time when income was reducing substantially the Company's costs rose rapidly. This fundamentally undermined the viability of the Company as the cash position of the Company became increasingly strained.

On 11th July 2018 the Company received formal authorisation as an approved platform from the FCA

In October 2018 Brankesmere House was transferred to a fellow group company, Brankesmere Limited, for £862k as part of a series of dividends declared to the holding company totalling £1.8m

As noted earlier the Company had to deal with a number of litigious matters and associated disputes, notably around the non-performing loan book. The Company had to fund these substantial costs and increasingly this placed a strain on its financial resources

To fund these costs Liam Brooke ("the Director") made a secured loan to the Lendy group of c£800k in September 2018. This loan was secured by way of fixed legal charges across the various group companies, including the Company. Upon the request of the FCA the charge over the Company was removed in December 2018

The financial issues at the Company led to a number of senior members of staff leaving the Company in late 2018. There was also increasing public scrutiny of the platform with regular comment within the media and online forums.

On 7th September 2018 a charge was registered against the Provision Fund to support the short term working capital facility provided by Metro Bank. This £1million facility was utilised to fund the on-going working capital requirements of the Company

2.1.13 FCA Supervision

In view of issues identified, the FCA subjected the Company to increasing scrutiny and supervision from September 2018. On 12th November 2018 the FCA agreed a VREQ imposing a voluntary restriction on payments with increased reporting requirements to the FCA

At this stage a new governance structure was put in place at the Company with the introduction of a new management team. This consisted of input from third party professionals and the appointment of a

range of advisors. This was widely reported on the platform and publicly.

On 15th January 2019 the FCA put the Company on a Supervision Watchlist requiring weekly reports, focused on addressing key operational concerns identified by the FCA

There were visits from FCA teams in April 2019 and in response to these visits an OIREQ notice was put in place by the FCA. This restricted the payment of any monies without the consent of the FCA. The FCA also requested additional information to assist their on-going enquiries.

2.2 Administrators' appointment

On 22 May 2019, the FCA contacted the Company to notify them that they intended to wind up the Company at a Court hearing on 28 May 2019. The Director of the Company contacted Damian Webb of RSM Restructuring Advisory LLP for advice in respect of this matter. On behalf of the Company Damian Webb contacted the FCA to clarify the position and timetable. Following these discussions the Director decided to place the Company into Administration. The Director and his advisors had real concerns that the winding up of the Company and subsequent liquidation would have fundamentally undermined the key assets of the Company and the value of the loan book which would have detrimentally impacted on returns to investors. A liquidation could have led to the cessation of key operational IT systems and the loss of key staff, notably the teams associated with the portfolio management of the loan book. This loss of IT systems and personnel would have led to the loss of information and continuity which in the view of the Director and his advisors would have led to lower realisations of the loan book with an increase in costs.

Consequently, the Director decided to place the Company, SSH and LPFL into Administration and to appoint Damian Webb, Phillip Sykes and Mark Wilson of RSM Restructuring Advisory LLP as Joint Administrators. The aim of these appointments was to minimise the disruption to the underlying business as a result of the insolvency process, thereby protecting the underlying asset realisations for the Company's creditors and its investors.

Following further discussions, the FCA consented to the proposed strategy. Damian Webb, Phillip Sykes and Mark Wilson were appointed as Joint Administrators of the Company, SSSH and LPFL by the Court on 24 May 2019 following an application by the director of the Company.

2.3 Previous relationships

2.3.1 Back up services

The Company had previously instructed Baker Tilly Creditor Services LLP ('BTCS'), in 2016, to carry out a high level review of the Company's systems. This was part of a backup contingency planning service in the event of the Company's failure. BTCS is connected to RSM Restructuring Advisory LLP as it is ultimately under common ownership.

No work has been undertaken in relation to the back-up contingency planning service. The Joint Administrators have taken legal advice on this existing relationship and are comfortable that there are no potential conflict issues arising as a result.

2.3.2 Borrower Companies

SSSH had previously appointed Damian Webb and either James Miller or Mark Boughey of RSM Restructuring Advisory LLP, as Joint Administrators of three Borrower Companies over which SSSH held security.

In addition, between September 2016 and April 2017, Damian Webb and Phillip Sykes were appointed as Fixed Charge Receivers over various properties against which SSSH held security.

2.3.3 Conflict Threat Evaluation

Having identified and evaluated any potential conflicts that may arise, and in conjunction with the advice of lawyers acting on behalf of the Joint Administrators of the Company, the Joint Administrators are of the view that their appointment over the Company, SSSH and LPFL do not present any immediate conflicts which cannot be adequately safeguarded against. The position has also been disclosed and

discussed with the FCA prior to Joint Administrators appointment over the Company, SSSH and LPFL. The primary purpose of the administration appointments over the Company, SSSH, LPFL and the Borrower Companies, as well as the Fixed Charge Receiverships appointments, are to recover assets on behalf of SSSH for the benefit of Investors. Consequently, the Joint Administrators consider that there is no immediate commercial conflict between the appointments.

However, recognising creditors' concerns as to any perceived conflict, the following safeguards were put in place.

- Damian Webb immediately ceased to have any active involvement in the Administrations of the Borrower Companies
- Staff working on the administration of the Company, SSSH or LPFL immediately ceased to have any active involvement in the Administrations of the Borrower Companies
- The administrations of the Borrower Companies, and the Fixed Charge Receiverships, would be and are undertaken by teams in different physical locations

Further, it was also proposed that Damian Webb would resign as Joint Administrator over the Borrower Companies. The Joint Administrators can confirm Damian Webb resigned as Joint Administrator of the three Borrower Companies with effect from 15th & 16th July 2019, following service of Notice of Intention to Resign on the various parties.

Mark Wilson had no previous involvements with the Company, SSSH, LPFL or any of the Borrower Company or Fixed Charge Receivership appointments.

2.3.4 Ongoing Conflict Threat Evaluation

As noted at paragraph 2.2 above, the Company is the operational entity which acts on behalf of SSSH in realising and distributing the recoveries from the loan book to Investors. Following the Joint Administrators appointment, it became clear that there was no service level agreement between the Company and SSSH to govern the basis of recharging the Company's costs against the recoveries made by SSSH for the Investors. In the past, the recharges to the Investors have been made on the basis of "waterfall" calculations arising, we understand, from the Company's terms and conditions for investors.

This is a particular focus for the Joint Administrators as it is apparent that, both following the insolvency of the Company and indeed arguably prior to the administration, there is no proper basis for these recharges as between the Company and SSSH. In the context of insolvency, this potentially gives rise to a conflict as between the Investors and the Company's creditors.

Consequently, the Joint Administrators intend to appoint an Insolvency Practitioner, who is completely independent of RSM Restructuring Advisory LLP, and/or any of its Office Holders or associated companies, to act as a further Joint Administrator in relation to SSSH to ensure that the Investors' position is fully represented and that the Company's recharges to SSSH are fair. They will also be responsible for protecting the Investors interest, should any conflict arise in between SSSH and creditors in Borrower Companies, in relation to the extent of 'security' claimed to be held by such creditors.

This independent administrator will also be in a position, should it be necessary, to review any other conflict issues that may arise in relation to the Borrower Company administration appointments, where SSSH is the secured creditor.

2.4 Company's trading history

Relevant extracts from the Company's unaudited accounts (2018) and audited accounts (2017 and 2016) are summarised below.

Balance Sheet	31-Dec-18	31-Dec-17	31-Dec-16
	£	£	£
Fixed Assets			
Tangible Assets	49,599	933,604	923,873
Investments	101	101	101
	49,700	933,705	923,974
Current Assets			
Debtors	177,715,854	194,283,318	161,415,170
Cash at bank and in hand	1,860,906	5,549,068	1,061,429
	179,576,760	194,888,093	162,476,599
Total creditors due within one year	173,859,899	194,888,093	157,609,421
Net current assets	5,716,861	4,944,293	4,867,178
Total assets less current liabilities	5,766,561	5,877,998	5,791,152
Provisions for Liabilities	3,863,720	3,715,083	2,855,556
Net Assets	1,902,841	2,162,915	2,935,596
Capital and Reserves			
Called up share capital	100,000	100,000	100,000
Retained earnings	1,802,841	2,062,915	2,835,596
Profit & Loss Statement	FY18	FY17	FY16
For Y/E 31/12/2018	£	£	£
Turnover	21,418,163	32,168,580	29,199,126
Cost of Sales	13,102,342	26,230,000	20,633,863
Gross Profit	8,315,821	5,938,580	8,565,263
Administrative Expenses	6,756,252	6,553,540	5,330,400
Operating Profit	1,559,569	(614,960)	3,234,863
Tax on profit of ordinary activities	(124,132)	159,254	649,086
Profit for the Financial Year	1,677,854	(772,681)	2,606,351

The notable feature of these accounts is that the peer to peer loans from Investors and advances to Borrower Companies are shown on the Company's balance sheet. This is in contrast to the Statement of Affairs provided by the Director which shows only Model 1 Loans on the Company's balance sheet.

3 Statement of affairs ("SOA")

The directors' estimated SOA as at 24 May 2019 is attached at Appendix B and was provided by Liam Brooke, the Company's sole director.

The Joint Administrators are not in a position at this point to assess the accuracy of the document but have the following comments:

3.1.1 Surplus to members

The SOA shows a surplus to members, which is unlikely due to a number of factors.

3.1.2 Administration Costs

Creditors should note that the SOA is drafted before the costs of the Administration process are known. The anticipated initial 12 month Administration costs are detailed in the Joint Administrators Proposals.

In addition, the SOA makes no provision for the ongoing costs of maintaining the on-site trading operations during the post appointment period, including skeleton staff costs and other overheads in relation to the collect out of the loan book.

3.1.3 Recoverability of Assets

The largest asset noted on the SOA at £5.3m is the Loan Monitoring Fees Accrual. Creditors should note that recoverability of this is uncertain and it may not be recoverable in full.

3.1.4 Additional Creditors

The SOA does not include contingent claims from Model 2 investors arising from a potential breach of the Company's obligations and duties to investors as agent in connection with the Company's peer to peer platform. Such contingent creditors will not yet be in a position to quantify their claims until the extent of loss on each particular loan has been determined, but have put the Administrators on notice that they consider they should be included as creditors of the Company.

3.2 Order limiting disclosure

A court order limiting the disclosure of the Statement of Affairs has not been sought.

4 Purpose of the administration

Paragraph 3 of Schedule B1 to the Insolvency Act 1986 sets out the purposes of an administration. The Joint Administrators' must perform their functions with the objective of either

- (a) rescuing the Company as a going concern; or
- (b) achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), or
- (c) realising property in order to make a distribution to one or more secured or preferential creditors

It seems to the Joint Administrators that there is no prospect of achieving statutory purpose (a) given the FCA's concerns over the Company's viability and consequent restrictions imposed by the FCA. Therefore, statutory purpose (b) is being pursued.

The Joint Administrators consider that objective (b) is achievable as the controlled wind down of the Company's loan book and retention of key staff and systems will achieve a significantly greater value for the assets for the benefit of investors and creditors than would have been achieved in a 'shut down' liquidation scenario.

4.1 Strategy

Upon appointment, the Joint Administrators and members of the RSM team attended the Company's premises to establish control of the Company and liaise with the staff. The Joint Administrators assessed the position of the business to understand the steps required in order to protect the Company's key assets and maximise realisations.

Further detail regarding the period since appointment is in Section 5 of this report.

The Joint Administrators are implementing an orderly wind down of the loan book, focused on efficiently maximising realisations for the benefit of the Company's creditors and investors. It is anticipated the administration will have a number of phases, as follows:

- i) Orderly wind down of the loan book, focused on realising the loan book and making the appropriate distributions to Investors and creditors;
- ii) Investigation and commencement of recovery actions in respect of other potential claims in relation to the loan book. It is anticipated this will include the enforcement of personal guarantees and the pursuit of negligence claims against professionals in respect of the historic loan book; and
- iii) Investigations and other matters.

Subject to the approval of the Joint Administrators' Proposals detailed in section 8 of this Report, the Joint Administrators will pursue the strategy as outlined above.

5 Conduct of the administration

The costs incurred to date and those expected to be incurred in dealing with the matters below are set out in detail at Section 9.

The Joint Administrators' role is to realise and get in the Company's property and maximise realisations. Immediately upon appointment the Joint Administrators and his staff attended the site to ensure an orderly handover of the Company affairs from the Director.

The Joint Administrators recognised the importance of retaining key staff to avoid the loss of essential knowledge and data and maintain operational systems on which the Company is dependent. Summarised below is a detailed summary of the actions of the Joint Administrators post appointment

Details of the realisations made are set out below, with information relating to dividends, if any, contained within Appendix A

5.1 Realisation of assets

5.1.1 Loan Book

As explained in Section 2, the Company's principal role was to act as an agent allowing Investors to invest in commercial property loans. The loan book at appointment had a book value of some £152m, split between bridging loans £36m and development loans £116m. An orderly wind down of the loan book is key to maximising returns to creditors and Investors.

Since appointment the Joint Administrators have been working closely with the portfolio management team to clarify the strategy in respect of the loan book, ensuring this was communicated to Borrower Companies and other interested parties.

Live loans

The loan book currently consists of 54 live loans – 29 Property Bridging Loans ('PFL') with a book value of c£36m and 25 Development Finance Loans ('DFL') with a book value of c£116m

A detailed review has been performed on the loan book and an outline strategy has been agreed in respect of each loan. Working closely with the Joint Administrators the Company employees are focused on securing the repayments of the loans within a reasonable timetable, focused on maximising realisations. As part of this process third party input has been secured from professional advisors, including insolvency practitioners, property agents, solicitors, funders and surveyors.

Each loan is reviewed on an individual basis and the work out strategies include i) enforcement via receivers and administrators and subsequent sale, ii) refinancing, iii) consensual sale, iv) build out of scheme and subsequent sale. These strategies are implemented based on formal reporting procedures with the necessary input of third party professionals

Default loans

Of the 54 live loans, 35 have had either administrators appointed over the company or receivers have been appointed over the property.

The Joint Administrators and the Company staff are liaising with the appointees on all defaulted loans. There are clear reporting lines in respect of the loan book with all key decisions being referred to the Joint Administrators

The Joint Administrators have requested detailed formal updates from the appointees on a fortnightly

basis setting out progress and a summary of pipeline on actions.

Please note that the estimates in the following two paragraphs are based on limited review only and may well be subject to change.

Development Finance Loans (DFLs)

There are currently 25 live DFL's with an outstanding value of £116m, secured against assets with a gross development value ("GDV") of £265m. The assets range in class and geography, ranging from student schemes in Yorkshire to leisure schemes on the south coast. Many of these assets are only partially completed, consequently the current valuations obtained by the Company are substantially lower than the reported GDV values

14 of the 25 live loans currently have formal insolvency proceedings against them, with either receivers or administrators being appointed. The strategy in respect of the remaining 11 has not been confirmed, but it is anticipated there will be further insolvency appointments. It should be possible to refinance elements of the remaining portfolio and we are currently working closely with the Borrower Companies to assist in this process.

The anticipated recovery on the DFL's vary loan by loan, ranging between 7p to 100p of the capital provided by Investors. Based on the current information it is estimated the overall average return to Investors of their capital invested will be c57p in the £ before costs.

Property Bridging Loans (PBLs)

There are currently 29 live PBL's with an outstanding value of £36m, secured against assets valued historically at £81m. Current reported values are, however, significantly lower

The assets range in class and geography, however there is a notable concentration of assets in Scotland with £10m of the £36m being secured against Scottish assets. Some of the schemes were dependent on subsequent securing of development finance and planning permissions. The inability to secure new finance to refinance the Lendy loan or secure appropriate planning consents appears to have undermined the rationale behind some of these loans.

22 of the 29 loans currently have formal insolvency proceedings against them, with either receivers or administrators being appointed. The strategy in respect of the remaining 7 remaining loans has not been confirmed, but it is anticipated there may be further insolvency appointments. It should be possible to refinance elements of the remaining portfolio should and we are currently working closely with the Borrower Companies to assist in this process

The anticipated recovery on the PBLs vary loan by loan ranging again between from 7p to 100p of the capital by Investors. Based on the current information it is estimated the overall average return to Investors of their capital will be c58p in the £ before costs.

5.1.2 Claims Underway

On appointment, the Joint Administrators liaised with the Company and its legal advisors to understand the position with the 15 ongoing claims underway. These relate to loans where the security has already been realised and an amount of capital and/or interest remains owing to Investors which the Company was preparing to take action to recover. The type of action being contemplated included demands in respect of a personal or corporate guarantee given by a third party against the loan, or claims for negligence on the part of one of Company's third-party professional advisers

There are a number of other loans where it is believed that the Company has reasonable grounds for a claim and these are being reviewed

5.1.3 Cash at Bank

As at the date of appointment, the Company operated eight bank accounts with Barclays. One of these accounts was used as a client account, which is explained in detail at Section 5.3. the remaining seven accounts held a total balance of £904,384

Following the written consent of the FCA the balances have now been transferred into the Administration account

5.1.4 Office Furniture and Equipment

Upon appointment, the Joint Administrators instructed Lambert Smith Hampton ('LSH') to undertake a valuation of the Company's physical assets

5.2 Trading

In Section 4.1, the Joint Administrators set out their strategy following their appointment and below is an outline of steps to date.

5.2.1 Premises

Given the high-profile nature of the appointment the Joint Administrators took immediate steps to secure the Company's premises and security agents were instructed to monitor the office for 72 hours following appointment.

The Joint Administrators continue to keep a presence at the Company's premises overseeing operations and managing the remaining staff.

5.2.2 Employees

One redundancy had been made by the Company shortly prior to our appointment. Following a consultation with management, two further employees were made redundant on 31 May 2019 and two contractors were also released on the same date

The remaining staff have been retained to assist with the continued operations of the business and with the wind down and management of the loan book, alongside the Joint Administrators

5.2.3 Key Suppliers

The Joint Administrators highlighted and engaged with key suppliers following appointment, ensuring continuation of supply and managing expectations of sums due

Where required the Joint Administrators have entered into agreements with suppliers for ongoing services.

5.2.4 The Platform and IT Systems

The Company has for a number of years had a development contract with an external provider for development and maintenance of the Company's external website, which includes the 3 modules available to Investors and a back-office tool.

RSM's forensics team attended site to produce a report on the Company's systems and the required ongoing use

The platform is key to the Company's ongoing operations and to maximise realisations. The Joint Administrators have reached an agreement with the service provider for their ongoing assistance and for ensuring the protection of data held

5.2.5 FCA

The Joint Administrators have continued to update the FCA on the progress in the Administration and consult with them on proposed key actions and pertinent matters. Due to the restrictions put in place by the FCA on the Company, the Joint Administrators have requested FCA approval prior to making critical payments such as key suppliers and staff wages.

The Joint Administrators will continue provide the FCA with regular updates

5.2.6 Investors

The Joint Administrators have provided regular updates to the Investors on the current position using the Company's communication platform and will continue to do so

5.2.7 Future Strategy

The Joint Administrators will continue to manage the business to facilitate the wind-down of the current loan book and to ensure asset realisations are maximised

5.3 Case specific matters

5.3.1 Client account

Under the FCA's Client Assets Sourcebook ("CASS") rules, the Company operates an electronic platform in relation to lending, where Investor money is treated as client money. The Company operates under the full client money model where all investor money is processed through a client money account.

Client money comprises investment monies paid by Investors into their cash account on the platform. This is held by the Company in the client account until invested into individual loans and paid to the Borrower Companies.

Client money also includes monthly interest payments (once due and payable this is credited to the Investors' cash account), any repayment of the capital balance by the Borrower Companies and any default interest if applicable (after the deduction of any relevant recovery costs and fees), which is then credited back to their cash account on the platform.

The Company placed client money in a client bank account with Barclays Bank Plc. This was designated as 'Lendy Ltd Client Account'

Client money reconciliations were performed on a daily basis. A summary of the client account reconciliation at the date of appointment is included below

Client account summary at 24 May 2019

	£'000
Client balances	2,627
Loan receipts not yet distributed	7,478
Adjustments	57
Difference	12
TOTAL	<u>10,175</u>
Bank balance at 24/05/19	<u>10,175</u>

The Client balances total of £2.6m includes the sum of the individual Investors' available balance on their accounts (ie unallocated Investor funds) and also sums that have been requested to be withdrawn but have not yet cleared the account.

Loan receipts not yet distributed total £7.4m. The majority of this sum, £6.8m, relates to the receipt of funds from the sale of Herculaneum Quay. As noted previously in this report, this sum will be subject to deduction of fees and costs as calculated by the waterfall. The total also includes £230k in respect of a partial capital repayment of 17-21 Towan Valley, the entirety of which is to be returned to the relevant Investors.

Further detail regarding loan repayments will be communicated to those Investors in due course.

There are a number of ad hoc adjustments, totalling £57k. Of this, £21k relates to 'partially sold loan parts'. These arose where loan parts were sold by Investors on the secondary market but would not be credited to the Investor's account until the entirety of the loan part was sold. It is likely that these sums ie where the loan part has been sold and not yet credited, will be released to the relevant Investors. A further update will be provided to relevant Investors in due course.

The £12k difference is a client money excess awaiting approval to be transferred from Client Money to the Operations Account.

5.3.2 Interest on account

The Company informed Investors that they would receive interest into their accounts in respect of loans not in default. The whole of the loan term's interest – usually 12 months – was deducted from the loan advanced to the Borrower Companies and held by Lendy, to be released to Investors on the 1st of each calendar month. Interest was paid on performing loans up to and including 30 April 2019.

In its terms and conditions, the Company further stated that interest gained upfront from the Borrower Companies would be held on trust in a separate bank account.

The Company used a separate Barclays bank account for this, named 'Interest balance'. This account was not designated as a trust account. At the date of the Joint Administrators' appointment the account balance was £4k. The Company records indicate that the total balance of interest retained from Borrower Companies that should have been held separately in this account at the date of our appointment was £196k

This is a matter which is under consideration by the Administrators as part of their ongoing work.

5.3.3 Anti money laundering (AML) compliance

As noted in previous correspondence to Investors, the Company was made subject to an asset restriction by the FCA, which has meant that payments from Lendy's bank account have been restricted and no payments will be released until a full reconciliation has been completed

Before the Joint Administrators release any funds to Investors they are required to ensure compliance with appropriate AML legislation. An initial review of the Company's existing AML and client take-on procedures has noted certain deficiencies that have required further investigation. These are ongoing, with legal advice being obtained from Fieldfisher

5.3.4 Investigations

The affairs of the Company are being reviewed and investigated for potential assets and claims against third parties. This exercise is being undertaken by our Special Investigations team who specialise in contentious insolvency matters.

As noted above, on appointment RSM's Forensic IT team attended the trading site on our appointment to secure the Company's electronic books and records, a backup of the Company's email messages and copies of Company laptops and mobile phones. The data uplifted consists in excess of 1 million emails and files, and over 700GB of data. This information has been processed and is currently being reviewed and analysed by our investigation team

In addition to the above, the Company's bank statements have been obtained. The Company operated a number of bank accounts, with the total number of transactions in excess of 16,000 (excluding the Client account) which are also being analysed. To this end we will be utilising specialist software to identify any transactions that warrant further investigation

We are investigating the sale and transfer of the Company's trading premises to a fellow group company, Brankesmere Limited, which was transferred in October 2018 for £861,929, as well as the other distributions made to the Company shareholders. In addition, various other matters have been brought to our attention from our discussions with Investors, creditors and the FCA.

The review and investigations into the Company's affairs remain on-going. At this stage, due to the confidential nature of these investigations no further information can be provided to the wider body of creditors and Investors so as not to prejudice our position should we need to issue court proceedings. We will be able to share full details of our investigations with the creditors committee.

5.4.5 Pension

The Joint Administrators have instructed Clumber Consultancy to provide a report on the Company's pension scheme

5.3.6 Lendy mortgage

The Joint Administrators have instructed Shoosmiths LLP to review the contracted terms which govern the Model 1 and Model 2 loan Investors. Shoosmiths are seeking advice from Counsel on the matter, as the construction of the documentation containing the Company's terms and conditions is not entirely clear. Clarification of this matter will enable the Joint Administrators to determine with certainty the

creditor/investor position

Advice is also being sought on the basis that the Company was previously remunerated for services provided for the administration of the platform and loan book. As noted above there does not appear to have been any formal agreement between the Company and SSSH so the Joint Administrators have reviewed the position along with Shoosmiths and Counsel and have determined to appoint an independent conflict administrator to SSSH to ensure a fair recharge structure is put in place moving forward.

5.3.7 Directors Conduct

In accordance with our statutory obligations, we will be investigating the Director's conduct in the lead up to the Administration and have a responsibility to file a report with the Secretary of State

5.4 Administration and planning

Certain aspects of the work that the Joint Administrators undertake are derived from the underlying legal and regulatory framework for cases of this nature. This work, which does not usually result in any direct financial return to creditors, is a necessary aspect of ensuring that the Joint Administrators are complying with both of their legislative and best practice responsibilities, and ensuring that the case is managed efficiently and effectively. It includes matters such as:

- Periodic case reviews, ongoing case planning and strategy
- Maintaining and updating computerised case management records
- Dealing with routine correspondence not attributable to other categories of work
- Ongoing consideration of ethical and anti-money laundering regulations
- General taxation matters, including seeking tax clearance from HMRC
- Preparation of receipts and payments accounts, maintenance of cashing records
- Preparing, reviewing and issuing reports to creditors and other parties
- Filing of documentation at Companies House, Court and other relevant parties
- General administrative matters in relation to administration of and closing the case
- Negotiation arrangements with the Landlord regarding continued occupation of the premises
- Obtaining funds from the Company's former bank accounts
- Updates to Investors and operational creditors
- Reporting to the FCA with updates on case strategy and progression
- Investigating the conduct of the Director
- Commencing the investigations into the Company bank accounts and credit cards
- Pension schemes, liaising with PPF/Pensions Regulator/Trustees
- Consideration of Health and Safety and environmental regulations

6 Creditors' claims and dividend prospects

The value at which creditors' claims are stated in the Statement of Affairs are, as is required by legislation, those which are provided by the Directors of the Company.

The agreement of creditors' claims by the Joint Administrators (or any subsequently appointed Liquidator) is a separate matter and will be dealt with as appropriate in due course, initially by reference to the proofs of debt lodged in the proceedings by creditors themselves.

Dividend prospects and projected returns to creditors, where known, are detailed in Appendix A.

The Joint Administrators are obliged to deal with a number of matters in relation to creditors to comply with both the legislative and best practice requirements and to ensure creditors are kept informed. Creditors will only derive an indirect financial return from this work on cases where a dividend is due to be paid in the subsequent liquidation.

- Preparation and issue of progress reports and associated documentation
- Maintenance of schedules of preferential and unsecured creditors' claims
- Dealing with correspondence and telephone calls
- Where necessary, consideration of creditors' claims, acceptance or rejection of claims and complying with legislative obligations in relation to adjudication of creditors' claims generally for voting and, if applicable, dividend purposes
- Review of creditor claim supporting documentation

- Calculation and payment of dividend(s) to one or more classes of creditors.

6.1.1 Secured creditors

The Company have confirmed that there are no chargeholders over the Company.

6.1.2 Preferential creditors

The Company's preferential creditors are expected to be minimal. At this time, only two redundancies have been made and there were no outstanding wages due at the time of the redundancies.

6.1.3 Unsecured creditors

From the Statement of Affairs provided by the Company, the estimated amount currently owed to unsecured creditors is £9.4m. However, this figure has been provided on the assumption that only Model 1 Investors are creditors. As noted above, we are in the process of seeking legal advice on the position of both Model 1 and Model 2 Investors and the outcome of this advice will ultimately clarify which Investors are creditors of the Company.

Further, we have been made aware of a number of significant potential claims from Investors and other parties in respect of which we have yet to receive detailed claims.

6.2 Prescribed part

The 'Prescribed Part' is a statutory amount, calculated as a percentage of net floating charge realisations, the "Net Property", which entitles unsecured creditors to a share of realisations. This is calculated on a sliding scale up to maximum of £600,000 before costs.

There are no creditors secured by charges over the assets and undertakings of the Company created on or after 15 September 2003. There is therefore no requirement to estimate the amount of the Prescribed Part of the assets under Section 176A of the Insolvency Act 1986.

7 Joint Administrator's receipts and payments

A summary of our receipts and payments is attached. Receipts and payments are shown inclusive of VAT as the Company is unable to reclaim VAT.

8 Joint Administrators' proposals

The Joint Administrators' proposals in relation to the Company are that:

- 8.1 The Joint Administrators should continue to manage the business in order to maximise realisations from the loan book for the benefit of the Investors and creditors.
- 8.2 The Joint Administrators should apply for the appointment of an independent conflict administrator to SSSH.
- 8.3 The Joint Administrators should arrange to distribute available funds from the realised assets to those creditors entitled to them in such manner as they consider will lead to an early distribution of the available assets in an economic manner.
- 8.4 The Joint Administrators be authorised to make such application to court for directions as they consider appropriate with a view to achieving the purposes of the administration or their proposals.
- 8.5 The Joint Administrators are to carry out all necessary investigations to comply with their obligations under the Company Directors Disqualification Act 1986, to co-operate with FCA in its investigations and to identify potential areas for recovery for the benefit of Investors and creditors.
- 8.6 The Company exit the administration by way of Creditors Voluntary Liquidation.
- 8.7 If the Company exits administration by moving into a Creditors' Voluntary Liquidation, it is proposed that Damian Webb and Phillip Sykes and Mark Wilson of RSM Restructuring Advisory LLP, 25 Farringdon Street, London, EC4A 4AB be appointed Joint Liquidators of the Company. The Liquidators will have the power to act jointly and severally and may act required or authorised to be done by the Liquidators may be done by all or any one more of the persons holding the office in question.

Creditors nomination for alternative liquidator(s)

Please note that creditors may nominate a different person as the proposed Liquidator provided that:

- The nomination is made through a decision procedure before the proposals (or any revised proposals) are approved and;
- Where the nomination relates to more than one person or has the effect that the office is to be held by more than one person, a declaration is made as to whether any act required or authorised to be done by the Liquidators is to be done by all or any one more of the persons for the time being holding the office in question.

- 8.8** For creditors to consider whether to appoint a Creditors' Committee to assist the Joint Administrators and subsequent Joint Liquidators.

In the event that a Creditors' Committee is not appointed, creditors are asked to approve the following:

- 8.9** That the Joint Administrators be discharged from liability in respect of any action of theirs as Joint Administrators immediately following their cessation to act as Joint Administrators.
- 8.10** The Joint Administrators shall be authorised to draw their remuneration based upon time costs limited to the sum of £1.025m (plus VAT) for the first 12 months of the Administration, in accordance with the attached fee estimate
- 8.11** The Joint Administrators shall be authorised to draw 'category 2' disbursements as an expense of the administration at the rates prevailing at the time the cost is incurred. In the event that the administration exits by way of liquidation and the Joint Administrators are appointed liquidators, any approval shall be treated as being passed in the liquidation

9 Joint Administrators' remuneration, costs, expenses and creditor decisions

Details of the Joint Administrators' remuneration, costs and expenses are set out below, and in the attached Appendices. In the event a Creditors' Committee is appointed (which is expected), it is for the Creditors' Committee, to determine on what basis the administrator is to be remunerated

9.1 Pre-administration costs

Given the very short timeframe between being approached by the Company and their appointment, the time costs incurred by the Joint Administrators prior to the Company being placed into administration have been written off.

9.2 Joint Administrators' post appointment remuneration and disbursements

9.2.1 Basis of Remuneration

Time Costs

The Joint Administrators are seeking approval for their post-appointment fees (remuneration) to be drawn on a time-cost basis in line with the attached fee estimate

Since appointment, the Joint Administrators have incurred time costs of £493,775. An analysis of time incurred in the period is attached. Details of the work that has been done to date and the benefit to creditors are explained in Section 5 above

Time is recorded in 6-minute units at the rates prevailing at the time the work is done. The current charge out rates, which are reviewed periodically, are attached. Time is billed subject to VAT at the applicable rate.

Fee Estimate

Our fee estimate has been prepared to incorporate the work that we anticipate will be done in respect of the categories stated at Appendix D for the period to 24 May 2020. For the avoidance of doubt, the Joint Administrators will not be able to draw more than this amount unless further approval of creditors is obtained.

Based on the information currently available, and the assumptions set out in the fee estimate, the Joint Administrators, do not anticipate that it will be necessary to seek approval from the specified creditors or the creditors committee to an increase in their fees, prior to the end of the period to which the fee

estimate relates. The specified creditors or the creditors committee will be provided with a further fee estimate for the remainder of the administration, or for further periods as appropriate.

9.3 Post-appointment expenses and disbursements

Details of the Joint Administrators' expenses and disbursements are attached

Based on the information currently it is currently not possible to ascribe a definite value to certain expenses that the Joint Administrators are likely to incur, particularly legal fees.

9.4 Fees in a Creditors' Voluntary Liquidation

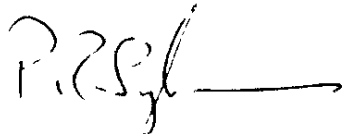
Please note that, should the Company exit administration via a Creditors' Voluntary Liquidation, a further fee request will be provided in relation to the fees of any succeeding liquidator.

9.5 Guide to Administrators fees

A Guide to Administrators Fees, which provides information for creditors in relation to the remuneration of an Administrator, can be accessed at <http://rsm-insolvencypoint.com/> under 'general information for creditors'. A hard copy can be requested from my office by telephone, email or in writing.

10 EC regulations

It is considered that the EC regulations will apply and that these proceedings will be main proceedings as defined in Article 3 of the EC regulations as the centre of main interest of the Company is in the UK.



Phillip Sykes
RSM Restructuring Advisory LLP

Appendix A

Statutory, dividend and other information

Company Information	
Company registered name:	Lendy Ltd
Date of incorporation:	9 October 2012
Previous company names:	N/A
Company Number:	08244913
Trading name:	Lendy Ltd
Trading address:	Brankesmere House, Queens Crescent, Southsea, Hampshire, PO5 3HT
Principal activity	Financial service activities, except insurance and pension funding
Registered office:	9 th Floor, 25 Farringdon Street, London, EC4A 4AB
Share capital	Authorised share capital:
Nominal & issued share capital	100,000 Ordinary shares Issued 100,000 Ordinary Shares at a par value of £1
Shareholders:	Lendy Group Limited – 100,000 shares
Directors	Liam John Brooke
Secretary:	N/A
Mortgages & charges:	N/A
Appointor:	Liam John Brooke by way of a Director's appointment

Administration information			
Joint Administrators:	Damian Webb, Phillip Sykes and Mark Wilson		
Date of appointment	24 May 2019		
Functions of Administrator(s)	The Joint Administrators have exercised, and will continue to exercise, all of their functions jointly and severally as stated in the notice of appointment.		
Correspondence address & contact details of case manager:	James Parkinson RSM Restructuring Advisory LLP, 25 Farringdon Street, London, EC4A 4AB		
Name, address & contact details of Joint Administrators	Primary Office Holder Damian Webb RSM Restructuring Advisory LLP 25 Farringdon Street, London, EC4A 4AB 020 3201 8000 IP Number: 14970	Joint Office Holder: Phillip Sykes RSM Restructuring Advisory LLP 25 Farringdon Street, London, EC4A 4AB 0203 201 8624 IP Number: 6119	Joint Office Holder Mark Wilson RSM Restructuring Advisory LLP 25 Farringdon Street, London, EC4A 4AB 0203 201 8000 IP Number: 008612

Dividend prospects	Owed	Paid to date	Estimated future prospects
Secured creditor	N/A	N/A	N/A
Preferential creditors	Not known at this time	NIL	100p in the £
Unsecured creditors	£9 4m*	NIL	Not known
Estimated net property	N/A		
Estimated prescribed part available for unsecured creditors	N/A		

*As per the statement of affairs

Appendix B

Statement of affairs

Rule 3.30, 4.7, 6.3 of the Insolvency (England and Wales) Rules 2016

Statement of affairs

Company Name: Lendy Limited

Company Number: 08244913

In the High Court of Justice, Business and Property Courts in Birmingham, Insolvency and Companies
List 443 of 2019

Statement as to affairs of Lendy Limited
on 24 May 2019 being the date that the company went into administration

Statement of Truth

I believe that the facts stated in this Statement of Affairs are true

Full Name Liam John Brooke

Signed



Dated

15-07-2019

Statement of affairs – Lendy Limited

A Summary of Assets

	Book Value (£)	Estimated to Realise (£)
Assets Subject to Specific Charge	Nil	N
Assets Subject to Fixed Charge	Nil	N
Assets Subject to Floating Charge	Nil	N
Assets not Subject to Charge	12 845 121	11 845 121
Available to preferential creditors	12 845 121	11 845 121

Signature *[Signature]* Date 15-07-2019

Statement of affairs – Lendy Limited
B Summary of Liabilities

		Estimated to Realise
	£	£
Estimated total assets available for preferential creditors	12 845 121	11 845 121
Preferential Liabilities		
Holiday Pay	Nil	N
Other Claims	6 000 000	N
Estimated Surplus (Deficiency) as regards preferential creditors	6 845 121	11 845 121
Estimated total assets available for floating charge holders	6 845 121	11 845 121
Debts secured by floating charge	Nil	N
Total assets available to unsecured creditors	6 845 121	11 845 121
Unsecured non-preferential claims excluding any shortfall to floating charge holders		
Trade and Expense creditors	9 368 003	9 368 003
Employees	Nil	N
Deficiency in preferential claims paid	Nil	N
Estimated Surplus (Deficiency) as regards non preferential creditors excluding any shortfall to floating charge holders	2 520 982	2 479 113
Share Capital	100	100
Estimated Surplus (Deficiency) as regards members	2 520 982	2 479 013

NOTES

The Estimated Statement of Affairs, which should be read in conjunction with the attached notes, does not take into account the costs of the insolvency process.

Signature *[Signature]* Date 17-07-2019

B1 COMPANY CREDITORS EXCLUDING EMPLOYEES AND CONSUMERS - Lendy Limited

NOTE: Includes all creditors except employees, former employees and consumers who have paid in advance. Creditors under hire-purchase, chattel leasing or conditional sale agreements and creditors claiming retention of title over property in the company's possession are identified under 'Details of any security held'.

Name of creditor or claimant	Address (with postcode)	Amount of debt £	Details of any security held	Date security given	Value of security £
Allsops		213,856.00	None	NA	NA
Aztec		4,382.00	None	NA	NA
Blake Morgan		14,153.00	None	NA	NA
Bringing Deas		1,351.29	None	NA	NA
BT		26.00	None	NA	NA
Castle Water Limited		6.18	None	NA	NA
Clarke Willmott		2,842.00	None	NA	NA
Cloudfire		303.00	None	NA	NA
Colliers International		2,400.00	None	NA	NA
DAC Beachcroft		5,042.00	None	NA	NA
Dispersie Limited		2,405.00	None	NA	NA
Edensprings		156.00	None	NA	NA
EE		402.44	None	NA	NA
Estate Maintenance Services South		240.00	None	NA	NA
Feelo Holdings Limited		1,170.00	None	NA	NA
Fox Williams		1,176.00	None	NA	NA
GVA		5,400.00	None	NA	NA
Gr Mitchell		5,577.84	None	NA	NA
Jeff Lamprey		400.00	None	NA	NA
Laurence Wilks		1,300.00	None	NA	NA
Lean Principles		10,028.00	None	NA	NA
Mason BA		32,000.00	None	NA	NA
Modleton Barton valuation		210,400.00	None	NA	NA
Moneywise		980.00	None	NA	NA
NO Resources		114.00	None	NA	NA
New Land Solutions		570.00	None	NA	NA
Oakwood Investment		60,336.28	None	NA	NA
Other		5,545.00	None	NA	NA

Signature

John

Date

12-07-2019

including former employees.

[illegible]

Signature _____

1864


31e

5-0-209

B3 COMPANY CONSUMER CREDITORS - Lendy Limited


(customers or clients claiming amounts paid in advance of the supply of goods or services e.g. deposits)

Name of consumer	Address (with postcode)	Amount of debt £	Details of any security held	Date security given	Value of security £

Signature  Date 15-07-2018

C SHAREHOLDERS – Lendy Limited

Name of shareholder	Address (with postcode)	Type of shares held	Nominal amount of share £	Number of shares held £	Amount per share called up £	Total amount called up £
Lendy Group Limited		Ordinary	1.00	100	1.00	100.00

Signature  Date 15-07-2019

Appendix C

Summary of receipts and payments

Receipts and Payments Abstract Lendy Limited In Administration
Bank Cash and Cash Investment Accounts 24 May 2019 to 15 July 2019

SOA Value £	Notes	24 May 2019 to 15 July 2019		Total to 15 July 2019	
		£	£	£	£
0.00	POST APPOINTMENT TRADING				
	Trading Deficit	1	(283,117.76)	(283,117.76)	(283,117.76)
			(283,117.76)		(283,117.76)
	UNCHARGED ASSETS				
5,328,293.75	Loan Monitoring Fees Accrual		0.00	0.00	0.00
3,001,328.51	Recovery of Third Party Costs on behalf of borrowers		0.00	0.00	0.00
549,624.88	Intercompany Balance		0.00	0.00	0.00
899,962.51	Cash at Bank	2	905,384.98	905,384.98	905,384.98
1,000,000.00	Claim against Professional Advisors		0.00	0.00	0.00
654,912.00	Other Balance Sheet Loans		0.00	0.00	0.00
411,000.00	Interest Recovery Accrual		0.00	0.00	0.00
11,845,121.65			905,384.98		905,384.98
	UNSECURED CREDITORS				
(9,314,609.15)	Unsecured non-preferential claims		0.00	0.00	0.00
			0.00		0.00
2,530,512.50					622,267.22
	REPRESENTED BY				
	Bank - RBS			622,267.22	622,267.22
					622,267.22

Notes

- 1 See Appendix C(i) for the full trading account
- 2 Cash at Bank figure made up of 7 accounts
 - Account 20417777 - £2.36
 - Account 33710424 - £25.46
 - Account 33771954 - £2.52
 - Account 73236439 - £847.34
 - Account 73718808 - £4,544.25
 - Account 80850578 - £0.24
 - Account 93875539 - £899,962.81
- 3 Receipts and payments are shown inclusive of VAT as the Company is unable to reclaim VAT
- 4 S of A value show figures in accordance with those provided by the Director in his Statement of Affairs dated XX

Appendix C (i)

Trading account

	24 May 2019 to 15 July 2019		Total to 15 July 2019	
	£	£	£	£
TRADING EXPENDITURE				
Administrator's expenses	(6,475 94)		(6,475 94)	
Bank charges	(96 00)		(96 00)	
Contractors	(114,876 42)		(114,876 42)	
Credit Card Direct Debit	(1,227 81)		(1,227 81)	
Critical Suppliers	(48,585 56)		(48,585 56)	
Insurance	(244 94)		(244 94)	
PAYE/Ni Deductions	(20,829 60)		(20,829 60)	
Payroll fees	(400 00)		(400 00)	
Pension payment	(3,776 50)		(3,776 50)	
Professional agents fees	(8,943 36)		(8,943 36)	
Salaries	(75,656 82)		(75,656 82)	
Utilities	(1,004 81)		(1,004 81)	
Vulnerable investor payment	(1,000 00)		(1,000 00)	
		(283,117 76)		(283,117 76)
TRADING SURPLUS/(DEFICIT)		<u>(283,117 76)</u>		<u>(283,117 76)</u>

Joint Administrators' fee estimate and scope and assumptions

	Budgeted hours							Total Hours	Total Cost
	Partners	Directors / Associate Directors	Managers	Assistant Managers	Administrators	Assistants / Support Staff	Other		
Charge rate (average per hour)	£623	£433	£350	£275	£194	£299	£91		
Administration and planning									
Appointment documentation	23.30				6.30	2.20	1.00	32.80	£16,488
Background information		5.10			4.20	5.60		14.90	£6,025
Case Management	34.40	100.00	107.60	21.00	104.40	1.20		368.60	£129,785
Closure									£0
Director(s) / debtor / bankrupt	3.90			1.00	2.10			6.90	£3,060
Pension Scheme (administration)					0.80			0.80	£176
Post-appointment general				1.50	3.70			5.20	£1,131
Pre-appointment Matters	13.70			3.00	5.60	1.00		23.30	£10,746
Receipts & payments	6.00		10.10	4.50	60.70			70.30	£17,736
Statement of Affairs preparation									£0
Tax Matters	8.30		5.00		5.50			18.80	£8,184
	88.90	106.10	122.70	31.00	184.40	13.00	1.00	646.70	£192,296
Investigations									
DTI / Official Receiver									£0
Investigations / CDDA	48.60	20.00	214.70	15.30	89.20	23.00		410.80	£162,481
	48.60	20.00	214.70	15.30	89.20	23.00		410.80	£162,481
Floating & uncharged assets									
Assets general / other	32.90	68.00	102.40	63.20	115.30			481.80	£134,163
Chattels			0.60					0.60	£210
Debtors & Sales Finance	17.90		5.10					23.00	£12,937
Hire purchase / leasing creditors									£0
Land & Property	34.90	4.10	1.00	0.70	1.40			42.10	£24,331
Retention of Title / Third party assets	1.00							1.00	£823
Sale of Business	0.30					4.00		4.30	£1,382
Stock & WIP									£0
	87.00	92.10	109.10	63.90	116.70	4.00		472.80	£173,646
	87.00	92.10	109.10	63.90	116.70	4.00		472.80	£173,646
Trading									
Trading	8.90	90.00	260.60	20.00	143.00	10.00		611.60	£221,184
	87.90	90.00	260.60	20.00	143.10	10.00		611.60	£221,184
Creditors									
1st creditors / shareholders meetings & reports				5.50	12.00	20.00		37.50	£9,810
Committee					2.50			2.50	£486
Deferred / Postponed creditors									£0
Employees	2.00		6.70	12.20	7.60			28.40	£8,397
Other creditor meetings & reports	15.00		20.00	25.00	40.00			100.00	£30,979
Preferential creditors									£0
Secured creditors	1.20							1.20	£745
Unsecured creditors	51.00	3.60	83.40	79.80	295.00			513.70	£113,710
	69.20	3.60	80.10	122.50	267.00	20.00		562.30	£164,138
Case Specific Matters									
Legal Matters	111.40	30.00	72.40	60.90	35.00			309.70	£131,243
Shareholders									£0
	111.40	30.00	72.40	60.90	35.00			309.70	£131,243
Total Hours	452.60	14.00	849.80	115.60	614.40	10.00	1.00	2,047.40	
Total time costs	£1,008,892	£14,840	£1,000,869	£66,995	£1,167,291	£27,980	£91	£1,026,000	
Average hourly rate									£562
Total time costs for approval									£1,026,000

Activity	Scope and assumptions
Administration and planning	<p>Work that must be carried out in order to comply with statutory requirements imposed by the insolvency legislation</p> <p>This includes filing and advertising of appointment documents, filing of statement of affairs, issuing the Joint Administrators' proposals, convening the initial creditors' meeting, reporting to the FCA with updates on case strategy and progression, handling of receipts and payments, submission of VAT and income tax issues, pension queries, undertaking file reviews, case planning and strategy, dealing with redirected mail and liaising with the Company's director and other key members of management</p>
Investigations	<p>Collection and review of the Company's records in order to identify any potential or actual asset recoveries, antecedent transactions, transactions at under value or voidable dispositions.</p> <p>Reporting to the Department of Business Energy and Industrial Strategy on the conduct of the director.</p> <p>As previously advised, the affairs of the Company are being reviewed and investigated for potential assets and claims against third parties. This exercise is being undertaken by our Special Investigations team who specialise in contentious insolvency matters.</p> <p>On appointment, RSM's Forensic IT team attended the trading site on our appointment to secure the Company's electronic books and records, a backup of the Company's email messages and copies of Company laptops and mobile phones. The data uplifted consists in excess of 1 million emails and files, and over 700GB of data. This information has been processed and is currently being reviewed and analysed by our investigation team.</p> <p>In addition to the above, the Company's bank statements have been obtained. The Company operated a number of bank accounts, with the total number of transactions in excess of 16,000 (excluding the Client account) which are also being analysed. To this end we will be utilising specialist software to identify any transactions that warrant further investigation</p> <p>We are investigating the sale and transfer of the Company's trading premises, as well as the distributions made to the Company's shareholder. In addition, various other matters have been brought to our attention from our discussions with investors, creditors and the FCA.</p> <p>The review and investigations into the Company's affairs remain on-going. At this stage, due to the confidential nature of these investigations no further information can be provided to the wider body of creditors and investors so as not to prejudice our position should we need to issue court proceedings. We will be able to share full details of our investigations with the creditors committee (assuming one is appointed).</p>
Realisation of assets	<p>All aspects of the realisation of the Company's assets, including identifying, securing and insuring the various loan books, as well as the other assets such as the cash at bank, chattels and property etc.</p> <p>Loan book - working closely with the portfolio management team to clarify the strategy in respect of the loan book, ensuring this was communicated to borrowers and other interested parties.</p> <p>The Administrators will continue to manage the business to facilitate the wind-down of the current loan book and to ensure asset realisations are maximised</p> <p>It will also include dealing with interested parties and the preparation of the sales packs and contract negotiations</p>

	<p>Liaising with the Company and with the appointees on all defaulted loans. Setting clear reporting lines in respect of the loan book with all key decisions being referred to the Administrators</p> <p>Requested detailed formal updates from the appointees on a fortnightly basis setting out progress and a summary of pipeline on actions</p>
Trading	<p>Trading will include the day to day management of the business, preparation of the trading accounts and dealing with customers and suppliers as well as managing the employees</p> <p>The Joint Administrators have secured the head office and will continue to report to the FCA with regular updates</p>
Creditors	<p>The Joint Administrators will deal with creditor queries and provide the investors with regular updates via the Company's communication platform.</p> <p>It also includes the preparation of statutory formal reports and reviewing schedules of the preferential and unsecured creditors' claims.</p> <p>The adjudication of creditors' claims is likely to be restricted to the purposes of voting on the Joint Administrators' proposals and other resolutions.</p> <p>It also includes dealing with claims from the Investors and it is assumed that the claims will be agreed without any dispute, litigation or contentious matters arising and that the Company's records are complete and up to date</p>
Case specific matters	<p>As detailed in the proposals, there will be a number of case specific matters such as reconciling and dealing with the funds in the client account and also managing the interest on account.</p> <p>The Joint Administrators are undertaking a full anti-money laundering exercise to ensure they are happy with the compliance and due diligence procedures before releasing any funds to investors.</p> <p>Comprehensive investigations are being carried out for potential assets and claims against third parties. This is being undertaken by our Special Investigations team who specialise in contentious insolvency matters.</p> <p>Legal advice will be obtained on the above matters and for the clarification on creditor / investor position.</p>

Appendix E

Joint Administrators' current charge out rates

Hourly charge out rates	Rates at commencement		Current rates	
	£		£	
Partner	625		625	
Directors / Associate Directors	450 to 575		450 to 575	
Manager	345		345	
Assistant Managers	280		280	
Administrators	105 to 210		105 to 210	
Support staff	90 to 190		90 to 190	

Appendix F

Joint Administrators' post appointment time cost analysis for the period 24 May 2019 to 15 July 2019

#

From	Jan 24 May 2019	Jan 24 May 2019	Jan 24 May 2019	Jan 24 May 2019	Jan 24 May 2019	Jan 24 May 2019	Jan 24 May 2019	Jan 24 May 2019	Jan 24 May 2019
Appointment	23.3	0.0	0.0	0.0	6.3	2.2	31.8	£ 16,273.50	
Background information	0.0	9.2	0.0	0.0	4.2	8.6	22.0	£ 6,356.00	
Case Management	26.1	59.9	96.7	21.8	48.5	1.2	254.2	£ 91,837.50	
Director(s)/debtor/bankrupt	3.8	0.0	0.0	1.0	2.1	0.0	6.9	£ 3,096.00	
Pension Scheme	0.0	0.0	0.0	0.0	0.9	0.0	0.9	£ 189.00	
Post-appointment - general	0.0	0.0	0.0	1.5	3.7	0.0	5.2	£ 1,197.00	
Pre-appointment matters	13.7	0.0	0.0	3.0	5.6	1.0	23.3	£ 10,613.50	
Receipts and Payments	0.0	0.1	0.1	4.5	12.7	0.0	17.4	£ 3,958.50	
Tax Matters	3.3	0.0	0.0	0.0	1.5	0.0	4.8	£ 2,367.00	
Total	72.2	69.2	96.8	19.8	158.5	2.2	454.4	£ 174,368.00	
Investigations/CDDA	9.7	0.0	125.6	5.3	50.3	27.0	217.9	£ 73,623.00	
Total	9.7	0.0	125.6	5.3	50.3	27.0	217.9	£ 73,623.00	
Assets - general/other	2.9	0.0	2.4	33.2	18.3	0.0	56.8	£ 15,419.50	
Charges	0.0	0.0	0.6	0.0	0.0	0.0	0.6	£ 207.00	
Debtors & sales finance	18.1	0.0	6.1	0.0	0.0	0.0	24.2	£ 13,417.00	
Land and Property	34.9	4.5	4.0	0.7	1.4	0.0	45.5	£ 25,602.00	
ROT - Third Party Assets	1.0	0.0	0.0	0.0	0.0	0.0	1.0	£ 625.00	
Sale of business	0.3	0.0	0.0	0.0	0.0	4.0	4.3	£ 887.50	
Total	57.2	4.5	13.1	33.9	19.7	4.0	132.6	£ 55,750.50	
Trading	40.5	0.0	174.5	0.0	27.3	0.0	242.3	£ 90,846.50	
Total	40.5	0.0	174.5	0.0	27.3	0.0	242.3	£ 90,846.50	
1st creditors/shareholders meetings and reports	19.9	0.0	0.2	8.9	22.3	2.5	53.8	£ 20,119.00	
Deferred/Postponed Creditors	0.0	0.0	0.0	0.0	2.5	0.0	2.5	£ 525.00	
Employees	0.1	0.0	1.7	7.2	3.0	0.0	12.0	£ 3,057.00	
Other Creditor Meetings and Reports	0.0	0.0	5.8	0.0	0.0	0.0	5.8	£ 2,001.00	
Secured Creditors	1.2	0.0	0.0	0.0	0.0	0.0	1.2	£ 750.00	
Unsecured Creditors	36.3	3.5	3.4	36.8	123.6	0.0	203.6	£ 57,957.00	
Total	57.5	3.5	10.3	52.9	155.4	2.5	275.2	£ 104,409.00	
Legal Matters	66.8	0.0	3.3	27.0	18.0	0.0	115.1	£ 52,851.00	
Total	66.8	0.0	3.3	27.0	18.0	0.0	115.1	£ 52,851.00	
Total Hours	301.9	77.2	424.4	150.9	352.2	46.5	1,353.1	£ 493,776.50	
Total Time Cost	£ 188,087.00	£ 33,403.00	£ 148,543.50	£ 41,428.00	£ 68,418.60	£ 13,895.50	£ 493,776.50		

Appendix G

Costs, Expenses and Disbursements Table

Costs, expenses and disbursements (Category 1 & 2) incurred, or likely to be incurred by the Joint Administrators until the next milestone

	£ (net of VAT)				
	Incurred to date	Expected future	Expected Total	Paid to Date	Unpaid
Expenses & Category 1 Disbursements					
Bond	0.00	500.00	500.00	0 00	0 00
Statutory Advertising	71 00	71.00	142.00	0 00	71 00
Website fee	10.00	0.00	10 00	0.00	10 00
Storage agent (collection / storage of records)	0.00	2,000.00	2,000.00	0.00	0.00
Agent's Valuation (chattels)	2,500 00	0 00	2,500.00	0 00	2,500 00
Insurance	244.94	2,449.43	2,694.37	244 94	0 00
Legal Fees					
- litigation	0 00	0.00	0.00	TBC	TBC
- property sale	0.00	0.00	0 00	TBC	TBC
- general	TBC	0.00	TBC	TBC	TBC
Land Registry fees	66.00	0.00	66.00	0.00	66.00
Stationery and Books	286.64	0.00	286.64	0.00	286.64
Travel	4,041.72	3,000.00	7,041.72	0.00	4,041.72
Call centre fees	4,176.00	4,000.00	8,176.00	4,000.00	0 00
Room Hire	9,840.00	0.00	9,840.00	2,055 00	7,785.00
Software providers for creditors' meeting	0.00	19,200 00	19,200 00	0.00	0 00
Subtotal	21,236.30	31,220.43	52,456.73	6,299.94	14,760.36
Category 2 Disbursements & Rates					
- mileage (42 5p per mile)	1,148 30	1,148 30	0.00	2,000 00	3,148 30
- subsistence (£25 per night)	439 95	439.95	0.00	400.00	400.00
Subtotal	1,588.25	1,588.25	0.00	2,400.00	3,548.30
Amounts paid or payable to the Office Holder's firm or to any party in which the office holder or his firm or any associate has an interest					
Nil	0 00	0 00	0.00	0.00	0 00
Subtotal	22,824.55	32,808.68	52,456.73	8,699.94	18,308.66

Category 1 Disbursements

These comprise external supplies of incidental services specifically identifiable to the insolvency estate. They do not require approval of the relevant approving party prior to being paid

Category 2 Disbursements

These are costs which are not capable of precise identification or calculation, or that may include an element of shared or allocated costs. Payments to outside parties that the Office Holder, firm, or any associate has an interest, are also treated as 'Category 2' disbursements. These costs require the specific approval of the relevant approving body before being paid from the insolvency estate. Details of the current rates, costs incurred to date, and any payments are shown above. Approval for the payment of these costs, at the rates prevailing at the date they were incurred will, or have been (as applicable), sought from the relevant approving body

Appendix I - Notice of a qualifying decision procedure

In the High Court of Justice, business and Property Courts in Birmingham, Insolvency and Companies List No 443 of 2019

Lendy Ltd in Administration - Company No: 08244913

Damian Webb, Phillip Sykes and Mark Wilson appointed as Joint Administrators to the above company on 24 May 2019

Joint Administrators' proposals delivered to the creditors on: 16 July 2019

Notice of Physical Meeting of Creditors Pursuant to Rule 15.6 of the Insolvency (England and Wales) Rules 2016

NOTICE IS HEREBY GIVEN that a physical meeting of the creditors of the above named company will be held at The National Conference Centre, Coventry Road, Bickenhill, Solihull B92 0EJ at 11 00am on 31 July 2019 for the purposes of seeking approval of the Joint Administrators' proposals as set out below

Voting

A form of proxy and proof of debt form are enclosed. If you intend to vote, a PROOF OF DEBT must be duly completed and received at RSM Restructuring Advisory LLP, 25 Farringdon Street, London, EC4A 4AB, not later than 4.00pm on 30 July 2019 together with a PROXY FORM. The proxy form must be received by the convenor before the meeting, at the same address, for it to be valid and counted.

SECURED CREDITORS (unless they surrender their security) must give particulars of their security and its value if they wish to vote at the meeting.

CREDITORS who have OPTED OUT from receiving notices may nevertheless vote if the creditor provides a proof and voting form in accordance with the above provisions.

CREDITORS whose debts are treated as a SMALL DEBT in accordance with Rule 14.31(1) of the Insolvency (England and Wales) Rules 2016 must still deliver a proof of debt if they wish to vote. with Rule 14.31(1) states that Office Holders may treat a debt, which is a small debt according to the accounting records or the statement of affairs of the company, as if it were proved for the purposes of paying a dividend. Small debts are defined in Rule 14.1(3) as a debt (being the total amount owed to a creditor) which does not exceed £1,000

Remote Attendance

Any creditor who wishes to attend the meeting remotely, i.e. participate in the meeting without actually being in the place where the meeting is being held, should inform the Joint Administrators in advance of the meeting date. It is at the discretion of the convenor of the meeting whether to permit a creditor to attend remotely.

Excluded Creditors

A creditor who is permitted to attend the meeting remotely but is unable to do so, for the whole or part of the meeting, under the arrangements put in place by the convenor of the meeting, ('an excluded creditor'), or a creditor who attends the meeting but who claims to have been adversely effected by the exclusion of the excluded creditor, may complain during the course of the meeting to the chair of the meeting, or after the meeting, to the convenor. A complaint to the convenor must be made no later than 4.00pm on the business day following the creditor's exclusion or notice of exclusion in accordance with Rule 15.38.

An excluded creditor may request an indication of what occurred during the period of their exclusion. Any such request must be made as soon as reasonably practicable and no later than 4.00pm on the business day following the day on which the exclusion is claimed to have occurred.

Establishment of committee

Creditors have the right to decide whether a committee should be established, if sufficient creditors are willing to be members. If you wish to act on the creditors' committee, the attached CONSENT TO ACT FORM must be completed and returned to the address below, together with a PROOF OF DEBT form, prior to the meeting date.

Guidance on acting as a committee member can be found at the R3 website, www.R3.org.uk. A hard copy of this guidance can be requested by telephone, email or in writing to the manager of the case (details below).

You may also wish to note that R3 have also produced guidance on the different insolvency processes, which can again be located at their website, www.R3.org.uk.

Joint Administrators' proposals

1. The Joint Administrators should continue to manage the business in order to maximise realisations from the loan book for the benefit of the Investors and creditors.
2. The Joint Administrators should apply for the appointment of an independent conflict administrator to SSSH.
3. The Joint Administrators should arrange to distribute available funds from the realised assets to those creditors entitled to them in such manner as they consider will lead to an early distribution of the available assets in an economic manner.
4. The Joint Administrators be authorised to make such application to court for directions as they consider appropriate with a view to achieving the purposes of the administration or their proposals
5. The Joint Administrators are to carry out all necessary investigations to comply with their obligations under the Company Directors Disqualification Act 1986, to co-operate with FCA in its investigations and to identify potential areas for recovery for the benefit of Investors and creditors.
6. The Company exit the administration by way of Creditors Voluntary Liquidation
7. If the Company exits administration by moving into a Creditors' Voluntary Liquidation, it is proposed that Damian Webb and Phillip Sykes and Mark Wilson of RSM Restructuring Advisory LLP, 25 Farringdon Street, London, EC4A 4AB be appointed Joint Liquidators of the Company. The Liquidators will have the power to act jointly and severally and may act required or authorised to be done by the Liquidators may be done by all or any one more of the persons holding the office in question

Creditors nomination for alternative liquidator(s)

Please note that creditors may nominate a different person as the proposed Liquidator provided that

- The nomination is made through a decision procedure before the proposals (or any revised proposals) are approved and;
 - Where the nomination relates to more than one person or has the effect that the office is to be held by more than one person, a declaration is made as to whether any act required or authorised to be done by the Liquidators is to be done by all or any one more of the persons for the time being holding the office in question
8. For creditors to consider whether to appoint a Creditors' Committee to assist the Joint Administrators and subsequent Joint Liquidators.

In the event that a Creditors' Committee is not appointed, creditors are asked to approve the following:

9. That the Joint Administrators be discharged from liability in respect of any action of theirs as Joint Administrators immediately following their cessation to act as Joint Administrators
10. The Joint Administrators shall be authorised to draw their remuneration based upon time costs limited to the sum of £1.025m (plus VAT) for the first 12 months of the Administration, in accordance with the attached fee estimate
11. The Joint Administrators shall be authorised to draw 'category 2' disbursements as an expense of the administration at the rates prevailing at the time the cost is incurred. In the event that the administration exits by way of liquidation and the Joint Administrators are appointed liquidators, any approval shall be treated as being passed in the liquidation

Complaints

A creditor who disagrees with the manner in which they are treated in relation to the above decision procedure may appeal to the Court within 21 days of the decision date, i.e. the meeting date

Adjournment & Suspension

The decision date for any decisions made at the meeting will be the date of the meeting ("the meeting date") – unless the meeting is adjourned to a later date (which must not be later than 14 days after the meeting date)

The meeting may be suspended or adjourned at the discretion of the chair of the meeting – who must adjourn the meeting if it is so resolved by the meeting

Manager contact details:

James Parkinson

RSM Restructuring Advisory LLP, 25 Farringdon Street, London, EC4A 4AB

Tel: 0203 201 8000

Email restructuring.london.core@rsmuk.com

Name, address & contact details of Joint Administrator**Primary Office Holder**

Damian Webb

RSM Restructuring Advisory LLP

25 Farringdon Street, London,

EC4A 4AB

020 3201 8000

IP Number: 14970

Joint Office Holder:

Phillip Sykes

RSM Restructuring Advisory LLP

25 Farringdon Street, London,

EC4A 4AB

0203 201 8000

IP Number: 6119

Joint Office Holder

Mark Wilson

RSM Restructuring Advisory LLP

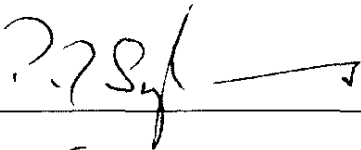
25 Farringdon Street, London,

EC4A 4AB

0203 201 8000

IP Number: 008612

Signed



Dated

15 July 2019

Joint Administrator

NOTE: Please complete the attached proof of debt form and return it together with a detailed statement of your account, and proxy form, and any other relevant documentation to the address above, or by email to Lendy.Restructuring@rsmuk.com

Rule 16.3**The Insolvency (England and Wales) Rules 2016****Proxy**

In the High Court of Justice, business and Property Courts in Birmingham, Insolvency and Companies List No 443 of 2019

Lendy Ltd – In Administration

Company No: 08244913

(1) Delete as applicable

Name of ⁽¹⁾ Creditor

/ Member /

Contributory /

Investor

Address

(2) Please insert name of person or 'the Chair of the meeting'. If you wish to provide for alternative proxy holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well

Name of Proxy Holder ⁽²⁾

(3) Select EITHER Specific Proxy OR Continuing Proxy
A Specific proxy can only be used for a specific meeting ie the meeting referred to in this proxy (or any adjournment of that meeting)

Please select (by ticking the relevant box) ONE of the three options (i to iii) as to how the proxy holder is to vote to show whether the proxy holder has any discretion or whether the proxy holder can only act as directed ie has no discretion

(3) **Specific Proxy** (select by ticking box OR select Continuing Proxy below)

I appoint the above person to be ⁽¹⁾ my/the creditor's/member's/contributory's proxy holder at the meeting of ⁽¹⁾ creditors/members/contributories to be held on , or at any adjournment of that meeting

i The proxy holder is directed to propose or vote as instructed below and has no authority to act in any other way in respect of those resolutions or to take any other action at the meeting

OR

ii The proxy holder is directed to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given is authorised to vote or abstain at his/her discretion). The proxy holder ⁽¹⁾ is/is not authorised to propose resolutions at his/her discretion).

OR

iii The proxy holder is authorised to propose, vote or abstain in relation to the resolutions listed below and to take such other actions at the meeting at his/her discretion

(3) Select EITHER Continuing Proxy OR Specific Proxy

A Continuing proxy is to be used for any meeting (or any adjournment of the meeting) convened during the insolvency proceedings, ie not simply the meeting referred to in this proxy

(3) **Continuing Proxy** (select by ticking box OR select Specific Proxy above)

I appoint the above person to be ⁽¹⁾ my/the creditor's/member's/contributory's proxy holder in the insolvency proceedings. The proxy holder is authorised to attend, speak, propose resolutions and to vote or abstain entirely at his/her discretion

Please indicate FOR or AGAINST any resolution here
Any other resolutions which the proxy-holder is to propose or vote in favour of or against should be set out in numbered paragraphs in this space. If more room is required please use the other side of this form

Voting instructions for resolutions

- | | |
|---|--------------------|
| 1. The Joint Administrators' proposals as set out at resolutions 1 to 7 of Appendix I are approved | FOR/AGAINST |
| 2. For creditors to consider whether to appoint a Creditors' Committee to assist the Joint Administrators and subsequent Joint Liquidators | FOR/AGAINST |
| 3. In the event that a Creditors' Committee is not established, the Joint Administrators be discharged from liability in respect of any action of theirs as Joint Administrators immediately following their cessation to act as Joint Administrators | FOR/AGAINST |
| 4. In the event that a Creditors' Committee is not established, the Joint | |

Administrators shall be authorised to draw their remuneration based upon time costs limited to the sum of £1.025m (plus VAT) for the first 12 months of the Administration, in accordance with the attached fee estimate.

FOR/AGAINST

5. In the event that a Creditors' Committee is not established, the Joint Administrators shall be authorised to draw 'category 2' disbursements as an expense of the administration at the rates prevailing at the time the cost is incurred, current details of which are attached at Appendix E to the Joint Administrators' proposals. In the event that the administration exits by way of liquidation and the administrators are appointed liquidators, such resolution shall be treated as being passed in the liquidation.

**FOR/AGAINST
INST**

This form MUST be signed

Signed: _____ **Date:** _____

Name in BLOCK LETTERS _____

Complete if the creditor / member / contributory has not signed in person

Position with ⁽¹⁾ creditor / member / contributory or relationship to ⁽¹⁾ creditor / member / contributory or other authority for signature _____

If signing on behalf of a company, LLP, other body corporate or partnership please state your position in relation to that entity, eg Director, Secretary, Member, Partner

If you are signing as a sole member of a body corporate, please tick this box

☐

Appendix III – Proof of Debt form

High Court of Justice, Business and Property Courts in Birmingham, Insolvency and Companies List No 443 of 2019 Lendy Ltd In Administration - Company No: 08244913 Damian Webb, Phillip Sykes and Mark Wilson appointed as Joint Administrators on 24 May 2019	
Relevant date for creditors' claims. 24 May 2019	
1	Name of creditor If a company please also give company registration number
2	Address of creditor for correspondence.
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the relevant date Less any payments made after that date in relation to the claim, any deduction in respect of discounts and any adjustment by way of mutual dealings and set off in accordance with relevant legislation
4	Details of any documents by reference to which the debt can be substantiated. There is no need to attach them now, but you should retain them safely as the Joint Administrators may ask you at a future date to produce any document or other evidence which is considered necessary to substantiate the whole or any part of the claim
5	If amount in 3 above includes outstanding uncapitalised interest please state amount.
6	Particulars of how and when debt incurred If you need more space append a continuation sheet to this form
7	Particulars of any security held, the value of the security, and the date it was given.
8	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates.
	Signature of creditor or person authorised to act on his behalf
	Name in BLOCK LETTERS
	Date
	Position with or in relation to creditor
	Address of person signing (if different from 2 above)

Notes: 1 This form can be authenticated for submission by email, to restructuring.london.core@rsmuk.com by entering your name in block capitals and sending the form as an attachment from an email address which clearly identifies you or has been previously notified to the office holder. If completing on behalf of a company, please state your relationship to the company

Appendix IV

Rule 3.39 of the Insolvency (England and Wales) Rules 2016

In the High Court of Justice, business and Property Courts in Birmingham, Insolvency and Companies List No 443 of 2019

Lendy Ltd In Administration - Company No: 08244913

Damian Webb and Phillip Sykes and Mark Wilson appointed as Joint Administrator to the above company on 24 May 2019

Notice delivered to the creditors on: 16 July 2019

Notice to creditors and contributories inviting establishment of committee

Notice is hereby given that creditors are invited to decide whether a Creditors' committee ('committee') should be established, provided that there are no fewer than three and no more than five creditors wishing to be represented on the committee. Nominations are invited for membership of any committee so established, such nominations to be received at 25 Farringdon Street, London, EC4A 4AB no later than 31 July 2019. Nominations will only be accepted from creditors who have submitted a proof of debt which is not fully secured and has neither been disallowed for voting purposes nor wholly rejected for dividend purposes.

Please note that, in order for a creditors' committee to be formed, there must be at least three creditors wishing to be represented on the committee. There can be no more than five committee members.

Guidance on acting as a committee member can be found at the R3 website, www.R3.org.uk. A hard copy can be requested by telephone, email or in writing to this office.

You may also wish to note that R3 have also produced guidance on the different insolvency processes, which can again be located at their website.

Enclosed with this notice are a proof of debt form and a consent to act, both of which should be completed and returned to the above address by the date given above in order for your nomination to the committee to be considered further. If you have already submitted a proof of debt form you do not need to do so again.

Name, address & contact details of Joint Administrator

Primary Office Holder

Damian Webb
RSM Restructuring Advisory LLP
25 Farringdon Street, London,
EC4A 4AB
020 3201 8000
IP Number: 14970

Joint Office Holder:

Phillip Sykes
RSM Restructuring Advisory LLP
25 Farringdon Street, London,
EC4A 4AB
0203 201 8000
IP Number: 6119

Joint Office Holder

Mark Wilson
RSM Restructuring Advisory LLP
25 Farringdon Street, London,
EC4A 4AB
0203 201 8000
IP Number: 008612

Dated: 15 July 2019


Phillip Sykes
RSM Restructuring Advisory LLP
Joint Administrator

NOTE: Please complete the enclosed proof of debt form and consent to act form and return them, to James Parkinson, RSM Restructuring Advisory LLP 25 Farringdon Street, London, EC4A 4AB.

Appendix IV

Rule 17.5 of the Insolvency (England and Wales) Rules 2016

**In the High Court of Justice, business and Property Courts in Birmingham, Insolvency and Companies
List No 443 of 2019**

**Lendy Ltd In Administration
Company No: 08244913**

**Damian Webb, Phillip Sykes and Mark Wilson appointed as Joint Administrators to the above company
on 24 May 2019**

Creditors' committee consent to act

If you personally are a creditor, please complete only Part A of this form

If you represent a creditor (eg your employer), please complete only Part B

Part A

I hereby consent to act as a member of the Creditors' committee in respect of the Administration of the above-named

Your name

Your address

Telephone:

E-mail

Please sign here:

Dated:

Part B

I am duly authorised by proxy to act as a representative of the below named company as its representative on the Creditors' committee in respect of the ADM of the above-named, and hereby consent to do so.

Representative's name

Creditor represented:

Representative's position in
relation to the creditor

Representative's address

Telephone

E-mail:

Please sign here.

Dated: