



## What Is Peer-2-Peer Lending?

Peer-2-Peer (P2P) lending is a form of Alternative Finance. First appearing in the UK in 2005, P2P platforms work by matching prospective Borrowers with Lenders. P2P lending takes three primary forms: lending to individuals; lending to Small and Medium size Enterprises (SMEs) and commercial property lending.

ArchOver operates within the SME business lending space, providing a platform that gives Lenders the opportunity to lend money to British based SMEs, in return for interest rates of between 8% and 10% p.a.

## What type of businesses does ArchOver work with?

ArchOver facilitates business loans to SMEs ranging from £100,000 through to £5,000,000. Our investors lend to a wide selection of businesses and loans are made for any legitimate business purpose. We facilitate both 'Secured' loans as well as 'Advances'.

For a 'Secured' loan, we take security in the form of a first ranking charge that is registered at Companies House. Our loans can be used for a variety of purposes from working capital, growth finance, through to management buy-outs, or buy-ins.

'Advances' are typically raised against grants, such as Innovate UK ([www.ukri.org](http://www.ukri.org)) grants, or against Research and Development tax claims from HMRC.

By helping to fund businesses through ArchOver you are providing working capital and aiding innovation amongst British Businesses.

All businesses that reach our platform have been extensively analysed by our experienced in-house credit team. This is a thorough process in which our credit team evaluate all facets of the business, from sector risks, financials and forecasts through to the management team etc.

From here, all information is presented to our Credit Committee. The Credit Committee sign off the loan before the Borrower signs the agreements and the opportunity is made available on our platform. Only 5% of all the Borrower enquiries that are considered by our Commercial team manage to get approved through our credit process.

## How to invest with ArchOver

Investing over the ArchOver platform is simple. Once you have provided us with basic personal information we will ask you to complete a short questionnaire. P2P lending is not suitable for all investors, this questionnaire helps us to assess investor suitability before you are able to invest over the ArchOver platform. ArchOver offers additional information and support if appropriate, but we do not offer any advice on the suitability of investments - if you are still unsure, always speak with an Independent Financial Advisor (IFA).

Once your account has been setup, we will notify you in advance of projects going live via email. There is often high demand so we recommend Lenders are logged onto the platform five minutes before the project goes live to increase their chances of being successful in investing.

It is also possible to set up an Innovative Finance ISA (IFISA) with ArchOver. You are able to invest up to £20,000 per tax year into loans, earning interest tax-free. In order to set up an IFISA with ArchOver, first register for your account as outlined above, then follow the instructions on the homepage of your ArchOver account.



## What information does ArchOver provide Lenders?

ArchOver provides Lenders with a 'Funding Request' for every credit approved loan posted to the platform. Funding Requests are made available to Lenders two hours before a project is made live and are posted by the Borrower with content reviewed by ArchOver.

Within the Funding Request, Lenders are provided with a range of information to do with both the terms of the loan as well as the business taking the loan. This information includes an overview of the company, financial performance, profiles of key people as well as details of the security ArchOver is taking on your behalf with regards to the loan.

Within the Overview section of our Funding Requests, Lenders can find the company profile of the Borrower, including any lending history with ArchOver, ownership structure and trading history. The Financial Performance section of the Funding Request shows both historic actual performance as well as forecasted future performance. With the Key People section, Lenders can learn about the individuals who manage and run the business, their experience and history with that firm.

Within the Funding Request, we also go into detail regarding specific risks related to each loan. For example we may highlight customer concentration, management changes, or wider political/global issues, such as the impact of COVID-19.

This loan specific information should be used by Lenders to better understand the opportunity and used in conjunction with personal research to reach a reasoned investment decision.

Once a pledge is made, payment is taken via Direct Debit, or you can transfer funds directly into your ArchOver account.

All of our loans have fixed terms and fixed interest rates. The rate and term you see on the website is the rate and term you receive. We offer no secondary market for our loans and therefore Lenders should only invest funds that they are prepared to not have access to for the full advertised term of the loan.

## Risks

As with any investment, there are risks involved in P2P lending. Generally with investing, the greater the risk, the higher the interest rate. ArchOver typically offers Lenders interest rates of between 8% and 10% p.a. - this is representative of the risks involved in lending over our platform. Although ArchOver undertakes extensive credit analysis before approving any Borrower to use our platform, investments can go wrong.

We monitor our Borrowers monthly by receiving Management Information updates and reviewing their financial information. However, businesses can fail for a variety of reasons. If a Business is struggling, we will work closely with the directors to see how we can best protect the position in the interest of our investors, whilst giving the business the chance to trade out of its difficulties. If the business is struggling they may well default on their interest payments and/or capital repayments to investors.

If we believe the business has ultimately failed, we will step in and appoint an Administrator to run the business.

It is important for Lenders to be aware that investing over the ArchOver platform is not without risk and Lenders should only invest money that they are prepared to lose. Since 2014, we have approved over 114 businesses onto the platform, with five having defaulted on their loans. We are actively recovering these defaults, and will not stop until we have exhausted all avenues of recovery.

Of course, historic returns and loan default rates are not necessarily indicative of future returns and future default rates.



## Important to understand

When you invest over the ArchOver platform you are lending directly to the business you have invested in, via a regulated 36H agreement. This agreement gives you equal rights with all the other investors. ArchOver are only involved to ensure funds are managed across the platform for the term of the loan, that the business is regularly reviewed and to act as Trustee for Lenders – you are not lending any money to ArchOver.

## Contact us

We hope that through learning a brief history of P2P Lending as well as how ArchOver operates and the types of businesses we work with, you feel more comfortable using our platform. If you would like to understand more about how we work or have any other questions, please email us at [support@archover.com](mailto:support@archover.com), or call 0203 021 810. We do not and cannot provide any advice on specific investments.

### Lending with ArchOver

- Earn between 8 and 10% p.a. in interest
- Choose from a range of security types to diversify your portfolio in line with your investment goals
- The rate posted with the loan is the rate you receive
- All loans have passed our thorough credit analysis and are monitored monthly throughout the term
- Open an Innovative Finance ISA (“IFISA”) to earn tax-free interest up to 10% p.a.

## Risk Warning

Lenders: Your Capital is at Risk. Don't invest unless you're prepared to lose all your money invested. This is a high-risk investment and is much riskier than a savings account. Interest payments are not guaranteed, if the Borrower defaults we offer no assurances that capital can be recovered. Historic returns and loan default rates are not necessarily indicative of future returns and future default rates. IFISA eligibility does not guarantee returns or protect you from losses. Lending over the ArchOver platform is not covered by the Financial Services Compensation Scheme.

ArchOver Limited is a company registered in England and Wales with company number 07235487 and is authorised and regulated by the Financial Conduct Authority (Reg No: 723755).