

Disclosure Statement

Part A - Terms and Conditions

Issued by **ZAGGA LIMITED** (NZBN: 9429041137635 Market Service Licence number FSP393946) as servicer for **MAGNA TRUST COMPANY LIMITED** (NZBN: 9429041446140, Market Service Licence number FSP407186).

2. Definitions

“**Act**” means the Financial Markets Conduct Act 2013 and the Financial Markets Conduct Regulations 2014.

“**Associated Person**” has the meaning given to that expression in section 12 of the Financial Markets Conduct Act 2013.

“**Borrower**” means an approved person, persons, New Zealand company or other legal entity with the capacity to borrow monies which has entered into a Borrower Agreement.

“**Borrower Agreement**” means the agreement entered into by a Borrower with Zagga.

“**CAS**” means Zagga’s proprietary credit assessment score calculated by Zagga in relation to each Loan Application prior to it being published on the Website for subscription to by Investors. It is based on Zagga’s subjective assessment of the information provided to Zagga by the Borrower and third party credit and identity report providers and takes into account factors such as (but not limited to), type of Loan sought, purpose of the Loan, the Borrower’s credit history, quality and type of security, value of the security and servicing ability of the Borrower.

“**Conflicted Person**” means an associated person of Zagga Limited or Magna Trust Company Limited in accordance with section 12 of the

Financial Markets Conduct Act 2013.

Examples of a Conflicted person of Zagga Limited (**Zagga**) or Magna Trust Company Limited (**Magna**) would include the:

- shareholders;
- directors;
- employees;
- persons able to directly or indirectly exert a substantial degree of influence over the activities of Zagga and/or Magna; and,
- a corporate entity that has one of the above persons as a trustee, director, shareholder or employee.

“**Declaration of Trust**” means the terms and conditions of appointment of the Trustee to act as trustee for the Investor (including the fees and charges payable by Investors to the Trustee), published on the Website.

“**Disclosure Statement**” means this disclosure statement which we shall provide to you pursuant to section 423 of the Act.

“**Fee Schedule**” means the schedule attached hereto as Appendix 1 (and published on our Website) which sets out the fees and charges payable (and applicable payment terms) by

Borrowers.

“**Investor**” means an approved person or entity that has entered into an Investor Agreement.

“**Investor Agreement**” means the agreement entered into by an Investor with Zagga.

“**Listing Period**” means the period of time that the Loan application is available for subscription to by Investors on the Website

“**Loan**” means the monies lent by the Investor/s to the Borrower/s.

“**Loan Application**” means the Borrowers application for a Loan.

“**RWT**” means resident withholding tax and refers to an amount payable as income tax under the RWT rules pursuant to the Income Tax Act 2007.

“**Secondary Market**” means the secondary market which Zagga operates on its platform where Investors may (with the consent of Zagga) sell their interest in a loan, subject to Zagga’s secondary market rules which are published on the website (Secondary Market Rules)

“**Trustee**” means Magna Trust Company Limited.

“**Zagga**” means Zagga Limited.

3. Background

Zagga

- 2.1.** Zagga provides services (pursuant to its peer-to-peer lending licence under the Act) to Borrowers, whereby Zagga publishes offers of debt securities (loans) for subscription and sale and provides a web-based platform that enables those loans to be subscribed to and/or sold. Specifically:
- (a)** Borrowers provide information to Zagga;
 - (b)** Zagga undertakes various checks on the Borrowers and their Loan Applications including identity, fraud and credit checks and categorise the Loan Applications including setting a CAS in order that such applications have the best chance of attracting Investors;
 - (c)** Zagga publishes the Loan Applications and provides tools on its Website so that Loan Applications are easily understood by and are attractive to Investors and enables the loans to be subscribed to;
 - (d)** Zagga publishes loans for sale pursuant to the Secondary Market Rules and enables them to be sold to new Investors.
- 2.2.** Zagga is not an investor and does not handle Loan monies.
- 2.3.** Zagga operates a Secondary Market at the date of this agreement.
- 2.4.** In order to enable subscriptions and loan sales through Zagga's Website it is necessary for subscribers (Investors) to register. The registration process enables an Investor to agree to the basis on which the Investor is using Zagga's Website, to the process used for subscriptions and sales of Loans published on Zagga's Website, and to make all necessary disclosures.

Trustee

- 2.5.** The Trustee is an authorised body under Zagga's peer-to-peer lending licence but is otherwise independent of Zagga.
- 2.6.** The Trustee is appointed by the Investor/s to hold the Loan and securities on trust for them and to manage the Loan in accordance with the Declaration of Trust.
- 2.7.** Zagga hereby makes disclosure in accordance with section 423 of the Act in relation to the functions and obligations of the Trustee. Such disclosure is contained in paragraphs 17 to 20 herein and in the Declaration of Trust. The disclosure has been made with the consent and authorisation of the Trustee.

4. Name and Contact Details of Zagga

Name: Zagga Limited
Phone: 0800 286 286
Physical Address: Level 1, Zagga House, 85 Albert Street, Auckland 1140
Postal Address: PO Box 1290, Auckland 1140
Email Contact: info@zagga.co.nz

5. Investor Registration

5.1. To register as an Investor and subscribe for a Loan and/or sell or purchase a loan you must:

- (a)** complete the Investor registration process on the Website including the provision of information required to verify your identity being any of the following:
 - i. New Zealand driver's licence details;
 - ii. New Zealand or non-New Zealand passport details;
 - iii. Birth certificate details; or
 - iv. Certificate of citizenship details;
- (b)** acknowledge that you have read and agree to the Disclosure Statement by clicking the "Agree" button on the Investor registration page;
- (c)** read and enter into the Investor Agreement by clicking the 'Agree' button;
- (d)** read and make the non-disclosure declaration by reading the declaration and clicking the 'I Declare' button. The Investor is now legally bound to keep all Borrower and Loan Application information strictly confidential and not to disclose it to third parties pursuant to the terms of the Investor Agreement.
- (e)** pass the following checking by us:
 - i. identity checks;
 - ii. company office checks; and
 - iii. any other checks Zagga deems appropriate in its sole discretion.
- (f)** satisfy Zagga's minimum standards in accordance with its Fraud & Anti Money Laundering Policy and Fair Dealing Policy (published on the Website).
- (g)** receive from us acceptance as an Investor (at our sole discretion), notification of which shall be sent to you and shall include any terms and conditions on the use of the Website. Acceptance is subject to ongoing checks of your identity which may take place at any time.

6. Borrower Registration

6.1. To register as a Borrower and apply for a Loan you must:

- (a)** complete the Borrower registration process on the Website including the uploading of all required documentation, which will include (but not be limited to) information required to verify your identity being any of the following:
 - i. New Zealand driver's licence details;
 - ii. New Zealand or non-New Zealand passport details;
 - iii. Birth certificate details; or
 - iv. Certificate of citizenship details;
- (b)** acknowledge that you have read and agree to the Disclosure Statement by clicking the "Agree" button on the Borrower registration page;
- (c)** read and enter into the Borrower Agreement by clicking the 'Agree' button;
- (d)** pass the following checking by us:
 - i. identity checks;
 - ii. credit checks;
 - iii. company office checks;
 - iv. online checks (through search engines);
 - v. background checks; and
 - vi. any other checks Zagga deems appropriate in its sole discretion.
- (e)** satisfy Zagga's minimum standards in accordance with its Fraud & Anti Money Laundering Policy and Fair Dealing Policy (published on the Website).
- (f)** receive from us acceptance as a Borrower (at our sole discretion), notification of which shall be sent to you and shall include any terms and conditions on the use of our Website. Acceptance is subject to ongoing checks of your identity which may take place at any time.

7. Investor and Borrower Eligibility Criteria

7.1. To qualify as an Investor and/or Borrower you, your directors and senior managers must:

- (a)** if natural persons be over the age of 18 years;
- (b)** not be bankrupt or insolvent, in receivership or liquidation;
- (c)** have no previous convictions for fraud or dishonesty; and
- (d)** otherwise comply with the laws of New Zealand.

7.2. Investors and Borrowers must satisfy our identity checks, which may take place at any time, and will be required to provide their (including their directors and senior managers):

- (a) full legal name;
- (b) residential address or registered address (whichever is applicable) and address for service;
- (c) date of birth (if applicable);
- (d) occupation (if applicable);
- (e) a copy of passports or driver's licences (if applicable) including certified copies if required;
- (f) proof of address if not ordinarily resident in New Zealand or not a New Zealand company;
- (g) IRD number, RWT exemption certificate (if applicable), RWT rate applicable to you;
- (h) New Zealand Bank account number;
- (i) certificate of incorporation if a company or other corporate entity.

8. Further Conditions and Availability of Website

8.1. Zagga may by written notice, in its absolute discretion, impose conditions at any time that must be fulfilled by:

- (a) Investors subscribing to Loan Applications and/or selling or purchasing a loan published on the Website; and
- (b) Borrowers publishing Loan Applications on the Website.

8.2. Zagga does not guarantee that provision of the Website will be continuous or fault free. You acknowledge that access to the Website may not be available from time to time and that Zagga will not be liable to you for any loss whatsoever arising from any inability to access the Website.

9. How Loans Are Made

9.1. Loan Applications are made by Borrowers and published on the Website (subject to Zagga's sole discretion) and may include the following information:

- (a) Loan amount;

- (b)** Type of Loan;
- (c)** Term of Loan;
- (d)** Details of security offered;
- (e)** Registered valuation of the security (not more than six months old) if a property;
- (f)** Valuation of security if a business, plant and equipment or other assets (including where provided by the Borrower, reasonable grounds for any assumptions made);
- (g)** Details of the Borrower's ability to service the Loan (including where provided by the Borrower, reasonable grounds for any assumptions made);
- (h)** Purpose of the Loan;
- (i)** CAS and associated interest rates;
- (j)** Monthly repayment amounts; and
- (k)** Listing Period.

9.2. When the Borrower has submitted the Loan Application Zagga will review it and decide in its sole discretion whether to approve the Loan Application for publication on the Website. If the Loan Application is approved for publication Zagga will assign it a CAS together with the interest rates payable on the Loan.

9.3. The CAS:

- (a)** does not guarantee that the Borrower can or will repay all or any part of the Loan or any interest charged;
- (b)** reflects the information available to Zagga at the relevant time and will not be updated during the term of the Loan;
- (c)** is provided to the Borrower solely in order to:
 - i. categorise Loan Applications and to assist in settling interest rates for the purpose of publishing the Loan Applications for subscription; and
 - ii. to assist in setting the platform fee payable by the Borrower to Zagga under the Borrower Agreement.
- (d)** is not provided to any Borrower or any Investor for their reliance and they shall under no circumstances hold Zagga liable in respect of it.

- 9.4.** Investors can agree to lend money to any Borrower that has a Loan Application published on the Website provided the Investor complies with any special conditions relating to the Loan Application, the Investor Agreement and the laws of New Zealand up until the expiry of the Listing Period. The Borrower may withdraw the Loan Application from the Website at any time before an agreement to lend has been completed.
- 9.5.** To invest money the Investor:
- (a)** searches and selects the Loan Application/s it wishes to consider;
 - (b)** chooses the Loan Application/s it wants to invest money into;
 - (c)** enters RWT information, IRD number and bank account information;
 - (d)** confirms that it has sufficient funds available to meet the lending commitment being made;
 - (e)** enters the amount it wants to invest which may or may not be the whole amount sought by the Borrower (any conditions will be clearly published);
 - (f)** agrees to invest into the borrower's loan by clicking the "Agree to Invest" button; and
 - (g)** agrees to appoint the Trustee as its trustee in accordance with the Declaration of Trust by clicking the "Agree to Appoint Trustee" button.
- 9.6.** Once the Investor has agreed to invest and appoint the Trustee, the Investor cannot withdraw its agreement until the Listing period has expired and the Loan Application has not been fully funded.
- 9.7.** When the amount sought in the Loan Application has been fully funded (by one or many Investors) and any special conditions have been fulfilled then:
- (a)** the Investor/s and the Borrower will be notified that an agreement to invest has been completed. At this point a legally binding contract exists between the Investor/s and the Borrower;
 - (b)** the Investor/s will pay the Loan monies in cleared funds from a New Zealand bank account (or overseas bank account with written consent of the Trustee) to the Trustee by completing an electronic bank deposit within 3 working days (the Trustee's bank account details will be supplied by the Trustee).
 - (c)** If any Investor or Borrower fails the identity check, we will advise and seek further information from them.

10. Disclosure Arrangements and Assessments

- 10.1.** Zagga will publish on the public pages of the Website only generic information about Borrowers, Loan Applications and loan sales.
- 10.2.** Detailed information regarding the Borrower, Loan Applications and loan sales will only be disclosed to Investors who have completed the non-disclosure declaration.
- 10.3.** Information accessible to Investors, who complete the non-disclosure declaration, may include:
- (a)** Borrower identity information, including full legal name;
 - (b)** Loan Application;
 - (c)** CAS together with interest rates payable on the Loan.
 - iii. Identity and credit checks on the Borrower and if a company, its directors and senior managers;
 - iv. Any loan history the Borrower has with Zagga; and
 - v. Any limits and conditions affecting the Borrower.
- 10.4.** Zagga will review the disclosure information prior to publication to ensure that it is timely and understandable.

11. Fees and Charges Payable

- 11.1.** All fees and charges payable by Borrowers (and payment terms) are set out in the Fee Schedule.
- 11.2.** Zagga hereby discloses, and you hereby acknowledge:
- (a)** that in the event a Loan is fully subscribed for by an Investor or Investors, Zagga will earn a platform fee, in the nature of a commission, payable by the Borrower to Zagga (which is calculated with the assistance of the CAS);
 - (b)** if a loan is sold on the Secondary Market, Zagga will earn an administration fee, payable by the Investor seller of the loan to Zagga; and
 - (c)** The basis for calculating all fees and charges payable by Borrowers to Zagga will be published on the Website from time to time and set out in the Disclosure Statement.
- 11.3.** No fees or charges are payable to Zagga by Investors unless an Investor sells an interest in a loan on our Secondary Market, in which case the Investor seller will pay to Zagga an administration fee set out in our Secondary Market Rules.

11.4. Investors appointing the Trustee shall pay fees and charges to the Trustee as set out in the Declaration of Trust.

11.5. Fees and charges payable by Borrowers and Investors to Zagga may only be altered by agreement between the parties.

12. Restrictions on Zagga or Associated Persons

12.1. Zagga associated Persons may not under any circumstances borrow monies as a Borrower or otherwise or by using the Website to borrow monies.

12.2. Zagga Associated Persons may invest monies and/or sell loans as an Investor provided that:

(a) the Zagga Associated Person obtains the prior written permission of the board of Zagga (any director associated with that Associated Person shall abstain from any vote or decision). Such permission may contain conditions imposed by the board of Zagga; and

(b) the Website clearly advises users that a Zagga Associated Person will be involved as an Investor in relation to particular Loans, discloses any conditions and describes the exact nature of the associated person and its relationship to Zagga.

12.3. By way of clarification an example of a Zagga Associated Person would include Zagga Limited, a subsidiary of Zagga, a director, employee or shareholder of Zagga or any Associated Person of any of those entities.

13. Material Interests Held by Zagga or Associated Persons

13.1. As at the date of this Disclosure Statement:

(a) neither Zagga or any Zagga Associated Person has borrowed any monies as a Borrower or otherwise or by using the Website;

(b) Zagga has not identified any risk of material adverse impact on Zagga's ability to have fair, orderly and transparent systems and procedures arising out of any interest held by it or any of its Associated Persons.

13.2. Should the situation change Zagga will immediately update this Disclosure Statement.

14. Suspension or Cancellation of Website Access

14.1. Zagga may at any time, and in its absolute discretion, do any one or more of the following, without giving any reasons or prior notice to an Investor or a Borrower:

(a) Immediately terminate a Borrower Agreement and/or Investor Agreement;

- (b) suspend all access to the Website to an Investor or a Borrower;
 - (c) remove an Investor or a Borrower;
 - (d) remove content from the Website;
 - (e) refuse to publish content on the Website;
 - (f) disclose any information on the Website or otherwise necessary to comply with this Disclosure Statement, the Investor Agreement, the Borrower Agreement and New Zealand law;
- 14.2.** publish a censure of, or statement relating to Investor or Borrower conduct, or the conduct of any of their Associated Persons if we consider such conduct warrants such a censure. Except where we have acted in bad faith, the Investor or Borrower waives all claims they or their Associated Persons may have in respect of such censure or statement and shall indemnify Zagga against any such claims.

15. Complaints and Dispute Resolution – Zagga

- 15.1.** If any dispute arises between you and Zagga which the parties are unable to resolve by negotiation the dispute shall be referred to Financial Services Complaints Limited (FSCL) and its determination shall be final and binding on the parties.
- 15.2.** Zagga is registered under the Financial Service Providers (Registration and Dispute Resolution) Act 2008 and is a member of the FSCL dispute resolution scheme.
- 15.3.** FSCL provides an independent and impartial dispute resolution service. Zagga is a participant of the scheme. You can contact FSCL by using an online form available at www.fscl.org.nz, emailing at complaints@fscl.org.nz, telephoning on 0800 347 257 or writing to FSCL, PO Box 5967, Wellington 6145. More information about FSCL's dispute resolution process is at www.fscl.org.nz.

16. Information

- 16.1.** All information in relation to Zagga, this Disclosure Statement, the Secondary Market Rules, Zagga policies, Investor Agreements and Borrower Agreements are available on our Website and can be downloaded.
- 16.2.** You are welcome to contact Zagga on 0800 286 286 or info@zagga.co.nz, should you require any other information. Zagga will endeavour to provide requested information provided it is within its power to do so and the laws of New Zealand are being complied with.
- 16.3.** The Zagga Website contains links to other useful websites including:

- (a) The New Zealand Companies Office;
- (b) The New Zealand Financial Markets Authority.

17. Zagga Obligations

- 17.1. Zagga must, in exercising any powers or performing any duties in relation to publishing Borrower's offers of debt securities for subscription or loans for sale by Investors under its peer-to-peer licence, exercise the care, diligence, and skill that a prudent licensee would exercise in the same circumstances.
- 17.2. If Zagga contracts out any of its functions it must take all reasonable steps to:
- (a) ensure that those functions are performed in the same manner, and are subject to the same duties and restrictions, as if Zagga was performing them directly; and
 - (b) monitor the performance of those function

Trustee Disclosure

18. Name and Contact Details of Trustee

Name:	Magna Trust Company Limited
Phone:	(09) 366 1366 - <i>Attention: Helen Edwards</i>
Physical Address:	c/- K3 Legal Limited K3 Building, 83 Albert Street, Auckland
Postal Address:	PO Box 2137, Auckland 1010
Email Contact:	helen@k3.co.nz

19. How Loan Money Is Received and Advanced

- 19.1. All monies paid in relation to the Loan (except upon the sale of an existing loan – in which case please refer to the Secondary Market Rules) will be received and held in the Trustee's bank account held at a New Zealand registered trading bank (in accordance with the obligations of a broker under the Financial Advisers Act 2008).
- 19.2. When a Loan Application is fully subscribed to by Investors and Zagga advises the Trustee of the successful subscription together with each Investors details, the Trustee shall promptly:
- prepare and deliver to the Borrower the unexecuted Loan agreement and security documents (Contract documents); and

subject to execution of all Contract documents by the Borrower and other parties thereto and fulfilment of any Loan conditions and subject to receipt of the full Loan principal to the Trustee's satisfaction:

- (a) execute the Contract documents (as appropriate) as Trustee; and
- (b) advance the Loan principal to the Borrower, less any legal fees payable to the Trustee.

19.3. Each Investor who has invested in a Loan will have a beneficial interest in that Loan, the Contract documents and any security granted in respect of the Loan in proportion to the amount that Investor has invested in that Loan.

19.4. That beneficial interest entitles the Investor to a proportionate share of:

- (a) the principal amount lent to and repaid by the Borrower; and
- (b) any returns including any interest paid on the Loan by the Borrower

19.5. The Trustee must account to the Investor for that Investor's share of the money repaid by the Borrower (less any fees charged and less any deduction required by law).

19.6. The Investors may by unanimous written direction, require the Trustee to transfer the Loan and securities to another party (refer paragraph 1.5 Declaration of Trust).

19.7. Loans are not guaranteed by the Trustee.

20. Loan Management

20.1. The Trustee shall as trustee for the Investor/s manage the Loans, collect payments and provide collection and recovery services in respect of the Loans in accordance with the terms of the Declaration of Trust.

21. Complaints and Dispute Resolution – Trustee

21.1. If any dispute arises between you and the Trustee which the parties are unable to resolve by negotiation the dispute shall be referred to Financial Services Complaints Limited (FSCL) and its determination shall be final and binding on the parties.

21.2. The Trustee is registered under the Financial Service Providers (Registration and Dispute Resolution) Act 2008 and is a member of the FSCL dispute resolution scheme.

21.3. FSCL provides an independent and impartial dispute resolution service. The Trustee is a participant of the scheme. You can contact FSCL by using an online

form available at www.fscl.org.nz, emailing at complaints@fscl.org.nz, telephoning on 0800 347 257 or writing to FSCL, PO Box 5967, Wellington 6145. More information about FSCL's dispute resolution process is at www.fscl.org.nz.

22. Secondary Market

Zagga now offers Investors the opportunity to sell all or part of their investment in a loan on its Secondary Market. The sale of a loan (in whole or in part) will not affect the existing terms and conditions of the loan. Investor sellers will on the sale of a loan pay the administrative fees as set out in the Secondary Market Rules. All loan sales on the Secondary Market will be subject to the terms contained in this Agreement and in Zagga's Secondary Market Rules which are published on the Website.

For the avoidance of doubt, the successful sale of an interest in a loan (all or part) will result in the reduction of the beneficial interest in a loan proportionate to the amount sold through the Secondary Market. If all of a current interest in a loan is sold, then at the point of sale the current beneficial holder of the interest in that loan will have that beneficial interest transferred to the new beneficial owner. This change will occur simultaneously and will be time-stamped in the Loan Management System.

Once the Acquiring Investor has deposited their funds, and these funds have cleared, then the Selling Investor will have these funds transferred to their nominated bank account less fees (as outlined in the Secondary Market Rules). They will cease to have any beneficial interest in a loan if they sell all of their investment in a loan, or a reduced beneficial interest (proportionate to their remaining investment) if they sell a portion of their current investment. The Loan Management System will hold the ledger of ownership of the beneficial interest in each loan the form of the underlying investor pool at all times.

Disclosure Statement

Part B – Fees Schedule

Issued by **ZAGGA LIMITED** (NZBN: 9429041137635 Market Service Licence number FSP393946) as servicer for **MAGNA TRUST COMPANY LIMITED** (NZBN: 9429041446140, Market Service Licence number FSP407186).

1. Interest and penalty interest (if applicable) to the Investor/s at the rate and at the times set out in the Loan agreement executed by the Borrower.
 - The interest rate (and penalty rate) applicable to the Loan shall be based on the CAS.
 - The CAS, interest rate (and penalty rate), platform fee (paragraph 2 below) and legal fee (paragraph 4 below) will be notified to the Borrower in writing before the Loan application is published on the Website. The Borrower may elect not to proceed with the Loan Application at this point.
2. A platform fee payable to Zagga set by Zagga with the assistance of the CAS.
3. A break fee payable to Zagga of 75% of the platform fee if the Borrower for any reason terminates an agreement to lend (which is entered into upon the Loan Application being fully subscribed) prior to drawdown of the Loan. The borrower will also be liable for all legal costs incurred to date, at the point they elect to withdraw their application. A Borrower may withdraw a Loan Application without incurring the break fee at any time prior to the Loan Application being fully subscribed.
4. A legal fee payable to the Trustee being the reasonable legal fees of the Trustee for the preparation and completion of the Loan agreement and associated securities, payable on drawdown of the Loan being:
 - (i) \$1,850 plus GST for Loan amounts less than \$250,001;
 - (ii) \$2,000 plus GST for Loan amounts greater than \$250,000 but less than \$500,001;
 - (iii) \$2,700 plus GST for Loan amounts greater than \$500,000 but less than \$1,000,001;
 - (iv) \$3,500 plus GST for Loan amounts greater than \$1,000,000;
 - (v) \$3,600 plus GST for any form of construction loan, irrespective of size; or
 - (vi) as notified to and agreed by the borrower for non-standard loans and/or securities.

5. Interest on late payments more than 7 days overdue at an interest rate of 18% p.a. compounded monthly.
6. Full costs incurred by the Trustee and/or its agents and contractors involved in any recovery, collection or enforcement process needed to recover the Loan monies owed as a result of any default by the Borrower (including solicitor/client costs and disbursements).

Part C – Indicative CAS Scores, Interest rates and Platform fee Schedule

The CAS is an alpha numeric grading system.

Alpha Grade

The alpha part of the CAS ranges from grades A–F. A being the best grade and F the worst. The Alpha part of the grade takes into account (without limitation) the Borrower's ability to service the proposed loan and the Borrower's credit history.

A Lowest Risk. Default is considered remote.

At least 2.5 times interest cover (commercial lending – earnings before interest and tax divided by servicing costs), or debt servicing ratio (personal lending – income divided by servicing costs) (DSR) equal to or less than 20% and Centrix Score (Centrix is a New Zealand credit rating agency) for:

Business	900 or above	Personal	1250 or above
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B Low risk. Default is considered highly unlikely.

At least 2.25 times interest cover, or DSR equal to or less than 20% and Centrix Score for:

Business	750 to 899	Personal	1000 to 1249
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C Moderate risk. Default is considered unlikely.

At least 2.0 times interest cover, or DSR equal to or less than 30% and Centrix Score for:

Business	500 to 749	Personal	750 to 999
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D Acceptable risk. Default is not anticipated.

At least 1.75 times interest cover, or DSR equal to or less than 30% and Centrix Score for:

Business	350 to 499	Personal	500 to 749
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E Possibility of default. Risk features merit close attention and scrutiny.

At least 1.50 times interest cover, or DSR equal to or less than 35% and Centrix Score for:

Business	200 to 349	Personal	250 to 499
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F High risk of default in the event of changes in the economic and/or business environment.

Less than 1.50 times interest cover, or DSR 35% and above and Centrix Score for:

Business	0 to 199	Personal	0 to 249
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Numeric Grade

The numeric part of the CAS ranges from grades 1 – 5. 1 being the best grade and 5 the worst.

The numeric part of the grade considers the LVR (Loan amount to value of the security ratio).

1. LVR under 20%
2. LVR 20% to 39%
3. LVR 40% to 59%
4. LVR 60% to 79%
5. LVR 80% or greater

Exceptions to CAS interest rates and fees:

Additional interest and platform fee margins may apply to:

6. Commercial and rural property Loan Applications where LVR exceeds 65% and equipment Loan Applications where LVR exceeds 50%;
7. Loan Applications offering only second registered mortgage security; and
8. Loan Applications where Borrowers elect not to disclose full Loan Application details.

Loan Management Fees

Rates are calculated on a per annum basis and deducted monthly from repayments.

Grade	A	B	C	D	E	F
1	0.90%	1.10%	1.20%	1.25%	1.45%	1.55%
2	0.90%	1.10%	1.20%	1.25%	1.45%	1.55%
3	0.90%	1.10%	1.20%	1.25%	1.45%	1.55%
4	1.10%	1.20%	1.20%	1.45%	1.65%	1.75%
5	1.20%	1.20%	1.20%	1.65%	1.90%	1.95%

Loan management fees are expressed as a nominal annual percentage (%) rate

Indicative Investor Returns – net of loan management fees

Grade	A	B	C	D	E	F
1	7.10%	7.40%	8.00%	8.85%	10.15%	11.85%
2	7.35%	7.75%	8.45%	9.35%	10.75%	12.60%
3	7.60%	8.10%	8.90%	9.85%	11.35%	13.35%
4	7.65%	8.35%	9.35%	10.15%	11.75%	13.90%
5	7.80%	8.70%	9.80%	10.45%	12.10%	14.45%

All rates are expressed as nominal annual percentage (%) rates. Rates can be impacted by actual loan terms and conditions on a case by case basis.

Indicative Borrower Interest Rates

The following interest rates for borrowers are indicative only and may change at any time.

Grade	A	B	C	D	E	F
1	8.00%	8.50%	9.20%	10.10%	11.60%	13.40%
2	8.25%	8.85%	9.65%	10.60%	12.20%	14.15%
3	8.50%	9.20%	10.10%	11.10%	12.80%	14.90%
4	8.75%	9.55%	10.55%	11.60%	13.40%	15.65%
5	9.00%	9.90%	11.00%	12.10%	14.00%	16.40%

All rates are expressed as nominal annual percentage (%) rates. Rates can be impacted by actual loan terms and conditions on a case by case basis.

Indicative Platform Fees

Grade	A	B	C	D	E	F
1	1.00%	2.00%	3.00%	4.00%	11.60%	13.40%
2	1.00%	2.00%	3.00%	4.00%	12.20%	14.15%
3	1.00%	2.00%	3.00%	4.00%	12.80%	14.90%
4	2.00%	3.00%	4.00%	5.00%	13.40%	15.65%
5	2.00%	3.00%	4.00%	5.00%	14.00%	16.40%

A platform fee is charged to the borrower once the loan has been fully funded. It is calculated as a percentage of the principle loan amount at the commencement date of the loan.