

Salient Features of The Zagga Investments Lending Trust

This summary is not a Product Disclosure Statement. It is provided for your convenience only.

It is not intended to be inclusive of all the provisions in the Trust Deed for the Zagga Investments Lending Trust.

Reading this summary does not replace reading the Trust Deed in full. The Trust Deed can be downloaded from zagga.com.au/sites/default/files/zagga_trust_deed.pdf, or an electronic PDF copy will be sent to you by emailing info@zagga.com.au, with 'SEND TRUST DEED' in the subject line.

You should also read the Investor Agreement as it also sets out your rights and obligations as an Investor and your relationships with Zagga, the Borrower and the Trust.

Please consult your legal, tax or financial adviser for further assistance, in need.

Note: Capitalised terms in this document refer to actual defined terms in the Trust Deed.

Introduction

Zagga is an online marketplace (peer to peer) lender. It matches an approved borrower with one or more approved lenders (investors). For more about Zagga and its business, please go to zagga.com.au.

Zagga has been authorised by the Australian Securities and Investments Commission to originate, introduce and administer both loans and investments in the Trust, via two licensed companies, being:

- **Zagga Investments** Pty Ltd, ACN 615 154 786, AFSL 492354, and
- **Zagga Market** Pty Ltd, ACN 611 662 401, ACL 490904

(together, *Zagga*).

Zagga receives loan applications from registered borrowers. Where it approves a loan application, and after assigning it and providing a Credit Approval Score (CAS), Zagga refers the Loan to those investors whose stated investment profile matches the loan terms. Every investor determines for themselves whether to invest in (i.e., fund), and the amount which they want to invest in, a loan. The minimum investment in a loan is \$100,000 (however, Zagga may take lower minimum investments, in its discretion).

When an investor has committed to invest in a loan, the Investor's funds are used to invest only in that specific Loan. The investor's funds are not pooled with funds from any other investor, or in any other loan/s other than the loan selected by the investor.

An investor may be the sole investor in a loan, or one of many (fractional) investors. Investment funds, as well as the security for the loan, in the form of a mortgage over real property (and possibly, other forms of security) are held in the name of the Trustee, Zagga Investments Pty Ltd, on behalf of the investor/s in the **Zagga Investments Lending Trust** (*the Trust*).

The Trust has been specially established, in terms of the Trust Deed for the Trust (*Trust Deed*), to manage investments in loans, together with their corresponding security/ies. What follows below is a summary of the salient features of the Trust Deed.

Salient features

1. The Trustee of the Trust is Zagga Investments Pty Ltd (details above) (*the Trustee*). The Trustee manages, operates, administers and controls the Trust. The Trust terminates 80 years after it was established, unless terminated earlier in accordance with the terms of the Trust Deed.
2. To participate in Zagga's online marketplace and invest to fund loans, an investor must meet certain eligibility criteria and pass certain identity verification checks. The investor will need to satisfy the Trustee that it meets the requirements of a Wholesale Investor. More information in this regard can be found on zagga.com.au or asic.gov.au/regulatory-resources/financial-services/financial-product-disclosure/certificates-issued-by-a-qualified-accountant/.
3. When an investor has been registered by Zagga, and commits via Zagga's online platform and dedicated investor portal to invest in an approved loan, either in full, or fractionally (together with one or more additional investors) and the Trustee accepts their application and investment funds, the investor is recorded as a Member of the Trust and is issued an Interest in the Trust.
4. A Member's Interest in the Trust is made up of an Investor's fractional share (*Proportionate Share*) in any loan/s in which they are invested (*Loan Interest*) and any un-invested funds (*Unallocated Funds*). An Investor can only have a single Member's Interest in the Trust, however, a Member's Interest may include participation in one or more loans, for the same or different amounts in each such Loan.
5. The Trustee maintains a register of Members' Interests, reflecting their Loan Interests (including the Member's Loan Interest as a proportion of each Loan) and Unallocated Funds, as well as the security associated with each investment. The Trustee manages, receives and disburses all related funds on behalf of the Member (investor).
6. Each Loan and the associated rights in respect of the Loan (including in relation to Distributions, the benefit of the supporting security, and any other rights or entitlements in respect of that Loan) are held in a separate sub-Trust and the Interests of the investors invested in that Loan are allocated to that sub-Trust. In this way, each investor is associated with each specific Loan to which they have investment exposure, and an investor's Interests are not pooled or co-mingled with other investors' funds or Interests. The terms of the sub-Trust are set out in Schedule 1 of the Trust Deed.
7. An investor must pay their required investment funds in respect of a particular Loan into the Trust's nominated bank account, held with St George Banking Group, not later than three business days before the notified settlement date of the Loan (that is, the date on which the loan funds will be paid to the borrower, using the investor's funds). All monies received by, and paid from, the Trust are held in a designated bank account, in the name of the Trust. Should an investor fail to pay their investment funds in respect of Loan to which they have committed to invest on time, this will be a material default under the Investor Agreement.
8. Distributions payable to investors (before deduction of fees and expenses) are set out in the specific terms of each Loan, based on the Zagga CAS for the Loan, a guide to which is available on zagga.com.au/how-it-works/investing-nitty-gritty. Unallocated Funds are held in a deposit account. Interest is not paid to Members on their Unallocated Funds. If, for any reason, the Trust generates income from Unallocated Funds, this income, less any fees, will be distributed to Investors in proportion to their Members' Interests in the Trust.
9. Income received by the Trust from a borrower, in the form of interest and other payments on their Loan, less any associated fees and expenses (including the Loan Management Fee payable by the investor to the Trustee), will be paid by the Trustee to the investor, as a Distribution, either monthly or quarterly (depending on the specific terms of each Loan). The investor is responsible for any tax payable on Distributions received via the Trust. Non-resident investors are subject to a withholding tax which the Trustee shall deduct from any Distribution to be paid.
10. The Trustee may deduct any expense reasonably incurred relating to the Loan from the interest or proceeds of the Loan. These expenses include the Loan Management Fee, as well as all the reasonable costs associated with the mortgage (held as security for a Loan) and, if applicable, any costs associated with the Trustee enforcing the Loan on behalf of the Investors.

In the event that the Trustee is unable to deduct its Loan Management Fee or other fees from interest payments, then the Trustee can deduct them from the Member's Unallocated Funds, and if there are insufficient Unallocated Funds to settle the fees in whole or in part, the Trustee can give notice to the Member requiring the Member to, and the Member must, pay the amount outstanding to the Trustee. The Trustee may alternatively elect to defer payment, in which case the outstanding fees will accrue daily until paid and interest will be charged on the unpaid amount.

11. If a borrower defaults on their Loan, the investor bears any charges and expenses, and reduction in the value of the Loan (in their Proportionate Share if more than one investor is Exposed to that Loan), and their Distributions, and entitlements on redemption will be reduced accordingly. If the underlying security for the Loan for any reason sold for less than the amount outstanding (including interest and charges, as applicable), then the Distribution to the Investor on redemption shall be the reduced amount less costs.
12. Should a borrower default on a Loan, the Trustee, on behalf of the Members, will determine the most appropriate course of action to manage the default, recover the Loan and/or manage the Loan Exposure. The Trustee is not obliged to consult with, or take instructions from, Members, in connection with the default, however, may do so as it deems appropriate.
13. An investor may not exit early from a Loan, nor transfer their Loan Interest to another Member, except with the prior written consent of the Trustee, which may be withheld. Where the Trustee authorises an early exit or transfer, a fee will be payable, in addition to which, any Distribution paid to the Member may be adjusted for the early exit. The Trustee does not operate a secondary market in Loans or Loan Interests.
14. On termination of the Trust, after Trust property has been realised and costs and other expenses have been deducted, if there is a negative dollar amount (shortfall) in the calculation of the entitlement of an investor to a Distribution, the Trustee in its discretion may ask the investor to pay such shortfall if the Trustee believes to do so is in the best interests of all of the Trust's investors.
15. The Trustee expects that each investor will undertake their own risk assessment, having regard to their own specific circumstances and investment parameters, acknowledging both the higher returns and higher risks associated with marketplace lending generally, before committing to making an investment. The investor chooses to invest in each Loan of their own accord, relying on their own assessment of the Loan and the borrower.
16. The Trustee takes no responsibility for any loss which an investor may suffer because of a non- or under-performing Loan. The Trustee makes no representations or warranties as to the suitability of the Investment or the serviceability or quality of the Loan. Please note that the Trustee's liability is at all times (in the absence of its fraud, gross negligence or breach of trust) limited to extent of its indemnity out of the net assets of the Trust.

Next steps

If you have read and understood the information provided in connection with your proposed investment, and are happy to proceed, please go to zagga.com.au and register as an Investor. Bear in mind that we will need supporting documentation confirming your identity and Wholesale investor eligibility, so please have this available. For further information in this regard, visit zagga.com.au/how-it-works/faqs/invest

If you are still uncertain about your investment, or require further information, clarification or assistance, please:



visit zagga.com.au/how-it-works/faqs/invest



refer to the full text of the Trust Deed and the Investor Agreement



consult your accountant, solicitor, tax agent, financial planner or other professional advisor



contact us at 1300 1 ZAGGA or info@zagga.com.au