



**BIGSTONE** FINANCE

**LOAN FUND**

Issued by Primary Securities Ltd ABN 96 089 812 635

AFSL No 224107

**Information Memorandum**

## Important Information

### Trustee

This Information Memorandum (IM) for the Bigstone Loan Fund (the Fund) dated 9 May 2018 replaces the IM dated 20 March 2018 and is issued by Primary Securities Ltd (ABN 96 089 812 635), Australian Financial Services Licence No. 224107 (the Trustee) in its capacity as trustee for the Fund.

The Bigstone Loan Marketplace is a software platform that enables Investors to either pool their investment, or directly choose their investment in the Fund. While it is not part of the Fund, it facilitates the investment process for the Fund. This is outlined in detail in section 4.4.

Bigstone Capital Pty Ltd (ABN 44 603 289 658) (Bigstone Capital). Bigstone Capital is the asset manager for the Fund and provides a number of services to the Trustee including operating the Bigstone Loan Marketplace, promoting the Fund and administering the Loan process. This is outlined in further detail in section 4.

### The Bigstone Loan Fund

At the date of this IM, the Fund is not and is not required to be registered under section 601ED of the Corporations Act 2001 (Cth) (Corporations Act).

### Offer

This IM contains summary information about the Offer to register and become a member of the Fund by taking up an interest in the Fund.

Interests in the Fund are offered and issued by the Trustee subject to the terms of the Constitution and the terms and conditions contained in this IM.

### Eligibility

Only wholesale clients as defined in section 761G of the Corporations Act are eligible to apply for an interest in the Fund under the terms of this IM.

This Offer is only available to persons and entities who have received and read this IM (whether electronically or otherwise) and are resident in Australia. This IM does not constitute an offer in any jurisdiction outside of Australia, and persons resident in the USA are specifically excluded from investment in the Bigstone Loan Fund. Overseas investors should contact Bigstone Capital regarding investing in the Bigstone Loan Fund.

Any person or entity subscribing for an interest in the Fund shall by virtue of such subscription be deemed to represent that they are not resident in a jurisdiction which does not permit the making of an offer or invitation as detailed in this IM, and are not acting for the account or benefit of a person within such jurisdiction. None of the Trustee, Bigstone Capital, Bigstone Lending or any of their respective directors, officers, employees, consultants, agents, partners or advisers accepts responsibility to determine whether a person is able to participate in the Offer for interests in the Bigstone Loan

Fund or liability in connection with any such determination.

Nature of this Information Memorandum This IM:

- is not a prospectus, product disclosure statement or other document regulated by the Corporations Act;
- does not purport to contain all the information that an Investor may require to evaluate any transaction in relation to the Fund (or would be required if it were a disclosure document required to be prepared under the Corporations Act);
- has not been lodged with ASIC; and
- must not be given to retail clients.

Investors must conduct their own investigations It is important that you read the entire IM before making a decision to invest in the Fund.

The information provided in this IM is general information only, does not take account of your personal objectives, financial situation or needs; and is not intended to be a recommendation by the Trustee or any other person that you invest in the Fund.

You should conduct your own independent review, investigation and analysis of the Fund and the information contained, or referred to, in this IM, and obtain your own financial advice tailored to your personal circumstances and needs.

You should invest in the Fund only if it is an appropriate investment for you and you are comfortable with the risks of the investment.

The tax implications of your investment will vary depending on your personal financial circumstances. You should obtain your own professional taxation advice before deciding whether to invest based on this Offer for interests in the Bigstone Loan Fund.

Information not contained in this IM No person is authorised to provide any information or to make any representation in connection with the Bigstone Loan Fund or this IM that is not contained in this IM.

Other than the Constitution, any information or representation that is not contained in this IM may not be relied on as having been authorised by the Trustee, any of its directors, officers, employees, agents, advisers and representatives.

No personal advice

No representative of the Trustee or Bigstone Capital is authorised to give any personal financial advice and by applying for an interest in the Fund, each Investor confirms that no such personal financial advice has been given to the Investor.

## Liability

To the maximum extent permitted by law, the Trustee, Bigstone Capital and their representatives, directors, officers, employees, agents, advisers and representatives will have no liability (other than liability under statute that cannot be excluded) arising in respect of the information contained in this IM including as a result of:

- any errors or omissions; and
- any statements, opinions, information or matters (expressed or implied) arising out of, contained in or derived from the information provided to Investors or their advisers, or for any omissions from that information.

Investment and liquidity not guaranteed None of the Trustee, Bigstone Capital, nor any of their directors, officers, employees, agents, advisers or representatives guarantees the success, repayment of any Loan, any return on any investment made or an Investor's ability to withdraw their interest in the Fund.

## Financial information

Unless otherwise specified, all financial and operational information contained in this IM is current as at the date of this IM. All currency amounts are in Australian dollars and exclusive of GST unless otherwise specified.

## Diagrams

Diagrams contained in this IM are intended for illustrative purposes only.

## Defined Terms

Capitalised terms used in this IM have the meaning specified in section 9 "Glossary" unless otherwise specified. References to "we", "our" and "us" refer to Bigstone Capital, the Trustee, or both, depending on the context, and "you" and "your" refer to Investors.

## Updated information

An electronic copy of this IM may be viewed online by Investors at [www.bigstone.com.au](http://www.bigstone.com.au). If you access this IM electronically, please ensure that you download the most recent version and read the IM in its entirety. You should check our website for updates before you apply for any interest in the Fund.

## FATCA and AML/CTF compliance

It is a condition of the issue of interests in the Bigstone Loan Fund, that, if requested by the Trustee or Bigstone Capital, the Investor must provide certain information in order to comply with any applicable law, including the United States Foreign Account Tax Compliance Act (FATCA) and the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (AML/CTF).

## Questions?

If you have any questions relating to this IM or investing in the Bigstone Loan Fund, please contact Bigstone Capital at 1800-BIGSTONE (1800-244-786) [info@bigstone.com.au](mailto:info@bigstone.com.au).

## Contents

1.	Welcome to Bigstone.....	8
2.	Key Features.....	9
3.	Marketplace lending .....	18
4.	How does it all work?.....	18
4.1	What does Bigstone Capital do?.....	18
4.2	What does Bigstone Lending do? .....	19
4.3	Who are Bigstone’s board of directors? .....	19
4.4	The Bigstone Loan Marketplace.....	21
4.5	The Bigstone Loan Fund.....	21
4.6	Value of interests in the Bigstone Loan Fund .....	21
4.7	Your Bigstone Account .....	21
4.8	Eligible investors.....	22
4.9	Loan default and collections .....	22
4.10	The Provision Fund .....	23
4.11	Cancelling your Bigstone Account.....	24
5.	The Trustee.....	24
5.1	The Trustee’s Role .....	24
5.2	The Trustee’s Board of Directors .....	25
6.	Taxation Implications of the Offer .....	26
7.	Fees and Other Costs .....	26
7.1	Investor fees.....	26
7.2	Borrower fees.....	28
8.	Risk Factors .....	28
9.	Additional Information .....	32
9.1	Constitution.....	32
9.2	Facility Agreement .....	33
9.3	Withdrawal of Offer .....	33
9.4	Reporting .....	33
9.5	Trustee Indemnity .....	33
9.6	No Cooling-Off Period.....	33
9.7	Privacy.....	34
9.8	Anti-Money Laundering and Counter-Terrorism Financing.....	34
9.9	Complaints.....	34
10.	Glossary.....	35

11. Corporate directory ..... 37

## 1. Welcome to Bigstone

### **A business lending leader**

Bigstone's mission is to offer Australian businesses a better finance solution.

Our vision is:

- to help small businesses get the funds they need to grow and prosper,
- to connect small businesses to investors seeking yield, and
- to create growth and resilience for investors and small businesses.

Bigstone enables Investors to find, select, and fund loans to business borrowers through the Bigstone Loan Marketplace (see section 4.4). Investors can invest in small business loans through the Bigstone Loan Fund, diversifying across every loan opportunity, or selecting loans that may fit their investment criteria.

### **Better business finance**

Marketplace lending (also called peer-to-peer lending) brings together borrowers and investors, and bypasses traditional financial institutions.

Bigstone is focused on lending to business only. The Bigstone Loan Fund makes loans to Bigstone Lending, which in turn provides finance to eligible Australian business borrowers.

Marketplace lending allows Investors to access an investment opportunity traditionally only available to banks and other financial institutions.

### **Bigstone invests in each Loan**

Bigstone invests real money in each Loan Request, taking between 1% and 5% alongside Investors in the Bigstone Loan Fund. We want our rewards to be aligned with Investors, and we back ourselves to find the best borrowers and make high quality loans.

### **Each loan is protected by a Provision Fund**

Bigstone sets aside 2% of the face value of each Loan in a Provision Fund. The Provision Fund is set up to compensate Investors if a Borrower defaults, to help protect their investment.

Though the Provision Fund provides significant protection, it is important to remember it is not a guarantee nor an insurance product, and Investors' capital is at risk.

### **Empowering investors in business**

By investing in the Bigstone Loan Fund, Investors can invest in business loans. Through the Bigstone Loan Marketplace, Investors will be able to view and select

from available businesses loan requests, using their own investment criteria to filter them. Investors can then allocate invested funds to these loans.

Each Investor that chooses to select Loans should diversify by spreading investment funds across different borrower businesses, industries, and locations.

A cutting edge and prudent approach to risk

Bigstone has developed a proprietary risk-scoring method to assess business creditworthiness, by independently assessing each Borrower.

Unlike many financial institutions, we don't simply rely on a Borrower's collateral to assess them.

We assess the business' track record, financial performance, and trajectory, as well as the quantity and quality of information shared with us, and the directors' credit profile.

We think that this will mean that the best Borrowers will come to Bigstone.

Wholesale managed investment scheme

Bigstone Capital is a corporate authorised representative of Primary Securities Ltd, Australian Financial Services Licence Number 224107. The Bigstone Loan Fund is an unregistered managed investment scheme and is subject to the regulations in the Corporations Act that apply to unregistered managed investment schemes.

## 2. Key Features

This table is a summary of the Offer to invest in the Bigstone Loan Fund. This summary is not intended to be exhaustive – for more detailed information, please refer to the relevant section.

Feature	Summary
<p>What is Bigstone?</p>	<p>We connect investors who want a competitive return on their money with business borrowers who want simple and convenient business finance.</p> <p>Bigstone Capital invests in the Bigstone Loan Fund alongside Investors, funding between 1% and 5% of each Loan Request.</p> <p>Bigstone Capital assesses Loan applications and carries out the day-to-day aspects of the lending process.</p> <p>We verify the Borrower's identity, assess their creditworthiness, and make the Loan Request available for Investors to allocate funds to. We also administer the Loan repayments and collections, and provide statements and reports.</p> <p>Bigstone Lending is a wholly owned subsidiary of Bigstone Capital, and is the lender of record for each Loan Agreement. Bigstone Lending passes on repayments to the Bigstone Loan Fund, pays management fees to Bigstone Capital, and retains 2% of the face value of each Loan as the Provision Fund.</p> <p>Bigstone Lending borrows at a fixed interest rate from the Bigstone Loan Fund, so the interest you receive as an investor will be at that fixed interest rate. The fixed interest rate was 9% at the time of issue of this Information Memorandum but varies occasionally. The fixed interest rate that is being earned by the Bigstone Loan Fund, and is therefore also being paid to Investors in loans made by Investors to the Bigstone Loan Fund from that time (until the rate varies) is published on the Bigstone website.</p> <p>See section 4 for more information on Bigstone.</p>
<p>What is the Bigstone Loan Fund?</p>	<p>The Bigstone Loan Fund is an unregistered Australian managed investment scheme that provides Investors with the opportunity to invest in Loans to Australian businesses through the Fund structure.</p> <p>Please refer to section 4 for more details.</p>
<p>Who can invest?</p>	<p>Investment in the Bigstone Loan Fund is designed to meet the needs of investors that seek returns greater than typical cash rates and regular annuity-like payments.</p> <p>At this stage, only wholesale clients can invest in the Bigstone Loan Fund.</p> <p>Please read section <a href="#">4.8</a> for information on who is a wholesale client.</p>
<p>How does the Provision Fund work?</p>	<p>Bigstone Lending retains 2% of the face value of each Loan cash in a bank account with an Australian bank. The amount in the bank account is the Provision Fund, and Bigstone Lending is contractually obligated to pay an amount out of the Provision Fund to the Trustee if a Borrower defaults on a Loan.</p> <p>The Provision Fund will transfer to the Trustee an amount equal to the outstanding principal on the defaulted loan, 120 days after the first default event on the Loan, if the Borrower has not rectified the default. If there is not enough money in the Provision Fund to cover the amount of principal</p>

Feature	Summary
	<p>outstanding, Investors will bear that loss.</p> <p>If the Provision Fund makes a payment that covers the total amount of Principal outstanding at the time the Loan defaults, the Trustee, and Investors in that Loan, will have no further rights to amounts recovered from the Borrower</p> <p>If the Provision Fund makes a payment that does not cover the total amount of Principal outstanding at the time the Loan defaults, the Trustee, and Investors in that Loan, will be entitled to an additional amount to 'top up' the Provision Fund payment, after the costs of collection have been taken into account from any recoveries.</p> <p>When a Loan is fully repaid, the amount that was held in the Provision Fund in respect of that Loan is released and paid to Bigstone Capital as a management fee.</p>
<p>How much can I allocate?</p>	<p>The minimum investment in the Bigstone Loan Fund is \$1,000.</p> <p>Once invested, you can allocate your funds to a Loan Request in increments of \$10.</p>
<p>What is the investment timeframe?</p>	<p>The investment timeframe for each Loan is between 90 days and 5 years depending on the term of the Loan and the timing of a Borrower's repayment.</p> <p>Loans can be repaid anytime, partially or in full. Some Loans will be made with Balloon Payments, so that the repayments made to you may not be the same amount each time.</p> <p>You can allocate your investment to any Loan Request available on the Bigstone Loan Marketplace.</p> <p>The Bigstone Loan Fund is 'open-ended', which means there is no fixed closing date. Please refer to section <a href="#">4.1</a> of this IM for further details.</p>
<p>Who can borrow from the Bigstone Loan Fund?</p>	<p>The Bigstone Loan Fund only makes business Loans to verified Australian businesses that pass our verification and credit assessment process. These businesses may be run by a company or as a sole trader, or by a trustee.</p> <p>The Bigstone Loan Fund does not do any consumer lending, and only lends for business purposes.</p>
<p>How are Borrowers assessed?</p>	<p>We assess each Borrower applicant using a rigorous proprietary risk assessment approach, which may include:</p> <ul style="list-style-type: none"> <li>• current debt capacity</li> <li>• historical financial performance</li> <li>• the likelihood of default of similar businesses,</li> <li>• directors' creditworthiness,</li> <li>• the business' past behaviour towards financial obligations, and</li> <li>• the potential for us to collect on the debt in the event of default.</li> </ul> <p>Before listing any Loan Request on the Bigstone Loan Marketplace, we verify</p>

Feature	Summary
	<p>the identity of the directors and business owners, conduct document checks, and perform a credit file analysis on the Borrower applicant and its directors. We may perform these checks with the assistance of third parties.</p> <p>Once we have completed our credit assessment, we will apply our objective criteria to either reject the Loan application if we consider the risk to be unacceptable or progress the application to a Loan Request</p>
<p>How does the Bigstone Loan Marketplace work?</p>	<p>Once Bigstone’s verification and credit assessment is complete, and the Borrower accepts the terms and conditions, the Loan Request is listed on the Bigstone Loan Marketplace.</p> <p>Bigstone Lending may elect to fund a Loan before listing it on the Bigstone Loan Marketplace, using funds committed by investors under an investment mandate, in which case allocating funds to a Loan through the Bigstone Loan Marketplace will replace the existing allocation.</p> <p>Once it is listed, you can then allocate funds to the Loan Request from the available funds in your Bigstone Account by logging into the Bigstone Loan Marketplace. Both Loan Requests and fund allocations are binding and cannot be withdrawn while the Loan Request is listed. Funds allocated to a Loan Request cannot be allocated to another Loan and cannot be withdrawn from your Bigstone Account.</p> <p>A Loan Request is listed and available for investment for up to 7 days. If, at the expiry of the listing period, the amount of funds allocated by Investors has not reached the Borrower’s nominated minimum Loan amount, the Loan Request will expire, and you will be able to either withdraw your allocated funds or re-allocate them to other Loan Requests.</p> <p>If Bigstone Lending has not already disbursed the Loan to the Borrower, then the Loan will only be issued once the total amount of funds allocated by Investors reaches the Borrower’s nominated minimum Loan amount, at which point the Borrower is committed to accept the Loan.</p> <p>At this time, the Borrower can choose to request disbursement of the Loan or wait for further allocations.</p> <p>A Loan is disbursed once 100% of the funds requested is allocated by Investors, or when the listing period expires and the allocated funds are equal to or in excess of the Borrower’s nominated minimum Loan amount.</p>
<p>Do I choose which Loan Requests to fund?</p>	<p>When you invest in the Bigstone Loan Fund, you can choose between two simple options:</p> <ol style="list-style-type: none"> <li>1. Pooled</li> </ol> <p>Under the Pooled option, Bigstone automatically invests your funds across every new loan that is made from the time you invest your funds, with the limitations agreed with you (if any). This option provides diversification of your investment across multiple loans.</p> <p>Bigstone will allocate 5% of your total investment to each Loan Request (to a maximum of 10% of the Loan Request) that is listed on the Bigstone Loan Marketplace after you select the Pooled option.</p> <p>Bigstone will automatically re-invest repayments that you receive on the</p>

Feature	Summary
	<p>same basis (in tranches of a maximum of 5% of your total invested funds), unless you elect to opt out of reinvesting repayments.</p> <p>Your investment will only be in new loans made since you select the pooled option (until your funds are all allocated), and your risk and returns will be from those loans only.</p> <p>In the event that there are more funds ready to be allocated under the pooled option than there are available Loans, the available funds will be deployed proportionately, as assessed by Bigstone Lending in its discretion.</p> <p>2. Pro</p> <p>Under the Pro option, you can individually select the Loan Requests that you wish to fund.</p> <p>You can filter by Loan term, Loan amount, geography, available security, and other criteria. This gives you flexibility in your investment(s), and allows you to select more Loans that you prefer (e.g. to Borrowers in a certain area) or avoid Loans you don't want to invest in (e.g. to Borrowers in certain industries).</p>
<p>What are the amounts and terms of Loans?</p>	<p>Loans are between \$10,000 and \$5,000,000, for terms of between 90 days to 5 years, although Loans can be repaid at any time.</p> <p>All Loans to Borrowers are governed by a standard form Loan Agreement between the Borrower and Bigstone Lending.</p>
<p>Are Loans secured or unsecured?</p>	<p>Each Loan must be personally guaranteed by at least one of the Borrower's directors.</p> <p>The security that is available for each Loan will depend on the particular circumstances of the Borrower and on the type of Loan that we elect to offer.</p> <p>Loans may be secured by a General Security Agreement over the assets of the Borrower, by a Specific Security Agreement over individual assets, or even by purchasing accounts receivable from eligible Borrowers.</p> <p>Each security interest is registered on the Personal Property Securities Register.</p> <p>Bigstone will only approve Loan Requests where we are confident that an appropriate level of security is available.</p>
<p>How many Borrowers can I lend to?</p>	<p>There is no limit on the number of Loans that you can allocate your funds to.</p> <p>You should consider funding many different Loans, with Borrowers across a range of, industries, geographies and other characteristics, in order to diversify your risk.</p> <p>If you invest through the Pooled option, your investment will automatically be allocated across Loan Requests.</p>

Feature	Summary
<p>Am I party to a Borrower's Loan contract?</p>	<p>No.</p> <p>Each Loan is governed by a single standard-form Loan Agreement between Bigstone Lending and the Borrower and a linked loan from the Bigstone Loan Fund to Bigstone Lending.</p> <p>The sole business of Bigstone Lending is to make loans to and collect repayments from each Borrower.</p> <p>Bigstone Lending pays management fees to Bigstone Capital (derived from the interest rate differential between the rate at which Bigstone Lending lends to Borrowers and the rate paid the Bigstone Loan Fund), and retains 2% of the Loan Request Amount as a loss provision in the Provision Fund. Bigstone Lending then pays on the regular payments of principal and interest received from each Borrower to the Trustee, and it is allocated to each investor depending on their share of the loan.</p> <p>As an Investor in the Bigstone Loan Fund, you do not have a direct contract with the Borrower, and neither do other Investors – instead, you request that the Trustee allocate funds in your Bigstone Account to the Loan Request.</p> <p>When your funds are on Loan, your Bigstone Account (see section <a href="#">4.7</a> for more information) is updated to reflect your participation in the Loan. Your rights in respect of the Loans made by the Bigstone Loan Fund are governed by the Constitution.</p> <p>Importantly, when you allocate funds to a successful Loan Request, you have an interest in that particular Loan, and your returns from that Loan are not impacted by the performance of other Loans.</p>
<p>When do I receive repayments?</p>	<p>Borrowers must repay Loans in regular instalments of principal and interest through a direct debit arrangement with Bigstone Lending.</p> <p>Repayments received will be automatically allocated to your Bigstone Account in proportion to your participation in the Loan. The frequency of repayments may be set at various intervals (daily, weekly, fortnightly or monthly), and will be stated in the Loan Request in the Bigstone Loan Marketplace.</p> <p>Some Loans will be made with Balloon Payments, which means that a large repayment is made at the end of the loan. This means that the repayments you receive before that repayment may be less than you would expect, given the interest rate of the Loan.</p>
<p>Do I always have access to the funds I have invested?</p>	<p>You can withdraw the available funds shown in your Bigstone Account at any time by logging in to the Bigstone Loan Marketplace.</p> <p>You cannot withdraw funds that you have allocated to a Loan Request, whether or not that Loan has been made yet.</p> <p>Funds allocated to a Loan Request which expires without reaching the minimum Loan amount will be returned to your account, and then become available for withdrawal.</p> <p>See section <a href="#">4.7</a> for more information on withdrawals.</p>

Feature	Summary
<p>What happens if a Borrower defaults on a Loan?</p>	<p>Borrowers may miss a payment for a variety of reasons. If a payment is missed, the account becomes delinquent.</p> <p>For every delinquent account, Bigstone Capital will take a prescribed set of actions to encourage the Borrower to return the account to good standing.</p> <p>In accordance with Bigstone policy, if a Borrower is delinquent and the Borrower's account has not been rectified after a grace period, we will take additional action such as imposition of late payment fees, telephone calls and demand notices.</p> <p>After a Loan has been delinquent for a set period, and/or if Bigstone has been unable to engage with the Borrower, we will deem the account to be in default and take further collections actions. We may also appoint an external collections agency or pursue legal remedies, including court action, or exercise the relevant security interest and/or personal guarantees.</p> <p>The Provision Fund is held by Bigstone Lending and a payment will be made from the Provision Fund to the Trustee 120 days after the first default event on the Loan, if the Borrower has not rectified the default. This helps to cover the loss that you might bear if a Loan that you are invested in goes bad.</p> <p>The out-of-pocket cost of collections is initially paid for by Bigstone Capital and is reimbursed by funds collected from the defaulting Borrower or guarantor before those funds are returned to Investors. Bigstone Capital has the sole discretion to determine what actions, if any, are taken to recover funds from a Borrower.</p> <p>Defaulting Borrowers are also charged late payment fees, enforcement expenses, and default interest.</p>
<p>What fees do I pay?</p>	<p>Bigstone charges you no management fees for your investment. Bigstone Lending retains a margin from each Loan, and pays management fees to Bigstone Capital, but these payments are made before the loan repayments are paid into the Bigstone Loan Fund.</p> <p>Bigstone invests in each loan alongside Investors. Bigstone will fund between 1% and 5% of each Loan Request.</p> <p>We do keep as a fee the amount of interest (if any) earned on Investor funds when they are not on Loan.</p> <p>More detailed information and information about other fees and expenses are specified in Section <a href="#">7</a>.</p>
<p>Is Bigstone Capital a bank?</p>	<p>No.</p> <p>Neither the Trustee nor Bigstone Capital are banks.</p> <p>The Trustee is trustee for the Fund, Bigstone Capital is the asset manager for the Fund, and operates the Bigstone Loan Marketplace, and Bigstone Lending is the lender of record for each Loan.</p> <p>Your investment is not a deposit and does not benefit from the Financial Claims Scheme as it may if your funds were held on deposit with an Australian ADI. Investments in the Bigstone Loan Fund are not the same risk as a term deposit or cash deposit with an Australian bank.</p>

Feature	Summary
Are there risks in investing?	Yes. Like every investment, there are a number of risks that may lead you to lose some or all of your investment. It is important that you read and understand each of the risks set out in Section <a href="#">8</a> .
How do I transfer funds to my Bigstone Account?	Once you have applied to be and have been accepted as an Investor, you can transfer funds into your Bigstone Account by BPAY or bank transfer. We also offer a direct debit option for investors that sign up to the Pooled investment option. See Section 4 for more information about how to transfer in funds
How do I withdraw funds?	You can withdraw some or all of the available funds in your Bigstone Account to your nominated bank account at any time. However, you cannot withdraw funds that have been allocated to a Loan Request or to a Loan that has not yet been repaid by the Borrower.  We will only direct withdrawal transfers to the nominated bank account in your account profile. We will not make payments to third parties on your behalf.  See Section <a href="#">4.7</a> for more information on withdrawing funds.
Can repayments be automatically reinvested?	Yes, if you opt for the Pooled investment option, your received loan repayments will be automatically reinvested in Loan Requests as they become available. We think this is the easiest way to keep your money working for you.
How do I become an Investor and how is my investment structured?	To participate, you simply need sign-up at <a href="http://bigstone.com.au">bigstone.com.au</a> .  Unfortunately, we can't get rid of all the paperwork. You will need to complete the online application to help us deal with fraud risk and Anti-Money Laundering and Counter-Terrorism Financing regulations, as well as confirm that you are a wholesale client.  Once we have confirmed that you are who you say you are, and that you're acting legitimately, we can get started. We have done everything we can to make it a smooth and simple process.  If you are registered as an Investor, you will be issued with an interest in the Bigstone Loan Fund, which means that you can benefit by investing in Loan Requests listed on the Bigstone Loan Marketplace. Your interest in the Bigstone Loan Fund reflects your cash investment and the performance of the Loans that you allocate your funds to using the Bigstone Loan Marketplace.  Your investment in the Bigstone Loan Fund is loaned to Bigstone Lending, which then makes a linked loan to a Borrower. The amounts and rates of these loans is usually different, and Bigstone Lending uses part of the difference to establish and maintain the Provision Fund, and pays the remainder to Bigstone Capital as a management fee for operating the Bigstone marketplace and administering the Loans.  Bigstone Lending borrows at a fixed interest rate from the Bigstone Loan

Feature	Summary
	<p>Fund, so the interest you receive as an investor will be at that fixed interest rate. The fixed interest rate was 9% at the time of issue of this Information Memorandum but varies occasionally. The fixed interest rate that is being earned by the Bigstone Loan Fund and is therefore also being paid to Investors in loans made by Investors to the Bigstone Loan Fund from that time (until the rate varies) is published on the Bigstone website. The process to apply to be an Investor, and to transfer funds to your Bigstone Account is described in Section 4.</p>
<p>How do I fund a Loan Request?</p>	<p>Once you have transferred funds to your Bigstone Account, you can then use the Bigstone Loan Marketplace to allocate those funds to Loan Requests that you want to invest in.</p> <p>Use of the Bigstone Loan Marketplace is subject to the terms and conditions of this IM and usage policies set by Bigstone.</p>
<p>Why would a business seek a Loan from the Bigstone Loan Fund?</p>	<p>Bigstone's innovative marketplace lending model, proprietary risk-based pricing, simple online application, and fast Loan processing means that we can offer businesses a better value proposition on Loans than are ordinarily provided by banks and other lending alternatives.</p>
<p>How will businesses find the Bigstone Loan Fund?</p>	<p>The Bigstone Loan Marketplace is multi-device and mobile enabled.</p> <p>Bigstone will partner with trusted business advisors and broker networks to create a referral network and attract Borrowers.</p>
<p>Is my data and money secure?</p>	<p>Bigstone uses commercial grade systems, similar to many banks and traditional financial institutions, to make sure that our systems are secure and in keeping with accepted business practice. The money shown in your Bigstone Account is held by the Bigstone Loan Fund in a trust account with an Australian bank.</p>
<p>How do Loan repayments work?</p>	<p>All Loans are amortising Loans. This means that each repayment includes both principal and interest.</p> <p>As funds are returned to your Bigstone Account regularly, you get a return quickly and can choose to allocate the funds again or withdraw them, depending on your investment strategy. There are potentially many advantages to fixed-rate returns as part of a balanced investment portfolio.</p>
<p>How quickly can I access funds that I invest?</p>	<p>We will endeavour to process withdrawal requests as quickly as possible, and expect that the available funds in your Bigstone Account can usually be returned to your nominated bank account within two working days.</p>
<p>Is the Bigstone Loan Fund transparent?</p>	<p>Our website provides you with clear, up-to-date information about your investment.</p> <p>You can see your Bigstone Account and Loan portfolio in real time, including the amount of funds invested, interest earned, and performance for each Loan.</p> <p>Our fee structure is simple and clear. See Section <a href="#">7</a> for more information.</p>

Feature	Summary
What would happen if Bigstone Capital or Bigstone Lending becomes insolvent?	<p>Bigstone is the operator of the Bigstone Loan Marketplace. However, Primary Securities Ltd is the trustee of the Bigstone Loan Fund, and holds all of your cash investment, and has a security over all of the Loans made by Bigstone Lending through the Bigstone Loan Marketplace.</p> <p>Should Bigstone Capital or Bigstone Lending become insolvent, the Trustee will take control of the outstanding Loans to continue to protect Investors and administer the outstanding Loans. The Loans will continue to be legally binding on Borrowers.</p>

### 3. Marketplace lending

Marketplace lending (also called peer-to-peer lending) brings together borrowers and investors, offering investors the opportunity to invest in loans made to borrowers.

The basic principle is to match borrowers who require capital with investors who seek to deploy capital, bypassing the role traditionally played by banks. Technological advances mean it is now cost effective to pool small amounts of money from many different lenders to originate a larger loan.

Marketplace lenders may invest in the loans originated on the marketplace to have 'skin in the game' and align their interest with Investors. The service they provide is to deliver efficient, transparent and trusted origination and administration of loans. Building a trusted relationship with borrowers and investors, keeping loss rates low, and creating transparency is the key to this business model. This is in contrast to traditional alternative finance players, who often originate loans at high interest rates, take loans onto their own balance sheet, create pooling vehicles and securitise these pools to other investors.

The Bigstone Loan Fund allows investors to participate in specific loans, or in a pool of loans to diversify their risk.

Marketplace lending has been successful in the United States and the United Kingdom, and is growing rapidly in Europe, Asia and worldwide.

### 4. How does it all work?

#### 4.1 What does Bigstone Capital do?

Bigstone Capital Pty Ltd is the asset manager for the Bigstone Loan Fund, and it or its officers has been appointed by the Trustee to carry out the following responsibilities for the Fund:

- operating the Bigstone Loan Marketplace;
- promoting the Bigstone Loan Fund to Investors and Borrowers;
- assessing potential Borrowers and Loan applications;
- advising the Trustee on advancing Loan principal from the Bigstone Loan Fund to

successful Borrowers; and

- handling enforcement and collections for Loans.

Bigstone Capital has been appointed as a corporate authorised representative of the Trustee in accordance with s916A of the Corporations Act, to comply with regulatory requirements.

Bigstone Capital also carries out Loan administration services (disbursing Loan principal, managing Loan repayments and collections to help protect Investors if a Borrower is late in making payment or defaults), and provides Investors with reporting on Fund performance.

## 4.2 What does Bigstone Lending do?

Bigstone Lending is a wholly owned subsidiary of Bigstone Capital and is the lender of record for each Loan Agreement. Bigstone Lending passes on repayments to the Bigstone Loan Fund, pays management fees to Bigstone Capital, and retains 2% of the face value of each Loan as the Provision Fund.

Bigstone Lending's only business is:

- receiving loans from the Bigstone Loan Fund at the rate set out in the Bigstone marketplace and on our website from time to time.
- providing corresponding Loans or other types of finance to Borrowers (the amount and rate of which is usually different to the loan from the Bigstone Loan Fund to Bigstone Lending.
- collecting repayments from Borrowers and making repayments to the Bigstone Loan Fund.
- accruing the Provision Fund and paying out amounts from the Provision Fund as and when Loan defaults occur.
- accruing any difference in the rate and amount of the loan from the Bigstone Loan Fund to Bigstone Lending and the rate and amount of the Loan by Bigstone Lending to Borrowers, using part of that amount to fund the Provision Fund, and paying the remainder to Bigstone Capital as a management fee in return for operating the Bigstone Marketplace and administering the Loans.

## 4.3 Who are Bigstone's board of directors?

### **ROBERT SPANO**

Executive Chairman of the Board

Robert was CEO from 2013 to 2015 of the Alleasing Group and a director of various associated companies since 2008. Alleasing is the largest non-bank leasing company in Australia, has 100 employees; has funded over \$5 billion worth of assets to 24,000 customers through 36,000 contracts. The company turnover to June 2015 was in excess of \$200 million with a NPAT of over \$33 mill. Robert was the second largest shareholder in the Group after CHAMP Private Equity. In December 2008 Robert was a major shareholder and CEO of Integrated Asset Management Pty Ltd (IAM), which Robert sold to the Alleasing Group, and then assisted CHAMP Private Equity to purchase the Alleasing Group.

In September 1999, Robert established a Sales Aid finance solution for a leading IT solution provider, which allowed him to create IAM. This start up business financed over \$1 billion worth of new assets over 6,000 contracts and 4,000 customers. In 1998 Robert was awarded a Prime Minister Gold award for assisting Government and Industry. At the time Robert was CEO of Corporate Acceptance Pty Ltd, a business he started in 1988, and which facilitated over \$950 million of receivables.

## **NEIL HELM**

Non-Executive Director

Neil is the former CEO of OFX (formerly OzForex (ASX:OFX)), one of Australia's most successful fintech companies. Neil held the role for over 9 years, overseeing both domestic and international business growth through to a successful IPO on the ASX in 2013. Before OFX, Neil worked for over 20 years with Macquarie Bank and Accenture.

## **IAN CAMPBELL**

Non-Executive Director

Ian is a former Audit Partner with Ernst & Young for over 30 years. Ian is currently a Non- Executive Director with CVC Limited, Kip McGrath Education Centres and is a partner in Allegis Partners/Talent 2 Recruitment.

## **LIAM MCLAGAN**

General Counsel, and Company Secretary

Liam is a financial services lawyer, with experience in banking regulation and commercial law. Liam has experience advising on the creation of new clearing systems and marketplaces, regulated international transactions, and the regulation of financial services entities, as well as advising businesses on the many legal challenges they face. Liam has worked at Linklaters LLP (London) and HWL Ebsworth (Sydney).

## **INDERJIT SINGH**

Chief Operating Officer and Director

Indy is a specialist in financial services strategy and operations, business transformation and new bank set-up initiatives. Indy has deep experience in contact centres and is a black-belt six-sigma process expert.

## **MARCUS KORFF**

Chief Risk and Analytics Officer and Director

Marcus is an expert commercial banker and risk specialist, with over 20 years' experience in all elements of commercial underwriting. Marcus deeply understands the needs of institutional investors when considering alternative lenders.

## 4.4 The Bigstone Loan Marketplace

The Bigstone Loan Marketplace is a cloud-based platform operated by Bigstone that allows Investors to allocate the funds that they have invested into the Bigstone Loan Fund to Loan Requests made by Borrowers that have been assessed and verified by Bigstone.

You can access the Bigstone Loan Marketplace and get started with your investment by registering at [bigstone.com.au](https://bigstone.com.au).

When a Borrower applies for a Loan, Bigstone conducts fraud and anti-money laundering and counter-terrorism financing checks on that Borrower, and then we use our proprietary credit risk assessment model to accept or reject the application. If the Borrower passes our credit assessment hurdles, we will list the Loan Request on the Bigstone Loan Marketplace, where Investors can review details of the Loan and apply invested funds to funding the Loan.

## 4.5 The Bigstone Loan Fund

The Bigstone Loan Fund is an Australian domiciled trust and unregistered managed investment scheme. Investors that apply to invest in the Fund and are accepted by the Trustee will invest into the Fund's asset pool, which is held on trust by the Trustee.

The Trustee makes Loans to Bigstone Lending Pty Ltd, which in turn makes Loans to business Borrowers. Bigstone Capital assesses Loan applications and carries out the day-to-day aspects of the lending process. Bigstone Capital also operates the Bigstone Loan Marketplace, which facilitates the allocation of an Investor's funds to Loans.

The Trustee also uses the Bigstone Loan Fund's assets to pay the fees, costs and expenses of the Fund as set out in section 7.

## 4.6 Value of interests in the Bigstone Loan Fund

The value of your interest in the Bigstone Loan Fund is the sum of the funds available in your Bigstone Account and the proportion of Loans that have been funded from your allocations on the Bigstone Loan Marketplace.

Similarly, if a Borrower defaults, the losses incurred in respect of that Borrower's outstanding Loan (after any payment by the Provision Fund) will be attributed only to the Investors who allocated funds to that Loan through the Bigstone Loan Marketplace.

## 4.7 Your Bigstone Account

Each Investor has a notional account called their Bigstone Account. Your Bigstone Account is accessible through the Bigstone Loan Marketplace, and always shows your:

- available funds – your unallocated cash investment that is available for allocation to a Loan Request or withdrawal from the Fund;
- funds allocated to Loan Requests; and
- real-time performance and repayment history of each active Loan that you allocated your investment to.

It is important to note that this is a notional account, not a separate legal account – legally, the funds invested by Investors are pooled and held by the Trustee on trust for Investors. Investments that have not been advanced to Borrowers are deposited with an

Australian bank.

You can withdraw available funds from your Bigstone Account at any time, but you are not able to withdraw amounts that have been loaned to Borrowers, or that you have allocated to a Loan Request through the Bigstone Loan Marketplace.

## 4.8 Eligible investors

Only an Investor that qualifies as a wholesale client as defined in sections 761G or 761GA of the Corporations Act may become an investor in the Bigstone Loan Fund.

A wholesale client includes an entity that:

- invests at least \$500,000 in the Fund;
- acquires interests in the Fund other than in connection with a business, and before the interests are issued provides the Trustee with a copy of a certificate given by a qualified accountant within the preceding 6 months that states that the investor has net assets of at least \$2.5 million or a gross income for each of the last two (2) financial years of at least \$250,000;
- acquires the interests for use in connection with a business that is not a small business as defined in section 761G of the Corporations Act (a business is not a small business: if the business includes the manufacture of goods and employs 100 people or more; or, in other cases, employs 20 people or more); or
- is a “Professional Investor” as defined in section 9 of the Corporations Act (e.g. listed entities and their related bodies corporate, AFS licensees, persons who control at least \$10 million, or a body corporate, or an unincorporated body, that carries on a business of investment in financial products, interests in land or other investments).

## 4.9 Loan default and collections

Bigstone follows a rigorous collections and enforcement policy to facilitate timely repayment of Loans and protect the interests of Investors. We act quickly to identify and manage Loan delinquencies, and to address Borrower defaults through the enforcement of General Security Agreement and personal guarantees.

For every delinquent account, Bigstone Lending will take a prescribed set of actions to encourage the Borrower to return the account to good standing.

In accordance with Bigstone Lending policy, if a Borrower is delinquent and the Borrower’s account has not been rectified after a grace period, we may take additional action such as imposition of penalty interest, late payment fees, telephone calls and demand notices.

The Loan Agreement specifies Events of Default. These include the Borrower becoming insolvent, providing false information in its application for a Loan, breaching any finance agreement with the Trustee or failing to use the Loan for the specified purpose.

If an Event of Default occurs, Bigstone Lending and/or the Trustee may:

- make all outstanding Loan moneys immediately due and payable;
- exercise its rights under the Loan Agreement and any Security Agreement.

After a Loan has been delinquent for a set period, and/or if Bigstone Lending has been unable to engage with the Borrower, we will deem the account to be in default and take

further collections actions. We may also appoint an external collections agency or pursue legal remedies, including court action, or exercise the relevant security interest and/or personal guarantees.

The out-of-pocket cost of collections is initially paid for by Bigstone Lending and is reimbursed by funds collected from the defaulting Borrower or guarantor. If the Provision Fund has not paid the total principal amount of a Loan you are invested in, you will be entitled to your proportionate share of any recoveries from the Borrower, after collection costs have been paid, and less any amount paid by the Provision Fund and allocated to your Bigstone Account. Bigstone Lending has the sole discretion to determine what actions are taken to recover funds from a Borrower. Bigstone Lending has the discretion to take no further action to recover funds.

Investors have exposure to the individual Loans to which they have allocated funds.

If a Borrower defaults on all or part of a Loan, Bigstone Lending will be obliged to pay the Bigstone Loan Fund the outstanding principal amount of the Loan from the Provision Fund. If there is not enough money in the Provision Fund to cover the principal amount, the Investors that allocated funds to that Loan bear that loss. This is why it is important to diversify your portfolio across many Loans to many Borrowers and expect that some amount will be written off.

Bigstone Lending may decide to engage third parties to collect or enforce Loans, or, if Bigstone Lending considers it appropriate, assign the Loan to a third party. Once a Loan has been assigned, you may not benefit from any recoveries that may be made from that

Borrower.

Where a Borrower has defaulted on a Loan, and the security interest over the Borrower's assets under the General Security Agreement has been exercised, the Trustee may be unable to sell that property, or the proceeds of sale may not be sufficient to cover the full repayment of the Loan. Even though each Loan is secured by the General Security Agreement and personal guarantee and indemnity, the repayment of a Loan is not guaranteed.

If a Borrower is insolvent, the Trustee may lodge a claim with the official assignee for amounts owed.

Investors do not have any direct rights of enforcement against Borrowers. Penalty interest and default fees are paid to Bigstone Lending, and investors are not entitled to any of these amounts.

#### 4.10 The Provision Fund

For each Loan made, Bigstone Lending retains 2% of the face value of each Loan as cash in an Australian bank account. The amount of cash held in the bank account is the Provision Fund and is held to help protect Investors.

Bigstone Lending is contractually obligated to pay to the Trustee of the Bigstone Loan Fund an amount out of the Provision Fund 120 days after the first default event on the Loan, if the Borrower has not rectified the default.

The Provision Fund will pay to the Trustee an amount equal to the outstanding principal

of the defaulted loan, at the time of default. If there is not enough money in the Provision Fund to cover the amount of principal outstanding, Investors will bear that loss.

If the Provision Fund makes a payment that covers the total amount of Principal outstanding at the time the Loan defaults, the Trustee, and Investors in that Loan, will have no further rights to amounts recovered from the Borrower

If the Provision Fund makes a payment that does not cover the total amount of Principal outstanding at the time the Loan defaults, the Trustee, and Investors in that Loan, will be entitled to an additional amount to 'top up' the Provision Fund payment, after the costs of collection have been taken into account from any recoveries.

When a Loan is fully repaid, the amount that was held in the Provision Fund in respect of that Loan is released and paid to Bigstone Capital as a management fee. This means that the amount held in the Provision Fund should always equal more than 2% of the amount outstanding across all Loans.

The Provision Fund does not reimburse you for lost interest, or for penalties or late fees, only for the outstanding principal balance of the particular loan.

Interest earned on the Provision Fund is paid to Bigstone Capital as a management fee and does not accrue to the Provision Fund.

#### 4.11 Cancelling your Bigstone Account

If you want to cancel your Bigstone Account and your membership of the Bigstone Loan Fund, please contact Bigstone Capital. You cannot cancel your account if you have active Loans, or allocations against active Loan Requests, and until you have withdrawn all of your available funds. If we cancel your Bigstone Account, you will cease being a member of the Bigstone Loan Fund, and you will need to reapply to invest in the Bigstone Loan Fund.

## 5. The Trustee

### 5.1 The Trustee's Role

Primary Securities Ltd is the Trustee of the Bigstone Loan Fund. The Trustee acts independently on behalf of Investors and is not a related entity to Bigstone Capital.

The Trustee has the legal responsibility to oversee the Bigstone Loan Fund and act on behalf of Investors in accordance with the Constitution and its fiduciary obligations. These responsibilities include:

- maintaining a register of Investors, keeping accounts, making distributions in accordance with the Constitution, and preparing financial statements;
- approving and monitoring the Loan assessment process; and
- ensuring the Fund's compliance with the Constitution.

The duties, responsibilities and powers of the Trustee are set out in the Constitution.

Information about the fees that the Trustee receives from the Bigstone Loan Fund, its entitlement to expenses incurred in operating the Bigstone Loan Fund and fees received from Borrowers are set out in section 7.

## 5.2 The Trustee's Board of Directors

The Trustee's directors are responsible for ensuring that the Trustee complies with its obligations. The board currently comprises of David Butterfield, Robert Garton Smith and Ian Murchison.

### **DAVID BUTTERFIELD, ACA, CTA**

Chairman

David Butterfield is a Chartered Accountant, Chartered Tax Advisor and Management Consultant with significant professional experience. His professional career commenced in 1969 when he worked for Touché Ross & Co and then Price Waterhouse & Co. He commenced his own accounting practice in 1977.

Since then David has been involved in pooled investments. Around 50% of his clients were film and/or television producers. David structured and helped fund numerous Australian productions over a thirty-year period. He has also been instrumental in structuring and funding live productions. Since 2003 he has been the Managing Director of two funds management businesses in property, securities and derivatives, CFO and COO of an institutional fund's management business investing in securities and derivatives and also acts as a Responsible Manager on other AFSL's mainly with a property focus. His specialties include AFSL advice, strategic advice, project and transaction management, business valuations, taxation and general business advice.

### **ROBERT GARTON SMITH, LLB, B Com, GDipFinPlanning (Sec Inst), F Fin Managing Director**

Robert Garton Smith is the Managing Director of Primary Securities Ltd and has been its responsible manager in relation to managed investments since inception. He has degrees in law, commerce and financial planning and is a legal practitioner as well as being a Fellow of the Financial Services Institute of Australia and the Association of Financial Advisers.

He is a member of the Law Society of Western Australia and the Australian Compliance Institute. Robert has worked in the area of managed investments since preparing Australia's first feature film prospectus in 1981. He has prepared and overseen dozens of managed investment schemes relating to film, forestry, viticulture, horticulture, manufacturing, mortgages, equities and real estate, and also prepared share, debenture stock and unsecured notes issues.

Robert has practiced law since 1970 and is admitted as a practitioner in Australia, England and Wales. He remains the principal of the corporate and commercial law practice Garton Smith & Co, which now has a small practice advising in relation to managed investments, corporate, real estate and intellectual property. Robert is an authorised (financial) tax adviser.

### **IAN MURCHISON, B Com, FCA, Dip Naut Sc**

Director

Ian Murchison is a founding shareholder of Perth based private equity fund manager, Foundation Capital. Foundation Capital was established in 1994 and has invested institutional funds of over \$125M primarily in Western Australia. Ian is a Fellow of the Institute of Chartered Accountants and was a founding partner of Sothertons Chartered Accountants.

Ian has a wide experience across a diversity of industries that encompass operations throughout SE Asia including pearling, sandalwood plantations, minerals exploration, information technology and industrial manufacturing and distribution. Ian has served as a non-executive director on ASX and Nasdaq listed companies for over 25 years. He has been a consultant to the Western Australian government on private public partnerships and several corporations on acquisitions, strategies, capital raisings and listings.

## 6. Taxation Implications of the Offer

The tax implications of your investment will vary depending on your personal financial circumstances and investment objectives. You should obtain your own professional taxation advice before deciding whether to invest in this Offer for Interests in the Bigstone Loan Fund.

Withholding tax may be payable by overseas investors (who are not within the scope of this Investment Memorandum).

## 7. Fees and Other Costs

### 7.1 Investor fees

All fees paid by Investors to the Trustee are paid by the Trustee to Bigstone Capital.

Fee Type	Description	Amount
<i>Establishment and transfer fees</i>		
<b>Establishment Fee</b>	The upfront fee to invest in the Bigstone Loan Fund.	Nil.
<b>Contribution Fee</b>	The fee on each amount you invest into the Bigstone Loan Fund.	Nil.
<b>Withdrawal Fee</b>	The fee on each amount you withdraw from your investment.	Nil.
<b>Exit Fee</b>	The fee to close your investment	Nil.

<i>Management Fees</i>		
<b>Management Fee*</b>	The fee for managing your investment in the Bigstone Loan Fund	Nil.
<b>Cash Management Fee</b>	<p>The Trustee charges Investors a fee equal to the amount of any interest earned (if any) on cash held by the Bigstone Loan Fund from time to time (including GST). The Trustee will pay this fee to Bigstone Capital upon receipt.</p> <p>This fee is paid separately on an on- going basis and is not deducted from any balances shown in your Bigstone Account.</p>	The amount of any interest earned (if any) on cash held by the Bigstone Loan Fund from time to time (including GST).
<b>Collections and enforcement costs</b>	The Trustee may charge Investors the actual incurred costs and expenses of collections and enforcement if a Borrower defaults on a Loan, whether incurred by the Trustee, Bigstone Lending or Bigstone Capital.	The actual incurred amount of any expenses, costs, commissions, brokerage, fees and taxes incurred for work done in collecting Loans in default.
<b>The Trustee's Additional Services Fees and Expenses</b>	<p>The Trustee can only charge these Additional Services Fees and Expenses:</p> <ul style="list-style-type: none"> <li>with Bigstone Capital's consent, if the name "Bigstone" remains incorporated in the name of the Fund; or</li> <li>if Bigstone Capital is subject to a Default Event.</li> </ul> <p>The Trustee can charge Investors an Additional Services Fee, and be reimbursed for Expenses incurred, in relation to any work the Trustee does to collect Loans in default, which is payable on the 1<sup>st</sup> day of the following month.</p> <p>Additional Services Fees and Expenses must be justified by an invoice for services performed by the Trustee for any work done in collecting Loans in default, or for any work done of any kind in relation to the Trust.</p>	<p>Additional Services Fees can be up to 10% of the total outstanding balance of Loans Principals for any given month (plus GST).</p> <p>Expenses include any expenses, costs, commissions, brokerage, fees and taxes incurred for work done in collecting Loans in default.</p>

\* Alternate Management Fee (if Bigstone Capital ceases to be involved) – the Trustee can change the 1% p.a. Management Fee to a Management Fee of up to 10% p.a. if: (a) the name "Bigstone" is no longer incorporated in the name of the Fund; or (b) Bigstone Capital is subject to a Default Event.

## 7.2 Borrower fees

Bigstone Lending is entitled to charge fees to Borrowers. These are described in the Loan Agreement and any other agreements with the Borrower.

This IM is not intended to provide disclosures to Borrowers and, if you are a Borrower, you will need to read and agree to the Borrower disclosure and Loan documents before you borrow money.

The amount of each fee charged to Borrowers may change depending on the individual documents.

## 8. Risk Factors

Investors should be aware that the value of the Fund's assets, income it may generate, and the value of the Fund itself can be influenced by a number of factors, including those outside the Trustee's control.

An investment in the Fund carries substantial risk and is only suitable for persons who can bear the risk of loss. Each Loan is made with the risk that the Borrower will not repay some or all of the Loan.

Before deciding whether to subscribe for interests in the Fund, you should carefully consider the risks to which you are exposed and whether the acquisition of interests in the Bigstone Loan Fund is a suitable investment for you.

The list of risk factors in this section of the IM may not be complete. If you are in doubt as to whether you should apply for an interest in the Fund, you should consult your professional adviser.

Risk	Explanation
Credit risk	<p>The risk of late payment or default by a Borrower.</p> <p>The Trustee does not guarantee the repayment of capital or payment of interest under a Loan Agreement.</p> <p>Bigstone Capital carries out a credit risk assessment of a Borrower's Loan Request on the basis of the information provided by the Borrower and third-parties.</p> <p>Investors should expect that some proportion of Loans will default.</p> <p>Investors should diversify their risk by allocating their funds to multiple Loans to lower their exposure in the event of an individual Borrower defaulting or becoming delinquent.</p> <p>Actual defaults may exceed Bigstone Capital's projected probabilities of Loan defaults and may exceed the balance of the Provision Fund at the time of the default, in which case Investors in each defaulted Loan will bear the loss from</p>

Risk	Explanation
	that default.
Risk to capital	<p>If a Borrower defaults and Bigstone Capital on behalf of the Trustee is unable to recover any or all of the money invested in the Loan, Investors who have allocated funds to that Loan may lose some or all of the funds allocated to that Loan.</p> <p>Actual defaults may exceed Bigstone Capital's projected probabilities of Loan defaults and may exceed the balance of the Provision Fund at the time of the default, in which case Investors in each defaulted Loan will bear the loss from that default. There is a risk that other Loans may default first and be reimbursed by the Provision Fund, so that when the Loans you are invested in default there is insufficient balance in the Provision Fund, and you will bear the loss from that defaulted Loan.</p>
Reliance on key personnel of the Fund	<p>Investors rely on Bigstone Capital for the day-to-day operations and investment decisions of the Fund. Success will be influenced by the performance of the Trustee and Bigstone Capital. The loss of key personnel of the Trustee and/or Bigstone Capital could have an adverse effect on the performance of the Fund.</p>
Taxation risk	<p>Australian taxation laws are subject to change in line with government fiscal policy. Introduction of new taxation laws may impact an individual Investor's taxation liability.</p> <p>These liabilities are the responsibility of each individual Investor and the Trustee is not responsible either for tax charges or penalties incurred by Investors. Investors should obtain their own taxation advice in regard to their investment in the Fund.</p>
Liquidity risk	<p>You are not able to withdraw amounts that you have allocated to an existing Loan Request or to a Loan Request that has progressed to a Loan through the Bigstone Loan Marketplace.</p> <p>The Bigstone Loan Fund's assets are predominantly comprised of:</p> <ul style="list-style-type: none"> <li>(a) cash held in an account with an Australian ADI, being money that has not yet been loaned, or Loan repayments that have not yet been withdrawn or re-loaned; and</li> <li>(b) the Trustee's rights to receive repayment of the Loans, which are relatively illiquid assets.</li> </ul> <p>The Trustee has no obligation to sell or convert Loans into cash.</p> <p>There is also a risk that you will not be able to withdraw available funds in your Bigstone Account if the ADI with which the account is held freezes the funds for any reason.</p> <p>There is presently no secondary market on which your interest in Loans can be traded.</p>
Assignment of Loan	<p>Bigstone Capital may, as part of its collections process, assign a defaulted Loan to a third party, such as a collections agency, for an amount it is able to negotiate. Once a Loan has been assigned, you may not benefit from any recoveries that may then be made from that Borrower.</p>

Risk	Explanation
	Further information on the collections process and the possible assignment of Loans is provided in Section <a href="#">4.9</a> .
Variations in Borrower creditworthiness over time	Bigstone Capital assesses a Borrower's creditworthiness as at the date of its credit assessment, and our assessment and risk grade reflect Bigstone Capital's assessment of their creditworthiness at that point in time. We do not commit to evaluating a Borrower's creditworthiness on an ongoing basis, although we may do so periodically. Further, changes to the Borrower's creditworthiness during the term of a Loan is outside the control of the Trustee and Bigstone Capital. Your investment may be impacted should the creditworthiness of that Borrower change over time, reducing their capacity to repay their Loan.
Value of Security insufficient to cover defaulted Loan	Bigstone Capital does not warrant that the value of any Security taken to secure a Loan will be sufficient to cover the defaulted amount of a Loan. Even if the Trustee takes Security and/or a personal guarantee to secure repayment of a Loan, its repayment by the Borrower and/or guarantor may not eventuate.
No deposit guarantee	Your investment is not a deposit and does not have the benefit of protection under the Financial Claims Scheme as it may have if it were an amount deposited with an Australian ADI
Money sitting idle	Your funds may remain in your Bigstone Account or not allocated to a Loan for an extended period if you do not choose to fund Loans on the Bigstone Loan Marketplace, if there is insufficient Borrower demand, if the Loan you allocate your funds to does not attract sufficient Investor funds, or if you do not withdraw your funds to your nominated bank account. Funds in your Bigstone Account are held by the Trustee in an account with an Australian ADI, and interest earned on that account is payable to the Trustee and paid to Bigstone Capital as a fee (GST inclusive)).
Dependence on Bigstone Capital and Bigstone Lending	Bigstone Capital provides services to the Bigstone Loan Fund in connection with operations including information technology, Borrower assessment and financial support. There are risks attached to the dependence on Bigstone Capital including the risk that Bigstone Capital fails to effectively provide the services and support that they are contracted to provide, or that Bigstone Capital becomes insolvent.
Dependence on third party service providers	The Trustee and Bigstone Capital use third party service providers, including for identity and credit checks and the transfer and holding of money. There are risks attached to the use of third-party service providers, including the risk that the third party fails to effectively provide the services that they have been contracted to provide.
Regulatory risk	Marketplace/peer-to-peer lending is a new industry in Australia and the regulation of the industry may change, which may have an adverse impact on the costs and risk of your investment or result in you incurring financial loss.
Legal risk	The legal structure may be challenged or may be impacted by taxation legislation. This may have an impact on the costs and risk of your investment or result in you incurring financial loss
Loss of Australian financial services	Your investment may be impacted in the event that the Trustee's AFSL is revoked or suspended, or if conditions are imposed that alters the Trustee's

Risk	Explanation
licence	capacity to authorise Bigstone Capital to operate the Bigstone Loan Market or provide the services as described in this IM.
Insolvency of Bigstone Capital or Bigstone Lending	<p>Your investment may be impacted in the event that Bigstone Capital or Bigstone Lending becomes insolvent or goes into administration.</p> <p>However, the Trustee is independent from Bigstone Capital and Bigstone Lending. This means that the Trustee will not be at risk of insolvency due to Bigstone Capital or Bigstone Lending becoming insolvent.</p> <p>Your investment will be impacted if the Trustee becomes insolvent or goes into administration. The Trustee is regulated by ASIC and holds an amount of capital and liquid assets in accordance with its regulatory obligations.</p> <p>In any such circumstances, the Loan Agreements made with Borrowers would still be legally valid and Borrowers would need to continue to make any scheduled payments</p>
Platform availability	<p>Your Bigstone Account, related information and investment functionality is available through the Bigstone Loan Marketplace.</p> <p>Bigstone Capital reserves the right to suspend the operation of the Bigstone Loan Marketplace.</p> <p>From time-to-time the service may be unavailable due to service provider outages or technical issues.</p> <p>Bigstone Capital will notify Investors of sustained scheduled website outages in advance via email.</p>
Borrower early repayment	<p>You may receive your investment in a Loan back earlier than anticipated if a Borrower's payments change or if a Borrower repays their Loan early. If a Borrower repays their Loan early you will earn interest on the amount repaid only up to the date that the Borrower makes payment, rather than the full indicative term of the relevant lending market in which you invested. If your funds are not reinvested in a Loan or number of Loans immediately your returns may be negatively impacted. Any new investment you then make in a Loan or series of Loans may be at a different interest rate to your initial investment, which may impact your returns. In addition, the term of any new investment in a Loan may not match the term of your initial investment in the Loan that was repaid early.</p>
No risk sharing	<p>When your funds are on Loan to a Borrower, you are exposed to the credit risk of that individual Borrower. The Borrower's failure to pay will be borne by you and will not be shared with other Investors (except in proportion to the extent that the Loan has been funded by other Investors).</p> <p>You may lose your investment because you selected to lend funds to a Borrower who defaults whilst another Investor does not make a loss because they have loaned to a Borrower who has not defaulted.</p>
Inability to exercise rights in relation to Loans	<p>You are not party to any Loan Agreement, and therefore you have no direct ability to administer or enforce any Loan Agreement. Rather, your rights and obligations in relation to Loans are governed primarily by the Constitution and this IM.</p>

Risk	Explanation
Interest rates may go down	<p>Each Loan is made at a fixed interest rate, set by Bigstone Capital.</p> <p>The interest rates allocated to new Loan Requests will change depending on the interest rate environment and may go down.</p>
Fraud risk	<p>Loan applicants may be acting fraudulently. If a Loan is made to a fraudulent applicant, the Loan may not be repaid or recoverable, and you may lose any amount allocated to that Loan as a result.</p> <p>You may also suffer loss if someone not authorised by you purports to provide us with instructions in relation to your investment and we act on those instructions.</p>
Cyber-security risk	<p>Bigstone Capital and the Trustee rely the internet to interact with Borrowers and Investors, as well as internal technology and information systems. This reliance may expose your investment to risks linked to cyber security breaches.</p> <p>Cyber security breaches could allow an unauthorised party to gain access to proprietary information, Investor or Borrower data, or Fund assets, or cause Bigstone Capital, the Trustee and/or our service providers to suffer data corruption or lose operational functionality.</p> <p>Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to users).</p> <p>The Trustee and Bigstone Capital cannot control the cyber security plans and systems put in place by third party service providers, Borrowers or Investors, and cyber security breaches may originate from cyber-attacks on those parties.</p>
Conflicts of interest	<p>There is a risk that any conflicts of interest between the Trustee, Investors, and Bigstone Capital may not be adequately managed and may lead to the value of your investment decreasing or the risk of loss increasing, for example, if a conflict of interest led to reduced credit assessment standards.</p>
Understanding risks	<p>There is a risk that Investors and Borrowers do not understand the risks involved in marketplace lending. It is important that you read this IM carefully when deciding whether to invest in the Fund. We also refer you to the guidance to Investors and Borrowers on the risks of marketplace lending on ASIC's <a href="#">MoneySmart website</a>.</p>

## 9. Additional Information

### 9.1 Constitution

The Constitution (as amended from time to time), together with this IM and the general law regulates the Fund and the Trustee's legal relationship with Investors. The Constitution provides the framework for the operation of the Fund and sets out certain rights, duties and obligations of the Trustee and each Investor. Principal provisions of the Constitution include those dealing with:

- the rights of Investors;

- the duration of the Fund including termination;
- fees and recoverable expenses;
- the Trustee's liability and right to be indemnified out of the assets of the Fund; and
- the power to amend the Constitution.

You should consider the terms of the Constitution before investing. A copy of the Constitution is available at the Trustee's registered office for inspection during normal business hours, under confidentiality.

## 9.2 Facility Agreement

The Facility Agreement (as amended from time to time), sets out the relationship between the Trustee, Bigstone Capital and Bigstone Lending, and includes provisions relating to:

- the linkage of loans made by the Trustee to Bigstone Lending with loans made by Bigstone Lending to Borrowers;
- the creation, maintenance and operation of the Provision Fund; and
- the Trustee's security over the assets of Bigstone Lending, including the provision fund (these securities are affected in additional agreements).

The commercial effect of the Facility Agreement as it affects your investment is summarised in this IM. The Trustee will consider requests to view the Facility Agreement on a case-by-case basis, under confidentiality.

## 9.3 Withdrawal of Offer

The Trustee may at any time, in its absolute discretion, decide to withdraw this IM.

## 9.4 Reporting

The Trustee will provide Investors with a real-time summary of their investments through the Bigstone Loan Marketplace.

## 9.5 Trustee Indemnity

Subject to the Corporations Act:

- the Trustee's liability to any person is limited to the extent to which the Trustee is actually indemnified out of the assets, capital, income, property and rights of the Fund for that liability; and
- the Trustee is not liable to Investors for any losses in any way relating to the Fund, except to the extent to which such losses are caused by negligence, fraud or breach of trust by the Trustee.

## 9.6 No Cooling-Off Period

There is no cooling-off period in relation to an Investor's applications to invest in the Fund.

## 9.7 Privacy

The Trustee's privacy policy for the Fund is available at, [bigstone.com.au](http://bigstone.com.au).

The Trustee's Privacy Policy sets out the policies on management of personal information. Please contact us if you would like information about, or a copy of, the Trustee's Privacy Policy for the Fund.

In completing the application to invest in the Fund, you are requested to provide your personal information including contact details (name, address and phone numbers), which is required to apply for your investment. Privacy laws apply to the Trustee's handling of personal information. The Trustee collects personal information about you from your application to establish and support the ongoing administration of your investment in the Fund and to advise you of new developments relevant to your investment in the Fund. The Trustee may disclose your personal information to external parties (including Bigstone Capital) who provide services to the Trustee in relation to the Fund. If you do not provide the Trustee with the information requested in the application form, your application may be unable to be processed and the Trustee may not be able to administer your interest appropriately.

Under the Privacy Act 1988 (Cth), you may request access to your personal information held by the Trustee. Investors can request access to their personal information by telephoning or writing to: The Trustee's Compliance Officer, Barbara Boyd, who is contactable by email at [barbara@primarysecurities.com.au](mailto:barbara@primarysecurities.com.au), or by telephone: (618) 9430 5262.

## 9.8 Anti-Money Laundering and Counter-Terrorism Financing

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (AML/ CTF Act) and the AML/ CTF Rules created under that Act require the Trustee to collect identification information and to verify that information before interests are issued to an Investor. These requirements are set out in the application process at [bigstone.com.au](http://bigstone.com.au).

## 9.9 Complaints

Complaints should be made to the Trustee's Complaints Officer, Anna Catelli, B. Juris, LLB, Dip. Ed., by email at [catelli@primarysecurities.com.au](mailto:catelli@primarysecurities.com.au), or by telephone at (618) 9430 5262.

The Complaints Officer is instructed to receive and deal with any expression of dissatisfaction with the service offered or provided by the Trustee, whether internal or external, by an Investor or otherwise ('Complaint') as follows:

- the Complaints Officer or other person who received the Complaint acknowledges the Complaint within 7 days of its receipt;
- the Complaints Officer notes the Complainant's details, including contact details, and the specifics of the Complaint and files that information in a Complaints file;
- the Complaints Officer explains the Complaint handling procedures to the Complainant;
- in the case of Complaints that do not require investigation, the Complaints Officer deals with or otherwise resolves the Complaint immediately or expeditiously, and enters details of the resolution into the Complaints file; and

- where appropriate, the Complaints Officer communicates with the Complainant to ensure that the Complainant remains satisfied.

If the Complaint requires investigation or for some other reason is unable to be resolved by the Complaints Officer immediately or expeditiously, then within 14 days of receipt of any Complaint, the Complaints Officer is to:

- provide written confirmation to the Complainant that the Complaint is being investigated in detail;
- invite the Complainant to provide any further documentation, information or other materials or details the Complainant may have regarding the Complaint;
- inform the Complainant that the Complainant will receive a response to its Complaint within 28 days of the date of the Complaint, and

within 21 days of receipt of any Complaint, the Complaints Officer is to conduct a thorough investigation of the Complaint, to properly consider the Complaint and to prepare a report detailing:

- the nature of the Complaint;
- the services or business practices about which the Complaint is made;
- the basis for the Complaint;
- the results of the investigation; and
- a recommendation for action;

The Complaints Officer shall then deliver that report to the Trustee's managing director. Within 28 days of the Complaint being made, the managing director is to review the report provided by the Complaints Officer and decide an appropriate course of action. Once the managing director has reached a decision in relation to the Complaint, that decision is to be provided to the Complainant together with the reasons for the decision within 28 days of the Complaint initially being lodged, and a copy of the decision is to be added to information regarding the Complaint on the Complaints file.

In the event that the Complainant continues to be unsatisfied, the Complaints Officer is to:

- within 14 days, prepare a report for the board and make arrangements for a meeting of the Board to be called within a further 21 days to consider the Complaint; and
- within 7 days of the meeting of the board, provide to the Investor a decision of the board.

In the event that the Complainant continues to be unsatisfied 14 days after a meeting of the board of the Trustee to consider the Complaint, the Complaints Officer shall provide the Complainant with information as to appropriate avenues by which the Complainant can pursue the Complaint, including to invite the Complainant to arbitrate.

Any issues arising from complaints that have material ramifications for other Investors shall be reported by the Complaints Officer to the board of the Trustee.

## 10. Glossary

When reading this Information Memorandum, terms shown below have the following meanings:

Term	Definition
ADI	authorised deposit-taking institution under the Banking Act 1959 (Cth).
Bigstone	Is the marketplace lending business carried on by Bigstone Capital.
Bigstone Capital	Bigstone Capital Pty Ltd ABN 44 603 289 658
Bigstone Account	Is the notional account described in section 4.7.
Bigstone Lending	Bigstone Lending Pty Ltd ABN 86 623 564 072
Bigstone Loan Fund	Means the unregistered managed investment scheme named the Bigstone Loan Fund established by the Constitution.
Bigstone Loan Marketplace	Means the software platform operated by Bigstone Capital that enables Investors to choose their investments in the Funds. It displays Loan Requests and enables Investors to apply their investment to a Loan Request.
Borrower	Any person that enters into a Loan Agreement with Bigstone Lending.
Constitution	The constitution which establishes the Bigstone Loan Fund dated 25 February 2016 (as amended from time to time in accordance with its terms) which governs the relationship between the Trustee and Investors.
Default Event	In relation to Bigstone Capital is an event where: <ul style="list-style-type: none"> <li>• Bigstone Capital is placed into liquidation (otherwise and solely for amalgamation or reconstruction purposes) or under official management; or</li> <li>• there are any meetings, arrangements or compositions with creditors of Bigstone Capital; or</li> <li>• a receiver, or a receiver and manager, is appointed over any part of Bigstone Capital's assets or undertakings and is not removed or withdrawn within 30 days of the appointment; or</li> </ul>
Fund	The Bigstone Loan Fund
General Security Agreement	Agreement creating a security interest including under the Personal Property Securities Act 2009 (Cth).
IM	This Information Memorandum.
Investor	A person or entity who: (a) is a prospective member of the Fund; (b) has applied to the Trustee to be a member of the Fund; and/or (c) is a member of the Fund, as the context requires.
Liquid	Has the same meaning as in the Corporations Act.
Loan	Any loan of money, giving of credit or other financial accommodation by the Trustee to a Borrower, with or without Security, either alone or jointly with any other person, including, but not limited to, equipment leasing,

Term	Definition
	invoice finance.
Loan Agreement	The contract between Bigstone Lending and the Borrower pursuant to which the Bigstone Lending agrees to provide finance to the Borrower.
Loan Request	The Bigstone Lending's request to the Trustee to advance moneys to Bigstone Lending as listed in the Bigstone Loan Marketplace.
Obligor	The Borrower; each Guarantor; and any other person who provides Security in favour of the Trustee in respect of a Loan Agreement or Security Agreement.
Offer	The offer under this IM to acquire interests in the Fund.
Provision Fund	The amount of money held by Bigstone Lending and subject to
Security	Any interest held as security for the payment of a monetary obligation or the performance of any other obligation including a general security interest, mortgage, sub-mortgage, charge, transfer, assignment or otherwise of any property, assets, rights or interests including options (whether or not such security ranks as a first mortgage or charge over any property, assets, rights or interests or otherwise) including any caveat for the purpose of securing a Loan.
Security Agreement	The agreement pursuant to which the Borrower's obligations under a Loan Agreement is secured.

## 11. Corporate directory

### Bigstone Capital Pty Ltd

Asset manager

ABN: 44 603 289 658  
 AFSL authorised representative number: 001240521  
 Website: bigstone.com.au  
 Address: National Innovation Centre  
 4 Cornwallis Street  
 Eveleigh, NSW, 2015  
 Telephone: 1800-244-786  
 Email: info@bigstone.com.au

### Primary Securities Ltd

Trustee

ABN: 96 089 812 635  
 AFSL number: 224107

# BIGSTONE FINANCE

Website: [www.primarysecurities.com.au](http://www.primarysecurities.com.au)  
Address: 3 Shuffrey St  
Fremantle WA 6160  
Telephone: (08) 9430 5262  
Email: [admin@primarysecurites.com.au](mailto:admin@primarysecurites.com.au)