

Lender Fact Sheet

Peer-to-Business Lending on ThinCats Australia Platform

Who is this Fact Sheet for?

This fact sheet is for wholesale investors who may be interested in lending through the ThinCats Australia (TCA) Platform to small and medium-sized enterprises (SME) which are Australian corporate entities.

How does it work?

- SMEs apply to list their loan requests on the TCA platform.
- TCA Credit team reviews applications and supporting documentation, and lists eligible loan opportunities for auction on the platform.
- Potential lenders register as members on the TCA platform and are only permitted to review loan opportunities on the platform.
- Approved members are also eligible to transfer funds to a TCA Nominees trust account and bid for parts of the loan opportunities listed on the platform.
- On auction completion, borrower executes loan and security documentation in favour of TCA Nominees as trustee for each lender to the loan, and funds are then transferred to the borrower.
- Each lender's loan is separate and there is no pooling of investments.
- TCA manages the collection of monthly loan repayments from borrowers and disbursement of these monthly repayments to lenders.
- Future potential to sell loans prior to maturity date on the secondary market, via the TCA platform.
- In case of loan default, TCA takes required action as mandated by the majority of lenders (by value).

How is it regulated?

- ThinCats Australia is the holder of an Australian financial services licence (AFSL 488196).
- Lenders are restricted to wholesale clients (in special cases, some sophisticated lenders).
- Loans are on standard terms with the commercial variables agreed on the platform.

What are the key benefits?

- Direct access to a new fixed income asset class in Australia – loans to SMEs.
- Potential for higher yields relative to cash products after taking into account expected defaults.
- Diversification of lending risk through partial lending across multiple loans (minimum loan is \$1,000).
- Principal and interest repayments monthly.

What are the disclosures?

- Details of each loan request are published on the platform as an information pack for members to review and assess.

- The information pack typically includes an information memorandum, financials, business plan and directors' asset and liability statements.
- Members may ask questions through the platform if they need more information or clarification on the documents.

What is the security on loans?

All loans are generally secured by a first charge over the assets of the borrower company and recorded on the Personal Property Securities Register. In some cases, a subsequent charge (not first) may be necessary if the first charge is with the borrowers main trading bankers. In addition a personal guarantee is obtained from each of the directors. In certain circumstances a further security by way of a subsequent mortgage over the directors and/or guarantors real property may also be required.

What are the key risks?

All of the key risks for any private lending remain:

- Interest payments may be deferred or never paid.
- Loan defaults may occur, potentially losing some or all of the lender's capital invested in the loan.
- Loan security might not be adequate to cover losses.
- Loan enforcement costs may be incurred, reducing the net return.
- Lenders assume full risk of loan with no recourse to TCA.

What are the risk mitigants?

- TCA management team have significant business banking and financial services experience.
- TCA Credit team follow a stringent credit process before listing eligible loan requests on the platform.
- Comprehensive borrower information and a Q&A facility provided on the platform, to assist potential lenders with their lending decision.
- Lenders control amounts bid on a loan with minimum bid currently \$1,000 per loan.

What does it cost?

We currently do not charge any membership fees or loan management fees.

More information?

The formal documentation and terms and conditions prevail over this fact sheet.

If you would like more information please call us on 1300325342 or visit the ThinCats Australia website www.thincats.com.au.

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