

ISSUER AGREEMENT

Dated the day of 201__

Parties

1. PledgeMe Limited (company number 3361892) ("**PledgeMe**", "**we**" or "**us**")
2. _____ ("**Issuer**" or "**you**")

Background

The Issuer wishes to use the Services provided by PledgeMe in accordance with the Financial Markets Conduct Act 2013, the Financial Markets Conduct Regulations 2014 and all other applicable laws.

Agreement

1. You agree that the Issuer Terms and conditions attached as the Schedule shall form part of this Agreement and govern your use of the Services at all times.
2. You agree to pay all applicable fees and charges to PledgeMe in consideration of PledgeMe providing the Services to you, as set out in PledgeMe's "Terms and Conditions" and "FAQ" sections on the Website.
3. You agree to a period of exclusivity with PledgeMe from the date of this Agreement until the expiry of 120 days from the date that the offer to issue or sell Shares via a Campaign goes live on the Website, during which period you will only pursue equity investment using the services of PledgeMe. If this Agreement is terminated for any reason or shares or equity is sold by you other than via the Website during this exclusivity period then a break fee of 2.5% of the total Target shall immediately become payable by you to PledgeMe.
4. You will be required, as a minimum, to publish the following documents on your Campaign page:
 - (a) certificate of incorporation and Companies Office extract;
 - (b) the constitution of the Issuer;
 - (c) a minimum of one image from the business (to be used in the browse box);
 - (d) basic information around your business idea and relevant market;
 - (e) financial accounts created by an accountant or extracted from accounting software (up to past three years, depending on how long the company has been trading);
 - (f) financial forecast with reference to underlying assumptions based on reasonable grounds for the next three years;

- (g) business plan;
 - (h) valuation of the Issuer (including any assumptions made);
 - (i) Shares on offer (minimum Target and maximum oversubscription amounts), the rights attaching to Shares and details of any other financial products of the Issuer;
 - (j) explanation of the key risks faced by the Issuer; and
 - (k) rewards and a pitch video will be optional, but recommended.
5. You must provide assumptions based on reasonable grounds supporting your financial information, including your valuations and forecasts, to ensure there is no breach of the fair dealing obligations under Part 2 of the Act.
6. You understand and agree that from time to time PledgeMe will ask you or any of your directors, officers, employees, contractors or any Associated Person of you or the before mentioned persons and entities for personal information so as to use Veda’s credit reporting service for credit checking. You further understand and agree that:
- (a) Veda will give PledgeMe information for that purpose;
 - (b) PledgeMe will give the information to Veda and that Veda will hold that information on their systems and use it to provide their reporting service;
 - (c) when other Veda customers use the Veda credit reporting service, Veda may give the information to those customers;
 - (d) PledgeMe may use Veda credit reporting services in the future for purposes related to the provision of crowd funding services. This may include using Veda’s monitoring services to receive updates if any of the information held about you changes; and
 - (e) if you default in your payment obligations to PledgeMe, information about the default may be given to Veda and Veda may give information about the default to other Veda customers.

Name of Director/Manager

Signature

Name of Director/Manager

Signature

Name of Director/Manager

Signature

Name of Director/Manager

Signature

Name of Director/Manager

Signature

Signed for and on behalf of:

Issuer Name

Signature of Directors

Signature of Witness

Print Witness Name

Print Witness occupation

Print Witness address

Signed for and on behalf of PledgeMe Limited:

Signature

Signatory

Position held

SCHEDULE TO ISSUER AGREEMENT

DATE UPDATED: AUGUST 2015

ISSUER TERMS AND CONDITIONS

1. DEFINITIONS

"Act" means the Financial Markets Conduct Act 2013.

"Agreement" means this agreement that is entered into between the Issuer and PledgeMe and which governs your use of the Services

"Associated Person" has the meaning given to that expression in section 12 of the Act.

"Campaign" means an equity crowdfunding project whereby an Issuer offers Shares in itself for purchase by Investors via the Website.

"Disclosure Statement" means the disclosure statement provided by PledgeMe pursuant to section 423 of the Act.

"Intellectual Property" means copyright, patents, designs, trademarks, trade names, goodwill rights, trade secrets, confidential information and any other intellectual proprietary right or form of intellectual property.

"Investor" means a person or entity that has entered into an Investor Agreement and is approved by us to use the Services to acquire Shares through Campaigns.

"Investor Agreement" means the agreement that must be entered into between an Investor and PledgeMe before the Investor can use the Services, set out at the Website.

"Issuer" or **"you"** means the New Zealand company named on page one of this Agreement and which is approved by us to use the Services to create a Campaign.

"Services" has the meaning contained in paragraph 2.

"Shares" means the shares issued, sold or traded on our Website with the rights attached to them as specified on each Campaign page.

"Target" means the total minimum amount to be raised by an Issuer for an individual Campaign, which must be pledged within a maximum specified time period as disclosed on the relevant Issuer's Campaign page on our Website (subject to extensions of time which may be granted at PledgeMe's discretion upon request by an Issuer).

"Website" means the PledgeMe website being www.pledgeme.co.nz.

2. SERVICES

2.1 PledgeMe is a licensed intermediary that provides equity crowdfunding services to approved

Issuers and Investors. Issuers can promote their Campaigns through PledgeMe to obtain funding from Investors in return for Shares in the Issuer upon reaching their funding Target ("**Services**").

2.2 The Services may include:

- (a) the issue, sale and purchase of Shares in New Zealand companies;
- (b) trading of Shares on our secondary share market (if any); and
- (c) where requested by an Issuer, the provision of a communication portal on the Website to facilitate communication and decision making between the Issuer and its shareholders.

2.3 All of PledgeMe's Services can be found and accessed on our Website.

2.4 We do not guarantee that provision of the Services will be continuous or fault free.

3. **HOW TO BECOME AN ISSUER**

3.1 To become an Issuer and use the Services to create a Campaign an applicant must:

- (a) create a PledgeMe account by clicking "Join Now", or, if the applicant already has an account, log-in to their PledgeMe account;
- (b) submit an Equity Crowdfunding Request under the "Create" – "Crowdfund for Investment" section of the Website. To complete the request, an applicant must provide and/or upload:
 - (i) company information, including contact details;
 - (ii) information about the applicant's proposed Campaign;
 - (iii) financial and offer information relating to the proposed Campaign; and
 - (iv) a copy of the Issuer Agreement signed by all the directors of the applicant's company;
- (c) pay for and pass the following checks:
 - (i) identity checks;
 - (ii) Veda credit checks (on each of the Issuer's company directors and senior managers);
 - (iii) Companies Office checks (both on the Issuer's company and on each of its directors);
 - (iv) insolvency register checks;
 - (v) online checks (through search engines); background checks; and

- (vi) any legal checks PledgeMe deems appropriate in its sole discretion;
- (d) receive from us acceptance as an Issuer, notification of which shall be sent by email to the address provided by the applicant (and which shall include any applicable terms and conditions).

(together, the "**Issuer Registration Process**").

- 3.2 By completing the Issuer Registration Process, the applicant warrants that all information provided to PledgeMe, including personal details of the directors and/or senior managers of the applicant, are true and accurate and that the person completing the application has the requisite authority to act on behalf of the applicant company and can bind the company.
- 3.3 We reserve the right to request at any time further information from an applicant or approved Issuer that we deem necessary including details and proof of identity, occupation and address.
- 3.4 We reserve the right to refuse any Issuer from using our Services. This right is described in more detail later in this Agreement.
- 3.5 The Issuer Registration Process must be completed before we can authorise you to use the Services.

4. **HOW TO BECOME AN INVESTOR**

The applicant must create a PledgeMe account and complete the Investor Registration Process as set out in the Disclosure Statement and the Investor Agreement.

5. **THE INVESTMENT PROCESS**

- 5.1 Once authorised as an Issuer, your Campaign will be created on the Website in accordance with the information you provided as part of the Issuer Registration Process. Investors can then purchase Shares in your Campaign provided that the Investor complies with the Investor Agreement and any other of PledgeMe's terms and policies.
- 5.2 At the outset of the Campaign, you will be required to set a timeframe within which the Target must be met (which will be specified on your Campaign page). If the Target has not been met within the timeframe then any pledges made will not be processed. If the Target is met before the end of the set timeframe, then you may choose to close your Campaign early, in which case Investors will not be able to make any additional pledges. You may expand your Campaign's timeframe with our prior written consent.
- 5.3 Your Campaign page will set out how Shares can be purchased. Potential Investors can enter the amount of money they would like to invest in the relevant place on the Campaign page, which calculates the number of Shares equivalent to that amount based on the quoted Share price (the Share price and any limitation on numbers or other conditions you have specified will be clearly published on the Campaign page). The Investor can then irrevocably agree to purchase the Shares by clicking the "Pledge" button.

- 5.4 Once your Campaign Target has been reached, each Investor will pay for the Shares it has agreed to purchase either:
- (a) by completing an electronic bank deposit (we will supply the bank account details of our Trust account to Investors on the completion of the Campaign); or
 - (b) by credit card by using our secure transaction provider Flo2Cash.
- 5.5 We will then complete identity checks on all Investors who have purchased the Shares. We will advise Investors on a case by case basis if any issues arise in the course of undertaking these checks. We may seek further information from any Investor. If we are unable to establish an Investor's identity to our satisfaction we may refuse to complete the Share purchase transaction in respect of that Investor and their pledge will be refunded to them. Once that review is complete, we will process all verified Campaign pledge monies into our Trust account.
- 5.6 If you reach your Campaign Target but this amount is ultimately unable to be met (for example if an Investor's identity cannot be verified or an Investor fails to meet their pledge), then:
- (a) if the amount of valid pledges is at least 90% of the Campaign Target, the Campaign will be deemed to be successful and all pledges will be processed by PledgeMe, without you or PledgeMe being required to notify Investors; or
 - (b) if the number of valid pledges amounts to less than 90% of the Campaign Target, the Campaign will be deemed to be unsuccessful and all pledges will be refunded to Investors by PledgeMe.
- 5.7 If your target has not been reached by the set timeframe or the Campaign has been unsuccessful for any other reason, any monies held by us in our Trust account on behalf of Investors will be repaid to the relevant Investors.
- 5.8 Following successful completion of a Campaign, PledgeMe will inform you of the amount of pledges received from each Investor and the number of Shares to be issued to them. Upon payment of the monies (less our fees) to you, in accordance with the terms of this Agreement, you shall immediately:
- (a) record the issue of Shares to Investors in the your share register; and
 - (b) update the Companies Office to record the issue of shares.

6. FEES AND CHARGES

- 6.1 PledgeMe fees and charges payable by Issuers can be found in the following places:
- (a) in the "Fees and Payments" section of PledgeMe's Terms and Conditions; and
 - (b) in the "Fees" section under "FAQ" on the Website.
- 6.2 All monies received by us for the purchase of Shares as part of a Campaign will be received and held in our interest bearing trust account at Bank of New Zealand (in accordance with the

obligations of a broker under the Financial Advisers Act 2008). You agree that PledgeMe can deduct fees owed by you to us from these funds.

- 6.3 We may require interest to be paid on any amount owed by you to us that is overdue by more than 7 days. Interest will be calculated at the rate of 18% per annum until payment is made. We reserve the right to recover from you the full costs incurred by us (including solicitor/client costs) in recovery of any money owed by you to us.

7. RIGHTS OF PLEDGEME TO ALTER ANY CHARGES

7.1 PledgeMe shall only alter its charges to you if:

- (a) agreed in writing with you;
- (b) where administration charges are altered in relation to our trust account by giving one month's prior written notice to you; or
- (c) changes are posted on the Website, provided that those changes will only affect Campaigns that commence after such notification is given.

8. OUR OBLIGATIONS

8.1 We agree to provide the Services to you in accordance with all applicable New Zealand laws and regulations.

8.2 We will, in exercising any powers or performing any duties in relation to the Services, exercise the care, diligence and skill that a prudent crowd funding licensee for that service would exercise in the same circumstances.

8.3 If we contract out of any functions in providing the Services, we will take all reasonable steps to:

- (a) ensure that those functions are performed in the same manner, and are subject to the same duties and restrictions, as if We were performing them directly; and
- (b) monitor the performance of those functions.

9. YOUR WARRANTIES

9.1 You warrant that:

- (a) except as disclosed, your Shares are able to be freely traded and that there are no pre-emptive rights attaching to your Shares which would prevent free trade;
- (b) you will comply with all New Zealand laws, in connection with the issue, sale and trading of your Shares through your Campaign, and posting information and communications on the Website;
- (c) immediately upon receiving Share purchase monies from us following successful completion of your Campaign you will record all of the applicable Share transfers/issues to the Investors in your share register and will immediately file a return to the Companies Office recording such transfers/issues;

- (d) you, and your Associated Persons, have not engaged in any kind of conduct that is misleading or deceptive in breach of the Fair Trading Act 1986 or the Act, whether prior to or in the course using the Services;
- (e) you will comply with, agree to and be bound by:
 - (i) this Agreement;
 - (ii) the fair dealing obligations in Part 2 of the Act;
 - (iii) the obligation to provide disclosure documents to Investors in sections 423-427 of the Act and sections 34-40 of the Financial Market Conduct Regulations 2014 (the "Regulations");
 - (iv) the obligation to provide a warning statement to Investors and to get their confirmation they have seen this prior to them purchasing Shares in your Campaign as required by sections 27 and 28 of the Regulations;
 - (v) to the trading and resale of Shares on the Website in accordance with the rules stated therein; and
- (f) you will not raise more than \$2 million in any 12 month period using a crowd funding service as defined by the Act, or surpass that limit by using the small offers exclusion under the Act.

10. INSPECTION AND PRIVACY ACT

- 10.1 In order to assist us to determine whether you are complying or have complied with this Agreement and New Zealand law, we may from time to time require you or any of your directors, senior managers, officers, employees, contractors or any Associated Person of you or the before mentioned persons or entities to produce any documents (including electronic documents) for inspection or provide any information held by the person concerned.
- 10.2 You consent to us providing to the Financial Markets Authority any and all documents or records we have in respect of you and your Campaign that the Financial Markets Authority may from time to time request.
- 10.3 In order for us to comply with the Act, regulations and our crowd funding service licence we may from time to time need to carry out Ministry of Justice checks on you or any of your directors, senior managers, officers, employees, contractors or any Associated Person of you or the before mentioned persons or entities and you hereby irrevocably consent to us carrying out these checks when required. You also agree to provide us when requested further information regarding your identity and the identity of any of your Associated Persons.

11. CONDITIONS

We may by written notice to you, in our absolute discretion, impose additional conditions at any time that must be fulfilled by you to maintain the use of our Services.

12. SUSPENSION OR CANCELLATION

We may at any time, and in our absolute discretion, do any one or more of the following,

without giving any reasons or prior notice to you:

- (a) suspend all or any of our Services;
- (b) refuse to accept you (or any other person) as an Issuer;
- (c) remove you as an Issuer;
- (d) refuse to accept any person as an Investor without being required to give reasons;
- (e) remove content from the Website;
- (f) refuse to publish content on the Website;
- (g) disclose any information on the Website or otherwise necessary to comply with the Disclosure Statement, this Issuer Agreement and New Zealand law; and
- (h) publish a censure of, or statement relating to your conduct, or the conduct of any of your directors, employees, contractors, or Associated Persons if we consider such conduct warrants such a censure. Except where we have acted in bad faith, you waive all claims you may have in respect of such censure or statement and shall indemnify us against any such claims by you or by the persons referred to in the previous sentence.

13. INTELLECTUAL PROPERTY

You acknowledge that we own all of the Intellectual Property rights in respect of PledgeMe, the Services and the Website. You agree not to challenge or do anything inconsistent with such ownership.

14. LIABILITY AND INDEMNITY

- 14.1 PledgeMe is not liable in any way for payments processed by Flo2Cash or any similar payments provider and is not responsible in any way for the failure of any Investor payments.
- 14.2 To the maximum extent permitted by law, we shall not be liable to you for any direct, indirect, incidental, special, consequential or exemplary damages, including but not limited to, damages for loss of profits, business, goodwill, intangible losses (even if PledgeMe has been advised of the possibility of such damages), resulting from breach of contract or in tort, including negligence, or any other matter relating to the Services.
- 14.3 If we are ever liable to you and, for any reason whatsoever, the maximum combined amount we will have to pay you and anyone else who uses our Services (together) is a total of \$10,000.
- 14.4 You indemnify PledgeMe against all forms of liability, actions, proceedings, demands, costs, charges and expenses which PledgeMe may incur or suffer as a result of any action or inaction we take in relation to you and your Shares or as a result of your failure to comply with this Agreement.
- 14.5 You hereby indemnify us against any liability we incur to any Investor or third party arising out of or in connection with the Shares or your Campaign, your performance or breach of this Agreement and your use of the Services including in relation to information posted on the Website or to any Investor or former Investor where such liability arises out of or in

connection with the issuing, listing, sale or trade of Shares on our Website.

14.6 The Services are provided for use in business, so you are not a consumer. To the maximum extent permitted by law, any statutory or other consumer protection provisions (including in the Consumer Guarantees Act 1993 and in the Fair Trading Act 1986) do not apply to the Services, this Agreement, or our relationship with you.

14.7 Each clause in this Agreement operates separately. If any court or competent authority decides that any of them are unlawful or unenforceable, the remaining clauses will remain in full force and effect.

14.8 In this clause "we" and "us" includes our subsidiaries and Associated Persons, and the directors, officers, employees and contractors of each of us.

15. **TERMINATION**

15.1 We may immediately suspend or remove your access to our Services and/or terminate this Agreement if you breach any of the warranties set out in clause 7 or any other material terms of this Agreement.

15.2 Without prejudice to our rights of immediate termination either party may end this Agreement by giving 20 days written notice.

15.3 Termination will not affect any rights and obligations already accrued.

16. **DISPUTES**

16.1 If a dispute arises between you and us under or in connection with this Agreement or in relation to the use of our Services which the parties are unable to resolve by negotiation, the dispute shall be referred to Financial Services Complaints Limited (**FSCL**) and its determination shall be final and binding on the parties.

16.2 FSCL provides an independent and impartial dispute resolution service. PledgeMe is a participant of the scheme. You can contact FSCL by using an online form available at www.fscl.org.nz, emailing at complaints@fscl.org.nz, telephoning on 0800 347 257 or writing to FSCL, PO Box 5967, Wellington 6145. More information about FSCL's dispute resolution process is at www.fscl.org.nz.

17. **ASSIGNMENT**

You shall not assign any of your rights under this Agreement to any third party.

18. **ENTIRE AGREEMENT**

This Agreement constitutes the complete and exclusive statement of the agreement between the parties, superseding all proposals or prior agreements, oral or written, and all other communications between the parties.

19. **GOVERNING LAW**

This Agreement, the relationship between the parties and your use of the Services and the Website shall be governed by New Zealand law, and the parties submit to the jurisdiction of

New Zealand Courts.