



PLEDGEME DISCLOSURE STATEMENT

DATE UPDATED: MARCH 2017

WARNING STATEMENT ABOUT CROWD FUNDING:

Equity crowd funding is risky.

Issuers using this facility include new or rapidly growing ventures. Investment in these types of business is very speculative and carries high risks.

You may lose your entire investment, and must be in a position to bear this risk without undue hardship.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This requires those offering financial products to have disclosed information that is important for investors to make an informed decision.

The usual rules do not apply to offers by issuers using this facility. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment.

Ask questions, read all information given carefully, and seek independent financial advice before committing yourself.



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1. DEFINITIONS

Capitalised terms used in this disclosure statement have the following meaning (unless the context requires otherwise):

“Act” means the Financial Market Conduct Act 2013.

“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 this disclosure statement which is provided pursuant to section 423 of the Act.

“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” means a New Zealand company which has entered into an Issuer Agreement and is approved by us to use the Services to create a Campaign.

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

“Services” has the meaning contained in paragraph 3.

“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 under clause 9.2).

“We”, “Us” or “PledgeMe” means PledgeMe Limited (company number 3361892).

“Website” means the PledgeMe website being www.pledgeme.co.nz.



2. PLEDGEME'S CONTACT DETAILS

PledgeMe Limited

Phone: 027 Pledge 1

Physical and postal address: 115 Tory Street, Te Aro, Wellington 6011, New Zealand

Email: contact@pledgeme.co.nz

3. OUR SERVICES

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**").

The Services may include:

- the issue, sale and purchase of Shares in New Zealand companies;
- trading of Shares on our secondary share market (if any); and
- 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.

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

4. HOW TO BECOME AN INVESTOR

4.1 To become an Investor and use the Services 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 Investor application request on the Website either as an individual or on behalf of a company by:
 - i. clicking on the "Register for Investment" button on their PledgeMe account page;
 - ii. submitting personal or company details (this information will be verified if the Investor pledges on a successful Campaign);



- iii. confirming that the applicant has read and understood the following warning statement about crowdfunding:

"I have seen the warning statement about crowd funding and —

(a) I understand that equity crowd funding is risky and I may lose my entire investment; and

(b) I confirm that I could bear that loss without suffering undue hardship; and

(c) I understand that the usual legal protections do not apply to this investment; and

(d) I understand that I may not be given the same information as is usually required by New Zealand law for investments."

(which also appears on the Website, at the beginning of the Investor Agreement and at the beginning of this Disclosure Statement) by clicking the 'I understand' button;

- iv. acknowledging that the applicant has received this Disclosure Statement, read and understood its contents by clicking the 'I have received, read and understood' button;

- (c) read and accept the Investor Agreement by clicking the 'I accept' button; and
- (d) receive from us an email acknowledging completion of the application process and acceptance of the applicant to be an Investor with a copy of this Disclosure Statement and the Investor Agreement attached to the email address supplied by the applicant

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

4.2 An individual may only make an Investor application in their own name or on behalf of a company for which they have authority to act. By completing the Investor Registration Process, the applicant warrants to PledgeMe that all information given by the Investor is true and accurate and, if the Investor is a company, that the person completing the application has the authority to act on behalf of the company and can bind the company.

4.3 We reserve the right to refuse any Investor from using our Services. This right is described in more detail in the Investor Agreement.



5. ELIGIBILITY CRITERIA FOR INVESTORS

5.1 To qualify as an Investor an applicant must:

- (a) be over the age of 18 years; and
- (b) not be bankrupt or insolvent.

5.2 As part of an application, Investors are required to provide their:

- (a) full legal name;
- (b) email address;
- (c) residential address;
- (d) date of birth;
- (e) if the applicant is a New Zealand citizen, details of their passport or driver's licence, or otherwise, a copy of the applicant's passport or driver's licence;
- (f) proof of address if the applicant is not ordinarily resident in New Zealand; and
- (g) any other information requested by us.

Investors must satisfy our identity checks which will take place at the completion of a successful Campaign or at any other time.

5.3 Some Campaigns may have additional eligibility criteria for Investors and these will be published on the Issuers' Campaign page on the Website.

5.4 All Campaigns are only intended to be capable of investment by persons in New Zealand or by any other person to whom such an offer is permitted without restriction in their relevant jurisdiction. Any Investor who is not a New Zealand resident or who is not present in New Zealand must ensure, and should consult a professional adviser to ensure, that they comply with all laws of the relevant jurisdiction when reviewing a Campaign and subscribing for any Shares pursuant to that Campaign. There may be laws within that jurisdiction that restrict or make unlawful the offering of Shares and/or the subscription for Shares through a Campaign. To the extent permitted by law, PledgeMe will not be liable for any loss that arises as a result of overseas Investors using the Services or investing in Campaigns where such loss is caused by the investment being made in breach of laws outside of New Zealand.

6. HOW TO BECOME AN ISSUER



- 6.1 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 its directors);
 - iv. insolvency register checks;
 - v. online checks (through search engines);
 - vi. background checks; and
 - vii. any legal checks PledgeMe deems appropriate in its sole discretion; and
 - (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 terms and conditions)
- (together, the "**Issuer Registration Process**").
- 6.2 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.

6.3 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.

6.4 We reserve the right to refuse any Issuer from using our Services. This right is described in more detail in the Issuer Agreement.

7. **ELIGIBILITY CRITERIA FOR ISSUERS**

7.1 Every Issuer that has a Campaign published on the Website has met PledgeMe's eligibility criteria. In respect of each Campaign, the Issuer must, as a minimum:

- (a) be a company registered under the Companies Act 1993;
- (b) have no directors that have previously been bankrupt (although the Board of PledgeMe retains the discretion to approve Issuers with previously bankrupt directors on a case by case basis); and
- (c) have no directors with previous convictions for fraud or dishonesty (other convictions of the Issuer and its directors will be assessed on a case by case basis and the decision to list will be made by PledgeMe's Board of Directors. Factors for consideration will include the number and type of convictions, the time elapsed since conviction/s, and the sentence imposed).

8. **ISSUER CHECKS AND DISCLOSURES**

8.1 PledgeMe will disclose the following information on each Issuer's Campaign page:

- (a) that we have completed Veda credit checks on each of the Issuer's directors and, if applicable, its senior managers;
- (b) a copy of the Issuer Agreement;
- (c) any limits and conditions on the Services affecting the Issuer or its Shares; and
- (d) conflicts of interest of PledgeMe or its Associated Persons pursuant to PledgeMe's conflict of interest policy (if any).

8.2 Issuer will be required, as a minimum, to publish the following documents on its Campaign page:

- (a) certificate of incorporation and Companies Office extract;
- (b) constitution of the Issuer;



- (c) a minimum of one image from the business (to be used in the browse box);
 - (d) basic information around the Issuer's 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 for 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.
- 8.3 Issuers must provide assumptions based on reasonable grounds supporting the Issuer's financial information, including its valuations and forecasts, to ensure there is no breach of the fair dealing obligations under Part 2 of the Act.
- 8.4 PledgeMe's checks and assessments of Issuers do not include checks and assessments of the risks involved in relation to each Campaign, being the business of the Issuer or the Shares on offer. PledgeMe will review the disclosure information set out in paragraph 8.2 prior to publication to ensure that it is timely and understandable. We do not verify any of this information, and make no representation in relation to the completeness or accuracy of any information contained in the Campaign materials.
- 8.5 Issuers will need to satisfy the PledgeMe minimum standards in accordance with its Anti Fraud Policy (published on the Website).

9. THE INVESTMENT PROCESS

- 9.1 Investors can purchase Shares in an Issuer through any Campaign on our Website provided that the Investor complies with the Investor Agreement and any other of PledgeMe's terms and policies.
- 9.2 At the outset of the Campaign, the Issuer will set a timeframe within which the Target must be met (which will be specified on the Campaign page). If the Target has not



been met within the timeframe then the pledges will not be processed. If the Target is met before the end of the set timeframe, then the Issuer may choose to close its Campaign early, in which case Investors will not be able to make any additional pledges. An Issuer may expand the Campaign's timeframe with our prior written consent.

- 9.3 Each Campaign page sets out how Shares can be purchased. The Investor enters the amount of money they would like to invest in the Issuer 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 will be clearly published on the relevant Campaign page). The Investor irrevocably agrees to purchase the Shares by clicking the "Pledge" button.
- 9.4 Once a Campaign Target has been reached, the 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.
- 9.5 We will then complete identity checks on all Investors who have purchased the Shares. We will advise the Investor 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.
- 9.6 If an Issuer reaches its 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 PledgeMe or the Issuer 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.
- 9.7 Following successful completion of a Campaign, PledgeMe will inform the Issuer 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 the Issuer, in accordance with the Issuer Agreement, the Issuer shall:

- (a) record the issue of Shares to Investors in the Issuer's share register; and
- (b) update the Companies Office to record the issue of shares.

10. HOW WE DEAL WITH INVESTOR MONEY

- 10.1 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).
- 10.2 Any interest earned on Investor funds held in PledgeMe's trust account will be retained by PledgeMe as an administration charge.

11. CHARGES FOR INVESTORS

- 11.1 Investors who choose to pay by credit card will incur a credit card fee as laid out in the [FAQs section](#) on the PledgeMe website.
- 11.2 We may require interest to be paid on any amount owed 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 the full costs incurred by us (including solicitor/client costs) in recovery of any money owed.

12. CHARGES FOR ISSUERS

- 12.1 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.

13. RIGHTS OF PLEDGEME TO ALTER ANY CHARGES

- 13.1 PledgeMe shall only alter its charges to Issuers or Investors if:
 - (a) agreed in writing with the Issuer or Investor (as applicable);
 - (b) where administration charges are altered in relation to our trust account by PledgeMe giving one month's prior written notice to Investors; or
 - (c) changes are posted on the Website, provided that those changes will only affect Campaigns that commence after such notification is given.



14. RESTRICTIONS AND PROHIBITIONS ON PLEDGEME OR ITS ASSOCIATED PERSONS FROM USING THE SERVICES

- 14.1 PledgeMe's Associated Persons may purchase Shares using the Services provided that the Campaign page clearly advises potential Investors that a PledgeMe Associated Person has agreed to purchase shares, discloses any conditions of purchase specific to that Associated Person and describes the nature of the Associated Person and its relationship to PledgeMe.
- 14.2 PledgeMe's Associated Persons may be involved in the management or control of Issuers using the Services provided that the Campaign page clearly advises potential Investors that a PledgeMe Associated Person is or will be involved in the management or control of the Issuer, discloses any conditions of that Associated Person's involvement and describes the exact nature of the Associated Person and its relationship to PledgeMe.
- 14.3 PledgeMe and/or its subsidiaries may self-fund on the PledgeMe crowd funding service provided that the Campaign page advises potential Investors that PledgeMe and/or its subsidiary is self-funding using the Services and discloses any conditions.
- 14.4 By way of clarification and example a PledgeMe Associated Person would include PledgeMe, a subsidiary of PledgeMe, a director, employee or a controlling shareholder (being over 25% shareholding) of PledgeMe or any associated person of any of those persons or entities.

15. NATURE AND EXTENT OF ANY MATERIAL INTERESTS HELD BY PLEDGEME OR ASSOCIATED PERSONS

- 15.1 As at the date of this Disclosure Statement, in accordance with PledgeMe's Conflict of Interest policy, no Associated Person:
 - (a) is involved or intends to be involved in the management or control of Issuers using the Services; or
 - (b) has any existing ownership or control of Issuers wishing to use the Services.
- 15.2 Prior to the date of this Disclosure Statement, PledgeMe crowdfunded itself using the Services.
- 15.3 PledgeMe has not identified any risk of material adverse impact on PledgeMe's ability to have fair, orderly and transparent systems and procedures for providing the Services arising out of any interest held by or in PledgeMe or any of its Associated Persons.
- 15.4 Should the situation change at any stage, PledgeMe will follow its Conflict of Interest



policy and update this Disclosure Statement.

16. SUSPENSION OR CANCELLATION

16.1 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 an Investor or an Issuer:

- (a) suspend all or any of our Services to an Investor or an Issuer;
- (b) refuse to accept any person as an Investor or an Issuer;
- (c) remove a person as an Investor or an Issuer;
- (d) remove content from the Website;
- (e) refuse to publish content on the Website;
- (f) disclose any information on the Website or otherwise necessary to comply with this Disclosure Statement, the Issuer Agreement, the Investor Agreement and New Zealand law; and
- (g) publish a censure of, or statement relating to Investor or Issuer conduct, or the conduct of any of their Associated Persons if we consider such conduct warrants such a censure. Except where we have acted in bad faith, the Investor or Issuer waives all claims they may have in respect of such censure or statement and shall indemnify us against any such claims by the Investor or Issuer or by the persons referred to in the previous sentence.

17. INVESTOR COMPLAINTS PROCESS

17.1 If an Investor has any complaints or comments in connection with our Services, the Investor should contact PledgeMe at contact@pledgeme.co.nz or in writing to PledgeMe at 115 Tory Street, Te Aro, Wellington 6011.

17.2 If a dispute arises following such complaint which the parties are unable to resolve by negotiation then the dispute shall be referred to Financial Services Complaints Limited (FSCL) and its determination shall be final and binding on the parties.

17.3 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.



18. REQUESTING INFORMATION FROM PLEDGEME

- 18.1 All information available from PledgeMe in relation to Issuers, their current Campaigns, current disclosure documents, this Disclosure Statement, PledgeMe policies and rules, terms and conditions, Issuer Agreements and Investor Agreements are available on our Website and can be downloaded.
- 18.2 You are welcome to contact PledgeMe (contact details above) should you require any other information. PledgeMe will endeavour to provide requested information provided it is within its power to do so and the laws of New Zealand are being complied with.
- 18.3 The Website contains links to other useful websites including:
- (a) New Zealand Companies Office;
 - (b) New Zealand Financial Markets Authority;
 - (c) New Zealand Takeovers Panel; and
 - (d) New Zealand Trade and Enterprise.

19. PLEDGEME'S OBLIGATIONS

- 19.1 PledgeMe must, in exercising any powers or performing any duties in relation to the Services provided under its crowd funding licence, exercise the care, diligence, and skill that a prudent licensee for that service would exercise in the same circumstances.
- 19.2 If PledgeMe contracts out any of its functions in providing the Services, it must take all reasonable steps to:
- (a) ensure that those functions are performed in the same manner, and are subject to the same duties and restrictions, as if PledgeMe was performing them directly; and
 - (b) monitor the performance of those functions.