

**Endow.**

**SECONDARY MARKET RULES**

Dated as at 1 April 2021

## INTRODUCTION

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1. Endow operates a Secondary Market through which Investors, if permitted by us, may sell their interests in Loans via the Service.
2. These Secondary Market Rules and the other Service Documents govern how the Secondary Market will operate.
3. In a minority of circumstances, Loan advances will be initially funded by, an Initial Funder(s). The resulting Loans (or a portion of those Loans) will then be made available to Investors through the Secondary Market.
4. There may also be circumstances where an Investor wishes to sell all or part of their interest in a Loan. In these circumstances, we may allow the Investor to offer that Loan to other Investors on the Secondary Market at our discretion.

## DEFINITIONS

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5. The terms 'we', 'us', and 'our' are a reference to Endow.
6. The terms 'you' and 'your' are a reference to you.
7. Unless otherwise stated, the definitions set out in the Terms and Conditions apply to this Secondary Market Rules

## PROCESS FOR OFFERING LOANS ON THE SECONDARY MARKET

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8. All Initially Funded Loans will be entered into through the Service, and will be documented on our Loan Information Sheet and in accordance with our Service Documents.
9. We will only accept a Loan for offer on the Secondary Market if all relevant information is provided to be included with the Loan listing on the Secondary Market. This applies as follows:

### INITIALLY FUNDED LOANS

10. Subject to paragraph 12 below, for Initially Funded Loans (i.e. Loans offered by Initial Funders), the original information used to access the Loan will meet these criteria.
11. Provided the Initially Funded Loan is not in default, the Loan term has not expired and we have no reason to believe that the financial position of the Borrower or the value of the secured property has materially adversely changed, the Initially Funded Loan will be offered on the Secondary Market until all interests in it have been subscribed.
12. An Initially Funded Loan will be removed from the Secondary Market if it is in default or we have reason to believe that the financial position of the Borrower or the value of the secured property has materially adversely changed. In that case, we will re-assess the Loan to ensure all information on the Loan is current in light of any other

information that may have come to hand. This reassessment may involve obtaining a new credit check, an updated valuation or any such other evaluations that we consider are appropriate in the circumstances.

13. If the Initially Funded Loan is assessed as being suitable to be reoffered, the listing will be updated to include all new material information in relation to the Loan.

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## EXISTING LOAN

14. For an existing Loan being offered on the Secondary Market by an Investor, it will be listed in the same manner as for Initially Funded Loans as set out in paragraphs 10 to 13 above.
15. The offer of the Loan will be clearly noted as a Secondary Market offer by an Investor. We may elect to disclose the reason for the Secondary Market offer if we believe that to be appropriate.
16. Investors who wish to transfer all or part of their interest in a Loan through the Secondary Market may apply to do so by submitting a written request to us. These may be submitted on the Secondary Market for purchase by Investors or purchased by us or Initial Funders in accordance with clause 17. Subject to clauses 18 and 19, such requests will generally not be approved if:
  - a. we are aware that a Credit Event has occurred in relation to the Loan. A Credit Event occurs where:
    - b. the Loan term has expired and the Loan has not been repaid;
    - c. the Loan is in default; or
    - d. there has been a material adverse change in respect of the Loan;
    - e. the Loan has matured or been repaid, or will mature or be repaid in the next calendar month; or
    - f. we consider that permitting the offer of the Loan on the Secondary Market would be detrimental to the reputation or integrity of Endow, the Service, the Secondary Market or any Borrower or Investor.
17. We may purchase a Loan offered by an Investor under clause 16. This will only be done to provide immediate liquidity for the selling Investor. We will then, as soon as practicable, re-offer the Loan to Investors on the Secondary Market as a Secondary Market Loan. Where we offer the Loan on the Secondary Market, the processes and requirements set out in clauses 10-13 above will apply. Liquidity may also be provided by Initial Funders in accordance with this clause, following the same process as applies to Endow.
18. Despite clause 16a, we may at our discretion approve a request to transfer a Loan on the Secondary Market and we may disclose the relevant Credit Event to prospective Investors and may transfer the interest in the Loan to an Investor where the Investor

has indicated via the Service that they accept the offer of the interest in the Loan having been made aware of the relevant Credit Event or adverse feature.

19. Despite anything in these Secondary Market Rules or the other Service Documents that could be interpreted to the contrary, we:
  - a. reserve the absolute right to accept or deny any request by an Investor to offer a Loan on, or transfer an interest in a Loan on, the Secondary Market; and
  - b. do not guarantee that we, the Initial Funder, or any other Investor will acquire any interest in any Loan offered by an Investor on the Secondary Market in accordance with clause 16 above.

## **APPLICABLE INTEREST RATE FOR LOANS ON THE SECONDARY MARKET**

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20. All Initially Funded Loans offered on the Secondary Market will be offered to Investors at the interest rate set out in the Loan Offer.
21. Both the interest rate and our Commission rate will be disclosed to Investors. We may elect to pay some of our Commission to the Initial Funders where they:
  - a. fund an Initially Funded Loan; or
  - b. acquire an interest in a Loan offered by an Investor on the Secondary Market to provide immediate liquidity to the selling Investor in accordance with clause 17 above; but
  - c. this will have no effect on the interest rate paid to Investors.
22. Loans being offered by all Investors will be offered on the Secondary Market on the same terms and at the interest rate as those enjoyed by the selling Investor. Therefore, all Loans traded on the Secondary Market will have the same face value, terms and conditions and pricing as the current Loan being sold by the selling Investor.

## **LOAN INFORMATION**

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23. In addition to disclosing that an Initially Funded Loan is an Initially Funded Loan, we will also make available the same Loan information about each Initially Funded Loan as if it was a new unfilled Loan.
24. When the Loan is offered by an Investor who is not an Initial Funder, the Loan Information Sheet will display:
  - a. the same information as for Loans offered by Initial Funders (above);
  - b. information about the current status of the Loan, for example, Loan conduct issues, current Borrower credit information, information about late or defaulted payments and details of any changes to the value of the security property; and
  - c. any new information that we consider should be disclosed.

## SUBSCRIPTION AND TRANSFER

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25. Offers by prospective Investors in respect of Loans on the Secondary Market are made subject to the terms set out in the Investor Agreement and these Secondary Market Rules.
26. Loans on the Secondary Market will be matched with prospective Investors' Offers on a first come, first served basis.
27. After the Offer-matching process in clause 26 is complete, the Trustee will settle the Loan in accordance with the process in the Investor Agreement.
28. We do not guarantee that interests in Loans which are offered on the Secondary Market will be matched with any Offers, or Offers matching the entire interest in the Loan, on the Secondary Market. This will depend on there being sufficient Offers made through the Secondary Market which can be matched.
29. Loans offered on the Secondary Market may be advertised with minimum subscription levels, which will be disclosed to Investors. If a Loan is not fully subscribed, the selling Investor will remain as an Investor in the Loan, with exactly the same rights as any other Investor, proportionate to their remaining interest in the Loan (with the exception that the Initial Funder may in addition to being paid the full Loan interest rate, also receive a Commission as disclosed above).
30. No disclosure will be made to a Borrower of any change of beneficial interest in a Loan.

## COSTS

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31. Any request received by us for a Secondary Market sale by an Investor (other than an Initial Funder) will incur an administration fee, of an amount equivalent to 1% of the value of the interest listed for sale, to cover our administration costs. This cost is payable by the Investor irrespective of the success or otherwise of the sale, and irrespective of whether the Loan is offered on the Secondary Market or not. This charge may be changed by us by notification on our website, from time to time.
32. The only exception to this charge is if an Investor wishes to sell its interest in a Loan when the original Loan term has expired and the Loan has been renewed, and the Investor no longer wishes to have an interest in that Loan. In this circumstance, we may elect to waive the fee.
33. The sale of a Loan on the Secondary Market will not incur any additional costs or fees for the Borrower.

## OUR DISCRETION

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34. We reserve the sole right to determine if any Loan should be made available on the Secondary Market, and if we do agree to permit the offer, then we reserve the sole right to determine what information will be made available (except that nothing will be withheld that we believe is relevant to an Investor in making their investment decision).
35. We also reserve the right, at our sole discretion and for any reason whatsoever, to remove any Loan from the Secondary Market.
36. At all times, we will ensure that all Secondary Market transactions are undertaken in a fair, orderly and transparent manner.