Blossum

BLOSSUM
WHERE YOUR WEALTH BLOOMS

Information Memorandum

Only applied to Wholesale Investors

Warning: 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 this offer because there is an exclusion for offers where the amount invested upfront by the investor (plus any other investments the investor has already made in the financial products) is $750,000 or more. As a result of this exclusion, you may not receive a complete and balanced set of information. You will also have fewer other legal protections for this investment. Investments of this kind are not suitable for retail investors. Ask questions, read all documents carefully, and seek independent financial advice before committing yourself

Information Memorandum

- Targeted Return 7% to 11% p.a. interest (paid monthly less RWT)
- 6-12 Months Investment Terms
- No direct fees charged to Investors
- Various investment opportunities selected and managed by proven finance professionals
- Loans secured by NZ real estate and business assets.
- All investments have a maximum term of 12 months. Blossum investors know which day they will receive their interest payments, and which day their principal will be repaid, before they invest

*Target returns are net of fees, and before tax. Returns assume full recovery of loans including principal, interests and costs.

DISCLOSURE STATEMENT

Blossum Investments Limited (Blossum) operates a peer-to-peer (P2P) lending platform that matches borrowers seeking finance with investors who wish to fund those loans. As the platform's lender of record, Blossum Trustee Limited (also referred to as Blossum Trustee in this Information Memorandum) acts as bare trustee for investors, holding loan proceeds and security on their behalf. Blossum provides investors with the opportunity to fund individual loans, allowing them to select specific lending opportunities. The purpose of this Information Memorandum is to describe the terms of investment in loans via Blossum to assist approved wholesale investors in deciding whether to invest. You should read all of this document carefully together with the investor agreement and other related documents provided to you.

This document is not a product disclosure statement and the offer of Blossum's service or interests in loans is not a regulated offer under the Financial Markets Conduct Act 2013 (FMC Act). It is a condition of distribution of this document that each recipient accepts it on the terms below. Any recipient who does not do so should immediately return this Information Memorandum to Blossum. To subscribe for the Offer you must complete an Application Form. Blossum can decline to accept Application, at its absolute discretion and for any reason (which it is not required to disclose).

The only persons who may use to Blossum's service in New Zealand are persons to whom disclosure under Part 3 of the FMC Act is not required and who are:

- An "investment business" (within the meaning of clauses 3(2)(a) and 33, Schedule 1 of the FMC Act); or
- A "large" investor (within the meaning of clauses 3(2)(c) and 39, Schedule 1 of the FMC Act); or
- Paying a minimum of NZ$750,000 each on a single loan basis (within the meaning of clauses 3(3)(b)(i) and (ii) and Schedule 1 of the FMC Act); or

An 'eligible Investor' (within the meaning of clauses 41-43, Schedule 1 of the FMC Act). You can certify yourself to be an 'eligible investor' (which is a type of wholesale investor) in relation to a particular transaction if you have sufficient experience in acquiring or disposing of financial products to be able to assess:

- The merits of the transaction;
- Your own information needs in relation to the transaction; and
- The adequacy of the information provided by any person involved in the transaction.

That certification requires a financial advisor, a qualified accountant, or a lawyer to sign the certification stating they are satisfied you have been sufficiently advised of the consequences of self-certification and have no other reason to consider the self-certification is incorrect or that further information or investigation is required.

Blossum does not operate in the personal consumer or payday lending market and therefore is not subject to the requirements of the CCCFA. Blossum is not licensed by a New Zealand regulator to provide prescribed intermediary services or any other financial services. Blossum's registration on the Financial Service Providers Register does not mean that Blossum is subject to active regulation or oversight by a New Zealand regulator.

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About Us

2022- Now

Blossum was incorporated in 2022 and aims to provide investors with high yielding commercial, asset and property loan opportunities.

Blossum provides peer-to-peer lending services matching borrowers with investors, whereby Blossum publishes offers of debt securities (loans) to Wholesale Investors and provides a web-based platform that enables those loans to be funded to and/or sold by those investors.
We help a number of small & medium enterprises grow their businesses, and in the process help individual/institutional investors to grow their portfolio.

Our logo represents a blossoming flower symbolising growth, development and prosperity. At Blossum, we help our clients grow their wealth and achieve financial success.
We are committed to facilitating New Zealand's economic growth through funding strong SMEs.

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INVESTMENT PROCESS

- Register as a BLOSSUM investor. When you register, you will need to confirm you are a wholesale investor
- We'll send you high level details of investment opportunities from time to time, which you have the option to fund. Each investment will relate to a separate loan and borrower with different underlying features and risks, allowing investors to select loan investments that best suit their needs.
- Based on your evaluation, you can approve or decline the opportunity. We do not provide financial advice on whether or not an investment is suitable. Seek professional investment advice as required.
- After you are interested in investing in the opportunity, Blossum will send you an investor agreement for signing, which specifies the terms of your investment and details of the underlying loan
- We then issue the borrower with loan documents for signing, once these are signed by the borrower, we will confirm a drawdown date and request for you to advance the funds to the Blossum Trustee. These funds will then be applied to fund the loan in accordance with the agreed terms.
- If the loan is one with monthly interest payments, you will receive interest payments monthly, on the 10th of each month for the duration of the loan term. These interest payments are paid from the borrower to Blossum Trustee, Blossum Trustee deducts the resident withholding tax and will pay you the net interest amount to your bank account. You will receive a monthly statement showing interest payments that you received in the previous month
- At the end of the loan term, your principal will be repaid to your bank account, along with the final interest payment (or all interest, if the loan is an accrued interest loan). If there is a loan default, Blossum will take immediate steps to recover funds.

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Our Investment Products

We offer wholesale investors the opportunity to invest in loan(debt securities). The loans are provided to Commercial borrowers, secured, for the purpose of business growth, capital expansion, and property projects.

We offer 2 types of investment opportunties:

- First Mortgage: Target return from 7% p.a, minimum investment $150,000

- Second Mortgage: Target return from 11% p.a, minimum investment $150,000

- Investment Term: 6 months - 12 months (subject to early repayment and default provisions in the investor agreement).

*Target returns are net of fees, and before tax. Returns assume full recovery of loans including principal, interests and costs.

WHY INVEST WITH BLOSSUM

Blossum Investments are fixed term investments and are secured by first mortgages and second mortgages, depend depending on your preference.

The key differences between Blossum investments & other investments:

- Receive a target rate of interest on your loan with the interest repayment paid monthly, less RWT, subject to borrower performance and loan terms.

- Unlike a direct investment in a mortgage loan, when you invest via Blossum, you do not have a direct mortgage over the secured property. Instead, Blossum Trustee holds the specific security on trust on your behalf, for the term of the underlying loan.

- Investments with Blossum have a different risk profile than traditional investment products. Returns are not guaranteed and depend on the performance of the underlying loans and borrower.

FIRST MORTGAGE INVESTMENT

- Our First Mortgage Investments are backed by first mortgages over land and buildings with relatively conservative loan to valuation ratios (LVR) across diversified property sectors and markets and spread across New Zealand.
- We don't lend more than 70% of the value of the property asset against which the loan is secured.
- Blossum registers a first ranking mortgage against the borrower's property asset every time a loan is advanced
- **Target Rate of Return:** From 7% p.a interest paid monthly
- **Minimum Investment:** $150,000

SECOND MORTGAGE INVESTMENT

- Our Second Mortgage Investments are backed by second mortgages over land and buildings with relatively conservative loan to valuation ratios (LVR) up to 75% of the property across diversified property sectors and markets and spread across New Zealand.
- We don't lend more than 75% of the value of the property asset against which the loan is secured.
- Blossum registers a second ranking mortgage against the borrower's property asset every time a loan is advanced
- **Target Rate of Return:** From 11% fixed interest paid monthly
- **Minimum Investment:** $150,000

CREDIT ANALYSIS

Blossum implements a rigid credit analysis process to ensure borrowers are suitably qualified. This includes but is not limited to:

- Credit Score Reporting via Credit Bureau, to provide past repayment history, any past defaults, insolvencies or judgements against the borrower.
- Credit Sense Assessment, to provide income and expense statement digital verification (ISO 27001 Certified) to accurately calculate Debt Service Coverage Ratios.
- Third party validation and analysis of any asset valuation to be used as security on a loan.
- Cashflow Assessment and Balance Sheet analysis to accurately assess debt-to-equity and debt-to-asset ratios.

LOAN MANAGEMENT & DEBT COLLECTION

In addition to the loan origination and approval for drawdown, Blossum manages the day-to-day administration of loan repayments and the Principal & Interest allocation back to the Investor accounts.

From time to time, borrowers may be late on loan repayments. Blossum has implemented a comprehensive default management process:

- **Late Payment Monitoring:** Daily monitoring of all loan repayments.
- **Early Intervention:** Immediate contact with borrowers when payments are missed.
- **Remediation Plans:** Working with borrowers to establish payment plans where appropriate.
- **Default Process:** If payments remain missed, loans will be placed in default.
- **Collections Process:** Our dedicated collections team will pursue recovery through:
  1. Direct negotiations with borrowers
  2. Enforcement of security interests – If this happens, a Statutory Demand for payment will be issued. If the loan is not settled in full (or no suitable arrangement transpires) then litigation and liquidation will commence in order to recover funds. The above process can take up to 12 weeks.
  3. Legal proceedings where necessary
- **Regular Investor Updates:** Investors will be kept informed of significant developments in default situations.

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KEY RISKS

Like all investments, investing in loans via Blossum has risks. It's important that you take the time to understand these differences between Blossum investments and other investment options before making an informed decision. If you are unsure about any aspect of this investment, you should speak to a qualified financial adviser who can assess its suitability for your circumstances.

A key risk associated with investing in loans via Blossum is that repayment of the principal amount and payment of the underlying interest may be delayed or they may not be paid at all, either in part or in full (credit risk). The repayment of the principal amount in full, and the payment of the underlying interest at the target return, is conditional on the Borrower complying with all of its obligations and not threatening to breach its obligations. A risk is that the investment is for a fixed term and cannot be transferred (except with Blossum's consent) so an investor may not be able to access the principal amount when needed.

Specific Credit Risks	
Asset Risk	The risk that the values of the property(ies) or assets comprising the secured assets reduce. A decline in the value of the secured assets may impact on Blossum's ability to recover the amounts owed by the Borrower in the event of a default and to pay the investor.
Borrower Risk	The Borrower may have other activities that impact on the efforts to advance its disclosed objectives in relation to the loan, which may affect its ability to repay the loan principal or to pay the loan interest when due.
Loan Servicing & Costs Risk	Where the Borrower cannot repay the loan on maturity and/or cannot pay loan interest when due, there is a risk that the Borrower's security is insufficient to meet shortfalls and enforcement costs. Investors' returns will be impacted by all costs associated with the investment, including but not limited to enforcement costs, administrative fees, service charges, and any other direct or indirect costs incurred by Blossum, which are payable in priority to investor returns. Investors should be aware that there is no guarantee of repayment or return. The borrower is solely responsible for repaying the loan and for payment of interest and any other amounts due under the loan agreement. Blossum does not underwrite or guarantee these payments. Our obligations to investors are limited in recourse to the loan proceeds, subject to the order of priority described in the Investor Agreement. If the borrower fails to meet its obligations, payment to you of principal, interest, or other amounts may be delayed or may not be made at all, in part or in full. Blossum may take action against the borrower (and, where applicable, any providers of security such as guarantors) on your behalf, subject to sufficient funds being available to pursue such action.

KEY RISKS

General Risks	
Market Risk	Economic changes, natural disasters, regulatory conditions (for example, changes in the law) and political events can all affect returns on investments.
Operational Risk	Failure of Blossum to adequately assess the creditworthiness and the quality of borrowers, and providers of security, or failure to properly manage the entry into, administration and enforcement, of the loan agreement and security documents, could result in a shortfall of loan income. Blossum may fail to do what was agreed. Operational or systems failure by them, or an associated service provider, could mean they are unable to do what was agreed, which may impact on performance of the investment.
Liquidity Risk	Investors can only sell investments with Blossum's consent (which it can withhold at its discretion), so an investor may not be able to access funds in the investment when needed. And an investor may not be able to find a buyer who wishes to buy at a price that reflects the investor's expected return
Concentration Risk	Under the offer, investors are exposed (indirectly) to one loan made by Blossum to a Borrower. There is no diversification and, if the borrower defaults and the security is not sufficient, an investor risks losing some or all of the investment

This is not a complete summary of all known risks, and other risks could arise. You should carefully consider these risks and seek independent financial advice before making any investment decision. **If you are not comfortable with the risks associated with investing with Blossum you should not invest.** Past performance is not a reliable indicator of future performance.

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IMPORTANT INFORMATION

IMPORTANT NOTICE: This investment opportunity is not for Retail Investors. No regulatory authority has approved this investment or endorsed the merits of this investment or the accuracy or adequacy of this Information Memorandum.

This service is only available to Wholesale Investors as defined under the Financial Markets Conduct Act 2013. It has not been prepared to the same level of disclosure required for a PDS.

This document has been prepared solely for information purposes and may not contain all the information you may require. It has been prepared without reference to your investment objectives, financial situation and particular needs. The information contained in this Information Memorandum is not financial advice. In all cases, you should conduct your own investigations and analyses of the opportunity and consult with your own independent legal, tax, financial and other professional advisers.

Recipients must keep this Information Memorandum confidential and must not pass it on to any other person without Blossum's prior written consent.
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