



Lenders Terms & Conditions

Date: 31st March 2017

STRATOSPHERE INC. LTD.

These terms and conditions (“Terms”) explain:

- (1) the process of lending money through the Stratosphere Inc Ltd (“**Stratosphere**”) platform (the “**Platform**”);
- (2) how to become a lender offering loans through the Platform (“**Lender**”);
- (3) how you may use the website provided and maintained by Stratosphere <http://stratosphere.co.uk/> (the “**Site**”); and
- (4) your relationship with Stratosphere.

1. Introduction

- 1.1. By using the Site you agree to be bound by the Terms.
- 1.2. If you decided to become a member of the Platform as a Lender you must comply with these Terms. Please read the Terms carefully and print a copy for your future reference.
- 1.3. By using the Site you confirm that you have read and understood:
 - 1.3.1. these Terms;
 - 1.3.2. Risk Disclosure Notice – (<http://strato-sphere.co.uk/risk-disclosure-notice/>);
 - 1.3.3. Website Terms of Use – (<http://strato-sphere.co.uk/terms-of-use/>);
 - 1.3.4. Privacy Policy – (<http://strato-sphere.co.uk/privacy-policy/>);
 - 1.3.5. Complaints Procedure – (<http://strato-sphere.co.uk/complaints-procedure/>); and
 - 1.3.6. Any other terms and conditions or policies as referred to in these documents (all as amended from time to time).
- 1.4. If you do not agree to these Terms or any of the terms in the documents listed at clause 1.3 you must stop using the Site immediately.
- 1.5. References to “**we**”, “**us**” and “**our**” means Stratosphere. References to “**you**” and “**your**” means you as a Lender on the Site.
- 1.6. Reference to the Security Trustee is to Stratosphere Inc Trustee Limited.
- 1.7. References to a Borrower are to a potential borrower using our services from time to time.
- 1.8. If you are using the systems and the services provide by the Site on behalf of a partnership, Limited Liability Partnership (LLP) or a Limited Company, you warrant that you have read and understood these Terms and you are authorised to act on their behalf.

2. Lender Acceptance Terms

- 2.1. To become a Lender with us the following criteria must be met:
 - 2.1.1. you must be an individual, partnership, LLP, or limited company;
 - 2.1.2. if you are an individual you must be over 18 years of age and be a permanent resident of the UK (excluding the Channel Islands and Isle of Man);
 - 2.1.3. if you are a limited company or an LLP you must be registered with Companies House and have a permanent place of business in the UK (excluding the Channel Island and the Isle of Man);
 - 2.1.4. if you are a partnership you must have a permanent place of business in the UK(excluding the Channel Island and the Isle of Man); and
 - 2.1.5. you must have and maintain a valid bank account with a UK bank or building society.
- 2.2. As part of the registration process, you will be required to electronically complete one of our certificates which certifies that you are either a sophisticated investor or a high net worth individual or company.
- 2.3. We will undertake searches with credit reference agencies to verify the identity of all Lenders and (if you are a company, LLP or partnership) to verify the identity of any relevant connected persons such as company directors.
- 2.4. During the application process you may be asked to provide certain identity documents to enable us, our agents, advisors or any external credit reference agency to carry out identity and fraud checks.
- 2.5. We use our own internal guidelines and policies when assessing applications but have complete discretion as to whether to allow you to be a Lender on the Platform.
- 2.6. You warrant and undertake to us that all information provided by you to us in the course of the registration and loan process is true and accurate in all respects and that you will update us promptly if any of the information you provide to us changes.
- 2.7. All money held by us on your behalf pending allocation to a successful Borrower will be held in a separate Project Wallet (see clause 6.3 and 6.4 for definitions).
- 2.8. In accepting these terms and conditions and agreeing to become a Lender you agree to appoint a Security Trustee (as defined in clause 5.1 below) to act as your agent under and in connection with the Loan Agreement (as defined in clause 4.9). The Security Trustee will be authorised by the you to execute all documents and to exercise all rights, powers, authorities and discretions on your behalf in accordance

with the terms of the security trust deed which will be automatically generated alongside the Loan Agreement.

3. User Access Security

- 3.1. Upon acceptance as a Lender, as well as providing an email address, physical mailing address and contact telephone numbers, you will be requested to provide answers to three security questions and to create a unique password. We recommend that the password is something memorable to you and it must meet any password security requirements which we may put in place from time to time.
- 3.2. Your password will be requested to access certain parts of the Site. The password also will be requested each time you access your account. Your username and password are personal to your account and are not transferable. You must keep this information secure at all times.
- 3.3. If you authorise another person to act on your behalf you will be responsible for their discussions and actions with us.
- 3.4. We maintain the right not to deal with anyone whom we believe is not you, not acting with your authority or we suspect that potentially illegal or fraudulent activities are being attempted or are being carried out.
- 3.5. You must immediately notify us if you suspect or discover that your username and password have been compromised. Before further actions or decisions can be taken we will re-verify your identity.
- 3.6. By using the Site you agree not to adapt or circumvent the systems in place in connection with the Site other than through normal use of it.

4. Loan Application Review and Pledge Process

- 4.1. All applications by Borrowers are allocated a credit risk score ("CRS") based on the information the Borrower has provided and following an assessment by us. The CRS will be used to calculate the rate of interest applicable. The CRS is calculated by taking into account a wide range of factors about the business such as its financial performance, its risk profile and the security offered.
- 4.2. The CRS and the credit assessment team recommendation are for guidance only and Lenders must come to their own conclusion in relation to the perceived level of risk they are being asked to take. Whilst we will endeavour to assess all aspects of an application ultimate responsibility as to whether to lend or not lies with the Lender.
- 4.3. You acknowledge that investing involves risk and you are making offers to lend to Borrowers entirely at your own risk. We strongly advise that you carry out your own due diligence on any loan offered through the Site and any information provided by us in order to ascertain the risks involved. Any decision to invest is solely your own.

- 4.4. If you wish to invest in an opportunity following a review of the Borrower's application you will need to place an offer of funding (a "**Pledge**") which is subject to the minimum pledge amount of £1,000. The Pledge must be paid immediately into the Lender Wallet (see clause 6.1 below for definition).
- 4.5. All Pledges from all Lenders will be received and determined in chronological order of receipt on the Platform and offered to the Borrower in the same order.
- 4.6. In certain cases Lenders pledges may not be offered to or accepted by the Borrower due to sufficient pledges already having been received in relation to particular loans.
- 4.7. If the minimum level of loan is not pledged against a loan application the Borrower will not be able to draw down the loan and a contract will not be created.
- 4.8. Once the loan application amount is achieved, the pledge process is closed and all successful Lenders will be notified.
- 4.9. A loan agreement ("**Loan Agreement**") will be generated automatically to include the specific terms between you and the Borrower.
- 4.10. Following notification that the loan amount has been achieved Lenders are deemed to immediately agree to become parties to the Loan Agreement subject to the Borrower fulfilling its obligations.
- 4.11. For the avoidance of doubt there may be multiple lenders loaning money to the same borrower in order to achieve the loan request from a Borrower but each individual Lender will have a separate Loan Agreement with the Borrower and their terms will not be part of a multilateral loan with the Borrower.
- 4.12. Once a pledge is made by the Lender it cannot be withdrawn but it may be revoked in the following circumstances:
- 4.12.1. the pledging process has resulted in an over-subscription and the Lender's pledge was not successful; or
- 4.12.2. the loan was not fully funded in which case all pledges are cancelled; or
- 4.12.3. the Borrower declines the offer or fails to complete the loan.
- 4.13. You may cancel your membership of the Platform within 14 days of your registration as a member as set out in clause 10.

5. The Security Trustee

- 5.1 Given the way in which the pledging process operates and the possibility that a loan might involve many Lenders, it is not practical for each Lender to sign each Loan Agreement or Security Document. We have therefore made arrangements for an independent company to act as security trustee ("**Security Trustee**") and agent to sign documentation on behalf of each Lender when a loan is made.

- 5.2 Each Lender appoints the Security Trustee on the terms of a security trust deed to act as its agent in connection with any loan and each party confirms that they will act in accordance with the security trust deed.
- 5.3 For the avoidance of doubt the Security Trustee is not a party to the Loan Agreement and are therefore not bound by the terms of the Loan Agreement. The terms of their appointment are contained in the security trust deed a copy of which can be provided upon request.

6. Loan Drawdown

- 6.1. In order to use the platform and make pledges a Lender must maintain an e-wallet with Mangopay ("**Lender Wallet**"). The Lender Wallet will be created automatically when the Lender is added as a user to the Platform. The Lender warrants and undertakes to abide by the terms and conditions laid down by Mangopay which will be provided by Mangopay via their website (https://www.mangopay.com/en_UK/).
- 6.2. For the avoidance of doubt the any money held in a Mangopay wallet under these terms and conditions will not be governed by the FCA Client Asset Sourcebook and will not carry any of the associated protections. Further information can be obtained by contacting Stratosphere.
- 6.3. On making a Pledge the Lender must transfer the Pledge amount into their Lender Wallet.
- 6.4. The Pledged amount towards the loan application amount the money in the Lender Wallet will be transferred into the project e-wallet ("**Project Wallet**"). The Project Wallet is under the control of Stratosphere.
- 6.5. Once the Loan Agreement and any related documents are executed and received by us and any relevant arrangement fees have been paid by the Borrower, the sums contained in the Project Wallet will be released by Mangopay (on instruction from Stratosphere) to the Borrower or the Borrower's solicitor.
- 6.6. If for any reason the Loan Agreement is not executed the sums contained in the Project Wallet will be returned to the Lender Wallet. We will only transfer funds back to the Lender Wallet from which they came except by special arrangement and having first satisfied ourselves that the reasons for the request are reasonable and legal.
- 6.7. When registering on the website you will be sent an email indicating how to use the Lender Wallet and any instructions required to set it up (if required).

7. Payments

- 7.1. Any instalment payments (including where applicable payment of interest) due to you in respect of a loan will accrue and be credited to your Lender Wallet. The Loan Agreement governs these payments.

- 7.2. All repayments will be made to a Lender without deduction of income tax. It is the Lender's responsibility to account for any income tax or other personal or corporate taxes that may be payable to the appropriate authorities.

8. Lender Fees

No fees are payable to register as a Lender or to pledge to contribute to a loan application.

9. Missed payments

- 9.1. You acknowledge that lending money comes with its risks and whilst we or the Security Trustee will make every reasonable effort to collect missed payments there will be cases where this is not possible.
- 9.2. Where a Borrower misses a payment or makes only a partial repayment, we, the Security Trustee or an agent acting on our behalf, will endeavour to contact the Borrower to collect the due payment.
- 9.3. If within 10 working days the overdue payments are not made (at the sole discretion of the Security Trustee) we will refer the case to a debt collection agency who will attempt to collect the money on your and any other lender's behalf. All additional fees incurred by the collection agency, Stratosphere or the Security Trustee in the recovery of any arrears will be payable by the Borrower or in the event that the Borrower is untraceable this cost shall be borne by Stratosphere.
- 9.4. If the Borrower fails to pay or only partially pays for two or more consecutive months the loan will be placed into default and a collection agency will be instructed to collect the whole loan amount.
- 9.5. We perform an administrative role in bringing Lenders and Borrowers together and to assist in facilitating making loans and collecting repayments. By acting on your behalf you acknowledge that we accept no liability for any outstanding Borrower payments. Lenders acknowledge that they will continue to be liable for and responsible for the rights and obligations under the Loan Agreement.

10. Ending Your Membership of the Platform

- 10.1. Unless you are lending in the course of business, you may cancel your membership of the Platform without giving any reason by giving oral or written notice to Stratosphere before the end of the period of 14 days beginning with the day after you have registered with the Platform (the "**Cancellation Period**").
- 10.2. After the Cancellation Period If you no longer wish to be a Lender, and you have no loans currently outstanding, then you are entitled to terminate your membership at any time by informing us of your wish to no longer be a Lender and we will remove your details from our database and end your membership.
- 10.3. If you have outstanding loans you can either:
- 10.3.1. let the loans run to their maturity date, or

- 10.3.2. assign your loan(s) to another Lender (as the sole discretion of Stratosphere). A fee will be payable of £2% of the amount being assigned subject to a minimum payment of £500 will be payable by the Lender to cover the administrative cost of this exercise.
- 10.4. We may terminate your membership of the Platform at any time and for any reason. This may include but is not limited to:
- 10.4.1. any breach by you in these Terms;
 - 10.4.2. you breaching the terms of the Loan Agreement to which you are a party;
 - 10.4.3. we reasonably suspect you have committed fraud, been involved in money laundering or any other criminal activities;
 - 10.4.4. you are involved in any activity which could bring our reputation and that of other Lenders in to disrepute;
 - 10.4.5. you use the Site or any information accessible on it or obtained from it for the purpose of canvassing or soliciting any person or enticing any person away from Stratosphere; or
 - 10.4.6. you use the Site in any of the following ways:
 - a. in any way that causes, or is likely to cause, the Site or access to it to be interrupted or damaged in any way;
 - b. for fraudulent purposes, or in connection with a criminal offence;
 - c. to send, use or reuse any material that is illegal, offensive, abusive, indecent, defamatory, obscene or menacing; or in breach of copyright, trademark, confidence, privacy or any other right; or is otherwise injurious to third parties; or objectionable; or which consists of or contains software viruses, political campaigning, commercial solicitation, chain letters, mass mailings or any "spam";
 - d. to cause annoyance, inconvenience or needless anxiety.

11. Complaints

If you have a complaint please review our complaints policy which is located here <http://strato-sphere.co.uk/complaints-procedure/>

12. GENERAL TERMS

- 12.1. Only one account per Lender is permitted unless otherwise agreed in writing by us. You must keep your registration information up to date at all times.

- 12.2. Access to the Site is permitted on a temporary basis. We reserve the right to withdraw or amend the service we provide on the Site without notice. We will endeavour to allow uninterrupted access to the Site, but access may be suspended, restricted or terminated from time to time. We will not be liable to you if for any reason the Site is unavailable at any time or for any period.
- 12.3. The information provided on the Site is for use solely by persons and organisations that have registered on the Site and have been approved as members by us. You must not distribute any information contained on the Site to any person.
- 12.4. You are permitted to download and print content from the Site (including these Terms and any other documentation relating to an loan listing) solely for your own personal use or in the course of your business to the extent required to use the services provided on the Site. Site content must not be copied or reproduced, modified, redistributed, used or otherwise dealt with for any other reason without our prior express written consent.
- 12.5. We shall retain the right to remove any material or posting made on the Site at our absolute discretion.
- 12.6. You agree to use the Site only for lawful purposes and in a way which does not infringe the rights of anyone else or restrict or inhibit anyone else's use and enjoyment of the Site. You agree not to use the Site or any information accessible on or obtained from it for the purpose of canvassing or soliciting any person or enticing any person away from using the services on our Site.
- 12.7. You warrant and undertake that you have taken and will take all reasonable precautions to ensure that any data you upload or otherwise submit to the Site is free from viruses, Trojans, worms or other material which may have a contaminating or destructive effect on any part of the Site or the Platform.
- 12.8. The content and material available on the Site is for information purposes only and should not be regarded as an offer, solicitation, invitation, advice or recommendation to buy or sell investments, securities or any other financial services or banking product. If you are unsure about whether a product is suitable you should contact an independent financial adviser.
- 12.9. We accept no responsibility or liability for your use of content on the Site and such use is entirely at your own risk. While we take reasonable precautions to prevent the existence of computer viruses or other malicious programs on the Site, we accept no liability for them if they do exist. It is your responsibility to use, update and maintain appropriate antivirus software on your computer.
- 12.10. We accept no responsibility for and cannot guarantee availability of the Platform. While every reasonable step will be taken to ensure smooth operation of the Platform and to keep it available for use, we accept no liability for any lost opportunity to make a pledge or any other losses caused by technical difficulties or down time of the Platform.

- 12.11. Information transmitted via the Site will pass over public telecommunications networks. We accept no liability if communications sent via the Site are intercepted by third parties or incorrectly delivered or not delivered.
- 12.12. The Site may contain links to other websites. We accept no responsibility or liability for any material supplied by or contained on any third party website which is linked from or to the Site, or any use of personal data by such third party and we reserve the right to withdraw linking permission without notice.
- 12.13. You acknowledge that you are investing entirely at your own risk.
- 12.14. You agree to keep confidential and not to use, disclose or communicate any and all content of the Site (except in the course of obtaining professional advice in respect of the same or with our written consent or as required by law). This restriction will continue to apply after any termination of membership.
- 12.15. Calculations we may provide on the website of the likely rate of return on loans are for guidance purposes only and are not guaranteed.
- 12.16. We make no representation or warranty as to the accuracy of the data displayed on an loan request page, nor whether the information is up to date or error free.
- 12.17. We do not guarantee that there will be sufficient Pledges to fully fund a loan or that there will be sufficient or appropriate loans for you to invest in.

13. INTELLECTUAL PROPERTY RIGHTS

- 13.1. We are the owner and licensee of all present and future copyright, registered and unregistered trademarks, design rights, unregistered designs, database rights and all other present and future intellectual property rights existing in or in relation to the Site ("**Intellectual Property Rights**") and, save as otherwise provided in clause 13.3, the material published on it.
- 13.2. If and to the extent that any such Intellectual Property Rights vest in you by operation of law or otherwise, you agree to do any and all such acts and execute any and all such documents as we may reasonably request in order to assign such intellectual property rights back to us.
- 13.3. You shall retain ownership of all copyright in data you upload or submit to the Site. You grant us a worldwide exclusive, royalty-free, non-terminable licence to use, copy, distribute, publish and transmit such data in any manner we decide (in our absolute discretion).

14. YOUR LIABILITY TO US

- 14.1. You shall be liable to us for any loss or damage suffered by us as a result of any breach of these Terms, or any fraudulent use of the Platform or the Site.

- 14.2. You agree to indemnify us against all liabilities, costs, expenses, damages and losses (including but not limited to any direct, indirect or consequential losses, loss of profit, loss of reputation and all interest, penalties and legal costs and all other professional costs and expenses) suffered or incurred by arising out of or in connection with any breach by you of this agreement.

15. OUR LIABILITY TO YOU

- 15.1. The material displayed by us on the Site is provided without any guarantees, conditions or warranties as to its accuracy.
- 15.2. We shall not be liable for failure to perform or any delay in performing any of the obligations under these Terms if such delay or failure results from any events, circumstances or causes beyond our reasonable control.
- 15.3. We shall not be liable to you for any loss or damage which you may suffer as a result of being a member of the Platform or using the services provided via the Site, except where such loss or damage arises from our breach of these Terms or was caused by negligence, wilful default or fraud by us or our employees. We are not responsible for any breach of these Terms arising from circumstances outside our reasonable control.
- 15.4. You must make your own assessment of the viability, accuracy and prospects of any loan offered and where necessary should consult professional advisers for assistance in making such an assessment. In particular, you should review the contents of the disclaimers, risk warnings and regulatory notices on the Platform and in respect of each loan. You acknowledge that you are investing entirely at your own risk.
- 15.5. Notwithstanding the generality of clauses 15.1 to 15.4 (inclusive) and to the extent permitted by the law we hereby expressly exclude:
- 15.5.1. all conditions, warranties and other terms which might otherwise be implied by statute, common law or the law of equity;
- 15.5.2. any liability for any direct, indirect or consequential loss or damage incurred by you in connection with the Site or in connection with a loan listed on the Site or in connection with the use, inability to use, or results of the use of the Site, any websites linked to it and any materials posted on it, however arising and whether caused by tort (including negligence), breach of contract or otherwise, even if foreseeable, including, without limitation any liability for:
- a. loss of income or revenue;
 - b. loss of business;
 - c. loss of profits or contracts;
 - d. loss of opportunity;

- e. loss of anticipated savings;
- f. loss of data;
- g. loss of goodwill;
- h. wasted management or office time; and
- i. for any other loss or damage of any kind, however arising and whether caused by tort (including negligence), breach of contract or otherwise, even if foreseeable, provided that this condition shall not prevent claims for loss of or damage to your tangible property or any other claims for direct financial loss that are not excluded by any of the categories set out above.

15.5.3. Any claim howsoever arising and whether caused by tort (including negligence), breach of contract or otherwise, even if foreseeable, shall be limited to the loan amount of each Lender.

15.5.4. Nothing in these Terms shall limit our liability for personal injury or death caused by our negligence, fraud or any other liability which cannot be lawfully excluded.

16. Other Terms

- 16.1. We do not provide investment advice. Information made available either directly or indirectly to you or via the Platform or Site should not be construed as formal advice or as a recommendation. If you are in any doubt about making a Pledge then we recommend you seek independent financial advice.
- 16.2. You acknowledge and agree that we do not provide financial, accounting or legal advice in respect of the services we supply. If you have any questions about the products or services you should seek independent advice.
- 16.3. You agree that all the information provided to us and stored by us will be used in accordance with our Privacy Policy, which is available here <http://stratosphere.co.uk/privacy-policy/>.
- 16.4. From time to time we may amend or vary these Terms to meet our changing business requirements. We will inform you when we do so. While we endeavour to give advanced notice of any updated or amendments to these Terms we cannot guarantee that we will be able to do so. We therefore recommend that you review these on a regular basis on the Site. You agree to be bound by these Terms and Conditions as subsequently amended and updated.
- 16.5. If any part of these Terms and Conditions is found to be illegal, invalid or unenforceable by any court or regulatory authority, the remainder shall continue in full force and effect. No single or partial exercise, or failure or delay in exercising any

right, power or remedy by either you or us shall constitute a waiver by us or preclude any further exercise of that, or any right, power or remedy arising under this Terms and Conditions.

- 16.6. All disclaimers, indemnities and exclusions in these Terms shall remain in force after the termination of any agreement between us for any reason.
- 16.7. Any failure by us to exercise any of the rights or remedies under these Terms will not constitute a waiver of such rights or remedies and will not relieve you from compliance with your obligations under these Terms.
- 16.8. No single or partial exercise, or failure or delay in exercising any right, power or remedy by us shall constitute a waiver by us of, or impair or preclude any further exercise of, that or any right, power or remedy arising under these Terms.
- 16.9. These Terms and any document referred to in these Terms and our website terms and conditions (<http://strato-sphere.co.uk/terms-of-use/>) set out the entire agreement between you and us with respect to your use of the Site and the services provided via the Site and supersede any and all representations, understandings, arrangements, communications and prior agreements (written or oral) between us.
- 16.10. Nothing in these Terms is intended to, or shall be deemed to, establish any partnership or joint venture between any of the parties, constitute any party the agent of another party, nor authorise any party to make or enter into any commitments for or on behalf of any other party.
- 16.11. These Terms and Conditions are governed by English law and the courts of England and Wales will have exclusive jurisdiction to settle any disputes that may arise in relation to these Terms and Conditions (whether contractual or tortious in nature or otherwise).