



DIRECTMONEY LIMITED
ABN 80 004 661 205

NON-RENOUNCEABLE PRO RATA RIGHTS ISSUE OFFER DOCUMENT

**1 for 2 Pro Rata Non-Renounceable Rights Issue
at an Offer Price of \$0.042 (4.2 cents) per New Share
to raise approximately \$5,706,706 (before costs associated with the Offer)**

Eligible Shareholders may also apply for Shortfall Shares under the Shortfall Facility.
The Offer is fully underwritten by Bell Potter Securities Limited, and fully sub-underwritten by major shareholder, Adcock Private Equity Pty Ltd.

The Offer closes at 5.00pm (Sydney time) on Friday, 22 July 2016

This Offer Document and accompanying personalised Acceptance Form are important documents that require your immediate attention. They should be read in their entirety. If, after reading the Offer Document and accompanying personalised Acceptance Form, you have any questions, you should contact your stockbroker, solicitor, accountant or other professional adviser. This Offer Document is not a prospectus and has not been (and will not be) lodged with the Australian Securities and Investments Commission.

Not for distribution or release in the United States or to U.S. persons

If you do not lodge an Acceptance Form by 5.00pm (Sydney time) on Friday 22 July 2016, you will not be issued New Shares in the Company.

Underwriter


BELL POTTER

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Important Information

This Offer Document is issued by DirectMoney Limited (ABN 80 004 661 205) (**DirectMoney** or the **Company**) and is dated 1 July 2016.

This Offer Document and the accompanying Acceptance Form are important and should be read in their entirety before deciding whether or not to participate in the Offer. In particular, you should consider the risk factors outlined in Section 6 of this Offer Document.

Not a Prospectus

The Offer to which this Offer Document relates complies with the requirements of section 708AA of the Corporations Act as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84. Accordingly, neither this Offer Document nor the Acceptance Form is a prospectus for the purposes of the Corporations Act. Accordingly, these documents do not contain all of the information that a prospective investor may require to make an investment decision. They do not, and are not required to, contain all of the information which would otherwise be required to be disclosed in a prospectus. They are not required to be, and will not be, lodged with ASIC.

This Offer Document should be read in conjunction with the Company's other periodic and continuous disclosure announcements to ASX available at www.asx.com.au.

No overseas registration

This Offer Document does not, and is not intended to, constitute an offer of securities in any jurisdiction where, or to any person to whom, it would be unlawful to make such an offer. No action has been taken to register or qualify the Offer or the New Shares, or otherwise permit a public offering of the New Shares, in any jurisdiction outside of Australia, New Zealand or the United Kingdom.

Accordingly this Offer is not being extended to, and no New Shares will be issued to, Shareholders having registered addresses outside Australia, New Zealand and the United Kingdom. This Offer Document is not being sent to those Shareholders.

See Section 5 for more details.

Future Performance and Forward Looking Statements

Neither the Company nor any other person warrants or guarantees the future performance of the Company or any return on any investment made under this Offer Document.

Some statements in this Offer Document are in the nature of forward looking statements. Forward-looking statements may be identified by words such as "aim", "intend", "should", "expect", "estimate" and similar expressions. Such statements are not statements of fact and are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretation of current market conditions. Forward-looking statements, opinions and estimates are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other factors, many of which are beyond the control of the Company, the Directors and management which may cause actual results to differ materially from those expressed or implied in such statements.

Financial amounts

All numbers in this Offer Document are in Australian dollars and any financial data is presented as at the date stated in this Offer Document.

1 Chairman's Letter

1 July 2016

Dear Shareholder,

On behalf of DirectMoney, it is my pleasure to invite you to participate in this pro rata non-renounceable rights issue.

Eligible Shareholders are entitled to apply for one New Share for every two Shares held on the Record Date at an Offer Price of \$0.042 (4.2 cents) per New Share (the **Offer**).

The Offer is to raise approximately \$5,706,706 (before costs associated with the Offer).

The Offer Price of \$0.042 per New Share represents a discount of:

- 12.4% to the 1 month volume weighted average price; and
- 6.7% to the most recent closing price,

of Shares on ASX on 29 June 2016, being the last trading day prior to announcement of the Offer.

Purpose of the Offer

The funds raised under the Offer will be used to support important key business objectives and growth projects for the Company.

In particular, the funds will be used to promote the DirectMoney Personal Loan Fund, provide additional lending capital to expand the on-balance sheet loan portfolio of the Company and provide available capital to use as collateral (where required) to facilitate proposed future loan sale transactions to major Australian financial institutions.

By raising capital, DirectMoney will also be able to continue to grow the revenue and scale of its marketplace lending business model.

The Company will continue to focus intently on expanding existing activities, namely, writing unsecured personal loans, in amounts of \$5,000 to \$35,000 for terms of three and five years with Australian borrowers, then on-selling these loans to the DirectMoney Personal Loan Fund and to institutional loan buyers.

Fully underwritten Offer

The Offer is fully underwritten by Bell Potter Securities Limited (**Underwriter**). In addition to underwriting, the Underwriter will assist with managing take up of the Offer by Eligible Shareholders and the process for seeking to place any Shortfall with new investors.

As a condition of underwriting, the Underwriter has required full sub-underwriting by one or more existing Shareholders of the Company or other third parties. The Company has had extensive discussions with various parties for these purposes.

Adcock Private Equity Pty Ltd as trustee for the Adcock Private Equity Trust, a major Shareholder, has agreed to fully sub-underwrite the Offer. Adcock Private Equity, together with its related parties, hold a relevant interest in 23.4% of the Company. At the date of this Offer Document, no other Shareholders or third parties have agreed to sub-underwrite the Offer.

Shortfall Facility

Eligible Shareholders who subscribe for their Entitlement may also apply for New Shares not taken up by other Shareholders.

Following this, if required as a result of all of the New Shares not being fully taken up by Eligible Shareholders, the Underwriter has agreed to seek to place any Shortfall with potential institutional and high net worth clients of the Underwriter.

The Underwriter and Sub-Underwriter will only take up any Shortfall after these two steps have been completed. This is designed to give current shareholders every opportunity to participate in the Offer to the extent of their interest and seek to minimise any potential control implications of the Offer as much as possible.

Please see Sections 3.6 to 3.12 of this Offer Document for further information.

Achievements in last 12 months

Since listing in July 2015 DirectMoney has achieved a number of milestones.

We have made strong progress building an efficient loan origination channel with mortgage and finance brokers, having accredited some 500 brokers and gaining access to a further 5,000 brokers.

This channel, which was developed less than 9 months ago, now contributes over 50% of volume to the business. There is an opportunity to grow this channel further, encompassing a wider group of broker aggregators and encompassing a large percentage of the pool of approximately 13,000 mortgage and finance brokers in Australia.

Further, since listing we have invested in our proprietary loan administration portal which accepts online loan applications and enables efficient loan assessment and approval. This IT platform is fully integrated with key data providers, has considerable capability for integration with brokers and other loan introducers, and gives us the basis for scalable growth.

Details of the Offer

Full details of the Offer are contained in this Offer Document and the accompanying Acceptance Form. I encourage you to read these documents carefully.

How to participate in the Offer

The Offer is scheduled to close at **5.00pm (Sydney time) on Friday, 22 July 2016.**

To participate, you must apply for New Shares before this time.

This Offer Document contains your personalised Acceptance Form, which contains further instructions on how you may apply. For further information, please call Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) at any time from 8.30am to 5.00pm (AEST) from Monday to Friday during the Offer Period.

I recommend you seek independent investment advice from your stockbroker, accountant or other professional advisor before making any investment decision.

On behalf of the board of DirectMoney, I invite you to consider this opportunity and thank you for your continued support of our Company.

Yours faithfully,

A handwritten signature in dark ink, appearing to read "Steph Porges". The signature is fluid and cursive, with a small dot at the end.

Stephen Porges
Chairman

2 Key Dates

The indicative timetable for the Offer is as follows:

Event	Date
Announcement of Offer Lodgement of Announcement, Offer Document, Investor Presentation, Cleansing Notice and Appendix 3B	1 July 2016
Notice sent to Shareholders Notification of Offer dispatched to Shareholders	4 July 2016
Ex Date Date from which Shares commence trading without Entitlement	5 July 2016
Record Date Date for determining Entitlements of Eligible Shareholders to participate in the Offer	7.00pm (Sydney time) on 6 July 2016
Dispatch of Offer Documents to Eligible Shareholders Dispatch of Offer Document and personalised Acceptance Forms to Eligible Shareholders and announcement of completion of dispatch	11 July 2016
Offer Opening Date First day for receipt of acceptances under the Offer, including applications for New Shares in excess of Shareholder's Entitlement	11 July 2016
Offer Closing Date Closing date for acceptances	5.00pm (Sydney time) on 22 July 2016
Deferred Settlement Trading New Shares quoted on ASX on a deferred settlement basis	25 July 2016
Shortfall Notification Date Announcement made to ASX regarding number of New Shares under Shortfall Facility (being any Shortfall after taking into account receipt of Applications, including Applications for Additional New Shares)	27 July 2016
Issue Date (excluding Shortfall) Issue date for New Shares allotted under the Rights Issue (including under Applications for Additional New Shares), excluding New Shares under the Shortfall Facility. New Shares commence trading on ASX on a normal settlement basis	29 July 2016
Shortfall Subscription Date Issue date for New Shares allotted under the Shortfall Facility	By no later than 15 Business Days after the Offer Closing Date

This timetable is indicative only and subject to change. The Company, in conjunction with the Underwriter and subject to the Corporations Act, the Listing Rules and other applicable laws, has the right to vary any of the above dates without notice. In particular, the Company reserves the right, with the written consent of the Underwriter, to extend the Closing Date or accept late applications, either generally or in particular cases, without prior notice. Quotation of the New Shares is subject to confirmation from ASX.

3. Details of the Offer

3.1 Overview

The Company is making a pro rata non-renounceable offer of one New Share for every two Shares held by Eligible Shareholders registered at 7.00 pm (AEST) on 6 July 2016.

The Offer Price is \$0.042 (4.2 cents) per New Share.

The Offer is to raise approximately \$5,706,706 (before costs associated with the Offer).

There is no minimum subscription to participate in the Offer.

The Offer is non-renounceable, which means that Entitlements will not trade on ASX, nor can they be transferred or otherwise disposed of.

Accordingly, to the extent that any Entitlement under the Offer is not taken up by any Eligible Shareholder prior to the Closing Date, the Entitlement will lapse.

Eligible Shareholders may apply for New Shares in excess of their Entitlement (**Additional New Shares**), subject to availability and at the Company's discretion (refer Section 3.6).

All of the New Shares will be fully paid and rank equally with the Shares on issue at the date of this Offer Document.

The choices available to Eligible Shareholders in respect of the Offer are described in Section 4. The Offer is scheduled to close at **5.00pm (Sydney time) on Friday, 22 July 2016**.

3.2 Purpose of Offer

The Offer will raise approximately \$5,706,706 (before costs associated with the Offer).

The Company intends to apply the funds to support important key business objectives and growth projects for the Company.

Specifically, it is anticipated that the funds will be applied in the following manner:

Items of Expenditure	\$ (000's)	%
Marketing of the DirectMoney Personal Loan Fund for the next 12 months	300	5.3
Additional lending to approved loan applicants	2,000	35.0
Available capital to use as collateral for proposed future loan sale transactions to major Australian financial institutions ¹	1,000	17.5
Costs of BDM, Broker Support and broker channel marketing for next 12 months	250	4.4
General working capital	1,767	31.0
Costs of the Offer	400	6.8
Total	5,707	100.00%

1. As announced to ASX on 23 June 2016, the Company is currently in discussions with two major Australian financial institutions for the sale of loans to those institutions. One of the facilities being negotiated requires the Company to provide cash collateral for a small portion of the value of the loans sold. This collateral acts as security for the loan buyer against adverse credit performance of the loans. This collateral is returned to the Company during the life of the facility subject to the loan portfolio meeting agreed credit parameters. If the capital raised from the Offer to support the loan sale facilities currently being negotiated is not required for any reason, it will be used as additional lending capital. Further information on this use of funds is also contained in the Investor Presentation included in this Offer Document at Annexure 2.

Further detail regarding the proposed use of funds is contained in the Investor Presentation included in this Offer Document at Annexure 2. For further general details regarding the Company's existing business strategy and activities please refer to relevant announcements on ASX.

The table above is a statement of the Directors current intentions as at the date of this Offer Document. As with any intentions, intervening events and new circumstances have the potential to affect the ultimate manner in which funds may be applied. The Board reserves the right to vary the way funds are allocated as appropriate.

3.3 Eligibility to participate

The Offer is being made to all Eligible Shareholders.

Eligible Shareholders are Shareholders on the Record Date who have a registered address in Australia, New Zealand or the United Kingdom. The number of New Shares to which each Eligible Shareholder is entitled is shown in the accompanying Acceptance Form.

Holders of Performance Rights in the Company are not eligible to participate in the Offer with respect to their Performance Rights.

Directors and other related parties who are Eligible Shareholders may participate in the Offer but may not apply for New Shares under the Shortfall Facility.

3.4 Entitlements and acceptance

Details of how to apply under the Offer are set out in Section 4 of this Offer Document.

The Entitlement of Eligible Shareholders to participate in the Offer will be determined on the Record Date and is set out on the Acceptance Form accompanying this Offer Document.

The Directors reserve the right to reject any Application that they believe comes from a person who is not an Eligible Shareholder.

3.5 No Rights Trading

Your Entitlement is non-renounceable.

This means it is personal to you and cannot be sold, traded, transferred, assigned or otherwise dealt with.

If you do not take up your Entitlement it will lapse and you will not receive any New Shares under the Offer.

3.6 Opportunity of Eligible Shareholders to apply for Additional New Shares

The Company is offering Eligible Shareholders the opportunity to subscribe for Additional New Shares in addition to their Entitlement at the same Offer Price as the New Shares.

Additional New Shares will only be available in the event that other Eligible Shareholders do not take up all their Entitlements.

Eligible Shareholders wishing to subscribe for Additional New Shares must apply for them at the same time as they apply for New Shares under their Entitlement by completing the relevant section of the Acceptance Form. Please refer to Section 4 for further information.

Directors reserve the right to allocate and issue Additional New Shares to Eligible Shareholders at their discretion. The Directors intend to exercise that discretion to accept all applications from Eligible Shareholders for Additional New Shares.

All such Additional New Shares will be issued subject to compliance with the Listing rules and the Corporations Act (in particular, the takeover provisions in Chapter 6 of the Corporations Act).

There is no guarantee Eligible Shareholders will receive all of the Additional New Shares that they apply for under their Acceptance Form. If Applications for Additional New Shares exceed the New Shares available, applications received and accepted by Directors will be scaled back, in consultation with the Underwriter, on a pro rata basis, based on Applicants' shareholdings in the Company at the Record Date.

If the number of Additional New Shares issued to an Eligible Shareholder is less than the number applied for by that Eligible Shareholder, surplus Application Monies will be refunded in full. Interest will not be paid on monies refunded. Additional New Shares applied for by Eligible Shareholders will be issued at the same time as the New Shares under the Offer are issued.

Directors and their associates and other related parties of the Company are ineligible to participate in Applications for Additional New Shares due to restrictions in the relevant provisions of the Listing Rules.

3.7 Placement of Shortfall under the Shortfall Facility

If there is a Shortfall after the process for Eligible Shareholders referred to in section 3.6, the Company reserves the right, in consultation with the Underwriter, to place any Shortfall under a Shortfall Facility with any persons interested in subscribing for New Shares in the Company.

Such persons may include institutional and high net worth clients of the Underwriter and various other parties identified by the Company and the Underwriter.

The Directors will seek to ensure that no person will be issued New Shares through participation in the Shortfall if such issue would result in that person's voting power in the Company exceeding 19.9%.

Any placement of the Shortfall will be made, at the latest, within three months after the close of the Offer. However, as the Listing Rules require the placement of any Shortfall to the Underwriter and Sub-Underwriter to be done within 15 business days after the Close of the Offer, the placement of the Shortfall is expected to occur within this time period. The Directors reserve the right to issue the Shortfall at their discretion.

3.8 Underwriting and sub-underwriting

The Offer is fully underwritten by the Underwriter being Bell Potter Securities Limited.

In addition to underwriting, the Underwriter will assist with managing take up of the Offer by Eligible Shareholders and the process for seeking to place any Shortfall with new investors.

The Underwriter is not a Shareholder of the Company and is not a related party of the Company for the purposes of the Corporations Act.

Adcock Private Equity, a major Shareholder, has agreed to fully sub-underwrite the Offer. At the date of this Offer Document, no other Shareholders or third parties have agreed to sub-underwrite the Offer.

Adcock Private Equity, together with its related parties, hold a relevant interest in 23.4% of the Company.

Any New Shares that are not subscribed for by Eligible Shareholders under the Offer (including by Eligible Shareholders applying for Additional New Shares as outlined in Section 3.6) or placed to other persons interested in subscribing for New Shares in the Company under the Shortfall Facility as referred to in Section 3.7 will be issued to the Underwriter and Sub-Underwriter in accordance with the Underwriting Agreement and Sub-Underwriting Agreement.

The Underwriter and Sub-Underwriter will only take up any Shortfall Shares after these two steps have been completed. This is designed to give current shareholders every opportunity to participate in the Offer to the extent of their interest and seek to minimise any potential control implications of the Offer as much as possible.

A summary of the Underwriting Agreement and Sub-Underwriting Agreement is contained in Section 5.6 and 5.7 of this Offer Document.

No person is authorised to give any information or make any representation in connection with the Offer described in this Offer Document, which is not contained in this Offer Document. Any information or representation not contained in this Offer Document may not be relied on as being authorised by the Company or the Underwriter in connection with the Offer.

The Underwriter and its representatives, to the maximum extent permitted by law, expressly disclaim any responsibility or liability for the contents of this Offer Document.

3.9 Capital Structure following the Offer

The capital structure of the Company following completion of the Offer is set out below.

Share capital structure	
Shares on issue at the date of this Offer Document ^{1, 2}	271,954,175
Maximum New Shares proposed to be issued under this Offer Document ³	135,873,958
Maximum total Shares on issue after completion of the Offer	407,828,133

1. Please note that up to 139,439,653 of the 271,954,175 total issued shares in the Company are escrowed until 13 July 2017.
2. Refer to Section 5.8 in relation to additional shares which may be issued in the future pursuant to the Macquarie Bank Loan Sale Agreement.
3. This figure takes into account that no shares will be issued to Ineligible Shareholders.

At the date of this Offer Document, the Company also has the following Performance Rights on issue which may convert into Shares in certain circumstances.

Performance rights	Total Number	Expiry Date	Vesting conditions ¹
Director performance rights	20,500,000	Sept 2018	Continued service as director for minimum period, share price hurdles
Management performance rights	11,675,000	Sept 2018	Continued employment for minimum period, share price hurdles
Total	32,175,000		

1. Performance rights vest in three tranches based on minimum periods of employment and/or service as a Director with the Company and the share price trading above certain price targets, namely a VWAP of \$0.25, \$0.35 and \$0.50 for periods of 10 consecutive trading days or more.

3.10 Details of substantial holders

At the date of this Offer Document, the Company believes that persons who (together with their associates) have a relevant interest in 5% or more of the Shares on issue are as follows.

Substantial Holder	Shares	Relevant Interest	Entitlement	Value (\$)
ADCOCK PRIVATE EQUITY ¹	63,683,587	23.40%	31,841,794	1,337,355
DAVID DOUST + SHIRLEY DOUST	28,967,470	10.65%	14,483,735	608,316
GREIG HOLDINGS PTY LIMITED	22,997,903	8.46%	11,498,952	482,955
BUBBLYDAYS PTY LTD	20,023,631	7.36%	10,011,816	420,496
JANET GAMBOLD + BLEDDYN GAMBOLD	19,267,900	7.08%	9,633,950	404,625

1. Adcock Private Equity has committed to take up its Entitlement in full and is also the Sub-Underwriter to the Underwriter, as outlined in Section 3.7. This holding also includes the relevant interest of its associates.

3.11 Potential effect of the Offer on control of the Company

The effect of the Offer on control of the Company will depend on a number of factors including:

- the level of Eligible Shareholder participation (including both the taking up of Entitlements and applications for Additional New Shares by Eligible Shareholders);
- which Shareholders participate;
- following the issue of New Shares to Eligible Shareholders who apply for an Additional New Shares, the ability for the Company to place any remaining Shortfall Shares with institutional and high net worth clients of the Underwriter and various other parties identified by the Company and the Underwriter; and
- the extent to which the underwriting and sub-underwriting is called upon following completion of the process outlined above.

If every Eligible Shareholder takes up its full Entitlement, there will be no effect on the control of the Company on completion of the Offer. The Offer is pro-rata, and so accordingly, there would not be any scope for any Eligible Shareholder to apply for additional New Shares under the Offer (and there would be no Shortfall for third parties or the Underwriter or Sub-Underwriter to take up).

If some Eligible Shareholders do not take up all of their Entitlements under the Offer, then the interests of those Eligible Shareholders will be diluted.

The Offer is fully underwritten by the Underwriter.

The Underwriter is not a Shareholder of the Company and is not a related party of the Company for the purposes of the Corporations Act.

Adcock Private Equity, a major Shareholder, has agreed to fully sub-underwrite the Offer.

The Company has engaged in discussions with various other parties to seek a full or partial sub-underwrite of the Offer. However, at the date of this Offer Document, no other Shareholders or third parties have agreed to sub-underwrite the Offer.

Adcock Private Equity, together with its related parties, hold a relevant interest in 23.4% of the Company.

If all Eligible Shareholders take up their Entitlements under the Offer and there is no Shortfall under the Offer, then Adcock Private Equity will not (other than the New Shares it will subscribe for pursuant to its Entitlement as a Shareholder), be issued with any New Shares as sub-underwriter.

However, if there is a Shortfall under the Offer (including after the issue of New Shares to Eligible Shareholders who apply for additional New Shares and to any institutional and high net worth person interested in subscribing for New Shares as outlined in Section 3.7), subject to the terms of the Underwriting Agreement and Sub-underwriting Agreement, Adcock Private Equity will subscribe for New Shares up to a maximum of the Shortfall. The issue of New Shares to Adcock Private Equity will dilute the interests of all other shareholders.

The level of dilution of all other Shareholders will depend on the amount of the Shortfall and level of up-take by any institutional investors and high net worth persons as referred to in Section 3.7.

The table on the following page assumes no take up of New Shares by Eligible Shareholders or other institutional and high net worth persons and so illustrates the *maximum* shareholding of Adcock Private Equity following completion of the Offer based on the level of participation by Eligible Shareholders under the Offer.

Table 1: Illustration of maximum relevant interest of Adcock Private Equity under Offer

Note: The Company currently has 271,954,175 Shares on issue. The Offer would result in 135,873,958 New Shares being issued (after taking into account that no New Shares will be issued to Ineligible Shareholders), for a total of 407,828,133 Shares on issue post-Offer.

Shareholder	Entitlements taken up by existing Shareholders (excluding Sub-Underwriter)									
	100%		75%		50%		25%		0%	
	New Shares	Total relevant interest	New Shares	Total relevant interest	New Shares	Total relevant interest	New Shares	Total relevant interest	New Shares	Total relevant interest
Existing Shareholders (excluding Sub-Underwriter)	104,032,164	76.6% No change	78,024,123	70.2%	52,016,082	63.9%	26,008,041	57.4%	0	51.1%
Adcock Private Equity ¹ (Sub-Underwriter)	31,841,794	23.4% No change	57,849,835 (31,841,794 under the Offer plus 26,008,041 as Sub-Underwriter)	29.8%	83,857,876 (31,841,794 under the Offer plus 52,016,082 as Sub-Underwriter)	36.1%	109,865,917 (31,841,794 under the Offer plus 78,024,123 as Sub-Underwriter)	42.6%	135,873,958 (31,841,794 under the Offer plus 104,032,164 as Sub-Underwriter)	48.9%
Bell Potter Securities (Underwriter)	0	0%	26,008,041	6.3%	52,016,082	12.7%	78,024,123	19.1%	104,032,164	25.5%
Totals	135,873,958	100%	135,873,958	100% (excl Underwriter)	135,873,958	100% (excl Underwriter)	135,873,958	100% (excl Underwriter)	135,873,958	100% (excl Underwriter)

1. This holding also includes the relevant interest of its associates.

The table above assumes that Adcock Private Equity subscribes for all of its Entitlements under the Offer under each scenario. The 75%, 50% and 25% scenarios assume that 75%, 50% and 25% of the New Shares to be issued, excluding the Entitlements taken up by Adcock Private Equity, are subscribed for by existing Shareholders.

For the purpose of simplicity, the table above provides scenarios by assuming no Additional New Shares are applied for by Eligible Shareholders in excess of their Entitlements and that no Shortfall Shares are placed to eligible third party investors identified by the Underwriter in conjunction with the Company as outlined in Section 3.7.

If Additional New Shares are applied for by Eligible Shareholders in excess of their Entitlements or placed to third parties by the Underwriter, then this would reduce the final number of Shortfall Shares to be taken up by the Underwriter and Sub-Underwriter with a corresponding reduction on the effect of the Offer on control of the Company (eg Adcock Private Equity's interest would be reduced in these circumstances).

The table above also shows the relevant interest which would be acquired by the Underwriter under the Offer. As the Offer is fully sub-underwritten, the Underwriter would only hold this relevant interest until such time as the Sub-Underwriting Agreement results in the issue of Shortfall Shares to the Sub-Underwriter.

The consequences of the potential effect on the control of the Company at completion of the Offer is therefore summarised as follows:

- If all Eligible Shareholders accept the Offer, Adcock Private Equity's relevant interest will remain at 23.4%.
- If only Adcock Private Equity takes up its Entitlement under the Offer and no other Eligible Shareholders take up their Entitlement or other institutional investors or high net worth persons subscribe for New Shares so that all the Shortfall Shares are subscribed for by Adcock Private Equity in accordance with the Sub-Underwriting Agreement, Adcock Private Equity's maximum relevant interest may increase to 48.9%.

The Sub-Underwriter has indicated that if it was to significantly increase its relevant interest in the Company following the Offer, it has no current intention of making any material changes to the board, management or strategic direction of the Company.

However, this intention may change over time in light of subsequent events or circumstances.

3.12 Dilution

Eligible Shareholders should note that if they do not participate in the Offer, their holdings may be diluted depending upon take up of the Offer.

The following are examples of how dilution may impact Shareholders if they decide not to participate in the Offer, assuming that the maximum number of New Shares available under the Offer are issued.

Table 2: Illustration of potential effects of dilution under Offer for non-participating shareholders

Holder	Holding as at Record date	Approximate % at Record Date	Rights under the Offer	Holdings if Offer not taken up	Approximate % post Offer
Shareholder 1	40,000,000	14.71%	20,000,000	40,000,000	9.81%
Shareholder 2	25,000,000	9.19%	12,500,000	25,000,000	6.13%
Shareholder 3	10,000,000	3.68%	5,000,000	10,000,000	2.45%
Shareholder 4	1,000,000	0.37%	500,000	1,000,000	0.25%
Shareholder 5	100,000	0.04%	50,000	100,000	0.02%

3.13 Director's interests and participation

Each Director's relevant interest in the Shares of the Company at the date of this Offer Document and their Entitlements are set out in the table below.

Director	Shares	Voting Power	Entitlement	\$	Performance Rights
Stephen Porges	3,557,400	1.31%	1,778,700	74,705	12,500,000
Craig Swanger	Nil	Nil	Nil	Nil	5,000,000
Christopher Whitehead	Nil	Nil	Nil	Nil	1,500,000
John Nantes	Nil	Nil	Nil	Nil	Nil

Due to restrictions in the Corporations Act and Listing Rules, Directors and related parties cannot subscribe for additional New Shares under the Shortfall Facility.

3.14 Nominees, Trustees and Custodians

Shareholders resident in Australia, New Zealand and the United Kingdom holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement does not breach regulations in the relevant overseas jurisdiction. These shareholders should seek independent advice as to how they should proceed.

Return of a duly completed Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

3.15 ASX Listing

Application has been made to the ASX for quotation of the New Shares.

The fact that ASX may grant official quotation to the Securities is not to be taken in any way as an indication of the merits of the Company or the New Shares.

Issues of New Shares under the Offer will only be made after permission for their quotation on the ASX has been granted.

3.16 Issue and Dispatch

The expected dates for issue of New Shares offered by this Offer Document and dispatch of holding statements is expected to occur on the dates specified in the timetable set out in Section 2 of this Offer Document.

It is the responsibility of Applicants to determine the allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements do so at their own risk.

3.17 CHES

The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares allotted to them under this Offer Document. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

4. How to apply

4.1 What Eligible Shareholders may do

The number of New Shares to which you are entitled is shown on the accompanying Acceptance Form.

You may:

- (a) apply for all of your Entitlement;
- (b) apply for all of your Entitlement and apply for New Shares in addition to your Entitlement;
- (b) apply for part of your Entitlement; or
- (c) do nothing and allow all of your Entitlement to lapse.

4.2 Accepting your Entitlement

The method of acceptance of your Entitlement and any application for additional New Shares will depend on your method of payment being:

- by cheque; or
- by BPAY[®]

The Company encourages BPAY[®] payments where possible.

(a) Payment by BPAY[®]

For payment by BPAY[®] please follow the instructions on the personalised Acceptance Form. You can only make a payment via BPAY[®] if you are the holder of an account with an Australian financial institution that supports BPAY[®] transactions.

Please note that should you choose to pay by BPAY[®]:

- you do not need to submit the personalised Acceptance Form but are taken to make the declarations on that Acceptance Form; and
- you are deemed to have applied for such whole number of New Shares which is covered in full by your Application Monies, whether that number is less than, equal to, or more than your Entitlement (in the latter case, you will be deemed to have applied for New Shares in addition to your Entitlement).

When paying by BPAY[®] please make sure you use the specific Biller Code and your unique customer reference number (CRN) which can be found on the back of your personalised Acceptance Form. If you pay by BPAY[®], and the amount paid is more than the total Application Monies for your Entitlement, such excess amount will be treated as an application for such number of New Shares in addition to your Entitlement as may be subscribed for at the Offer Price (rounded down to the nearest whole number).

It is your responsibility to ensure that your BPAY[®] payment is received by the Share Registry by no later than 5.00pm (Sydney time) on the Offer Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment, and you should therefore take this into consideration when making payment.

Any Application Monies received for more than your final allocation of New Shares will be refunded as soon as practicable after the Offer Closing Date. No interest will be paid on any Application Monies received or refunded.

(b) Payment by cheque

For payment by cheque, you should complete your Acceptance Form in accordance with the instructions on the Acceptance Form and return it accompanied by a cheque in Australian currency for the amount of the Application Monies payable to "DirectMoney Limited" and crossed "Not Negotiable".

Your cheque must be:

- for an amount equal to the Offer Price multiplied by the number of New Shares that you are applying for (including any Shortfall Shares applied for under the Shortfall Facility); and
- in Australian currency drawn on an Australian branch of a financial institution.

If the amount of your cheque for Application Monies (or the amount of which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Acceptance Form, you will be taken to have applied for such number of New Shares (rounded down to the nearest whole number) as your cleared Application Monies will pay for (and to have specified that number of New Shares on your Acceptance Form).

Alternatively, your Application will not be accepted.

Any Application Monies received for more than your final allocation of New Shares (including after the allocation for New Shares in addition to your Entitlement) will be refunded as soon as practicable after the Closing Date. No interest will be paid on any Application Monies.

Your completed Form and cheque must reach the Company's Share Registry and be cleared by no later than 5:00pm AEST on the Closing Date. It is your responsibility to ensure that your cheque clears by that time. You should be aware that financial institutions may have different lead times for the clearing of cheques and you should therefore take this into consideration when making payment.

4.7 Effect of Application and Representations on Acceptance

Making a payment through BPAY® or completing and returning an Acceptance Form together with the payment of requisite Application Monies constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Document and, once lodged or paid, cannot be withdrawn. If the Acceptance Form is not completed correctly it may still be treated as a valid Application for New Shares. The Company's decision whether to treat an acceptance as valid and how to construe, amend or complete the Acceptance Form is final. By making payment by BPAY® or by completing and returning your personalised Acceptance Form with the requisite Application Monies, you will also be deemed to have acknowledged, represented and warranted in your own capacity and on behalf of each person on whose account you are acting that:

- you have received a copy of this Offer Document accompanying the Acceptance Form, and read them in their entirety; and
- you make the declarations set out in Section 7 of this Offer Document.

5. Important information

5.1 Information and Representations

No person is authorised to give any information, or to make any representation, in connection with the Offer not contained in this Offer Document.

Any information or representation not contained in this Offer Document may not be relied on as having been authorised by DirectMoney, or its related bodies corporate, in connection with the Offer.

5.2 Not a prospectus

Neither this Offer Document or the Acceptance Form is a prospectus for the purposes of the Corporations Act and has not been lodged with ASIC. These documents do not contain the type of information which would be required to be included in a prospectus.

Accordingly, the level of disclosure contained in this Offer Document is significantly less than required under a prospectus and Eligible Shareholders should consider all relevant facts and circumstances, including their knowledge of the Company and all disclosures made to the ASX and should consult their professional advisors before deciding to accept the Offer.

5.3 Foreign Jurisdictions – restrictions and limitations

This Offer Document has not been, nor will it be lodged, filed or registered with any regulatory authority under the securities laws of any other country outside Australia.

United States Shareholders

This Offer does not constitute an offer in the United States of America, nor does it constitute an offer to a person who is a US Person or someone who is acting on behalf of a US Person.

The New Shares have not been, and will not be, registered under the US Securities Act 1933 and may not be offered or sold in the United States of America, or to, or for the account or benefit of, US Persons (as defined in Rule 902 under the US Securities Act) except under an available exemption from registration under the US Securities Act. These Shares may only be resold or transferred if registered under the US Securities Act or pursuant to an exemption from registration under the US Securities Act and in compliance with state securities laws. The Company is under no obligation and has no intention to register the New Shares in the United States of America.

United Kingdom Shareholders

Neither the information in this Offer Document nor any other document relating to the Offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (FSMA)) has been published or is intended to be published in respect of the New Shares.

This Offer Document is issued on a confidential basis to fewer than 150 persons (other than "qualified investors" (within the meaning of section 86(7) of FSMA)) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this Offer Document, any accompanying letter or any other document, except in circumstances which

do not require the publication of a prospectus pursuant to section 86(1) FSMA. This Offer Document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to the Company.

In the United Kingdom, this Offer Document is being distributed only to, and is directed at, persons (i) who fall within Article 43 (members or creditors of certain bodies corporate) of the FSMA (Financial Promotions) Order 2005, as amended, or (ii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this Offer Document relates is available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

New Zealand Shareholders

The New Shares are not being offered to the public within New Zealand other than to Shareholders of the Company with registered address in New Zealand to whom the offer of the New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand) or the Financial Markets Conduct Act 2013 (New Zealand). This Offer Document is not an investment statement or prospectus or product disclosure statement under New Zealand law and is not required to and may not, contain all the information that an information statement or prospectus or product disclosure statement under New Zealand law is required to contain.

5.4 Ineligible Shareholders

Shareholders who are not Eligible Shareholders are Ineligible Shareholders.

The Company has determined, in reliance on Listing Rule 7.7.1, that it would be unreasonable to extend the Offer to Ineligible Shareholders, having regard to:

- (a) the small number of Ineligible Shareholders as a proportion of the total Shareholders;
- (b) the small number and value of the New Shares which would be offered to Ineligible Shareholders if they were Eligible Shareholders; and
- (c) the cost of complying with the legal and regulatory requirements in the overseas jurisdictions.

Accordingly, the Offer is not being extended to any Shareholders outside Australia, New Zealand and the United Kingdom unless those Shareholders would be eligible under all applicable securities laws to receive an offer of, and be issued, New Shares under the Offer.

Where this Offer Document has been dispatched to an Ineligible Shareholder and where that jurisdiction's law, code or legislation prohibits or restricts in any way the making of the Offer, this Offer Document is provided for information purposes only.

5.5 No appointment of Foreign Holder Nominee

The Company has obtained an ASIC declaration to allow the Offer to be undertaken in a manner which complies with Item 10 of section 611 of the Corporations Act without the need to appoint a nominee for foreign holders under s615 of the Corporations Act.

This relief was sought so that the Underwriter and Sub-Underwriter would not be in breach of the takeover provisions in s606 of the Corporations Act by virtue of their increase in shareholding above 20% following completion of the Offer.

The ASIC relief does not apply to the acquisition of Shortfall Shares.

The Company has also obtained an ASIC modification of section 708AA(2) of the Corporations Act to enable the Company to undertake the Offer, notwithstanding that the Company has been continuously quoted for less than 12 months.

5.6 Underwriting Agreement

The Company has entered into an underwriting agreement (**Underwriting Agreement**) with Bell Potter Securities Limited ACN 006 390 772 (**Underwriter**) dated 30 June 2016, who have agreed to fully underwrite the Offer. As is customary with these types of arrangements:

- (a) the Company has agreed, subject to certain carve-outs, to indemnify the Underwriter, its related bodies corporate and each of their respective directors, officers, employees affiliates, agents and advisers against any losses they may suffer or incur in connection with the Offer;
- (b) the Company has made or given certain representations, warranties and undertakings in connection with, among other things, the Offer;
- (c) the Underwriter may (in certain circumstances, having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from their obligations under it on the occurrence of certain events, including (but not limited to) where:
 - (i) 35 business days elapses after the date of the Underwriting Agreement and ASX does not approve quotation of the New Shares;
 - (ii) the ASX makes a statement to any person that official quotation of the New Shares will not be granted;
 - (iii) the Company alters, or announces an intention to alter, its capital structure or its constitution without the prior consent of the Underwriter (such consent not to be unreasonably withheld) which would, in the Underwriter's reasonable opinion, materially and adversely affect the Company or the Offer;
 - (iv) any information that is, in the Underwriter's reasonable opinion, material that was supplied at any time by or on behalf of the Company to the Underwriter in respect of any aspect of the Company or a subsidiary of the Company or the Offer is or becomes materially misleading or deceptive or contains a material omission;
 - (v) either the S&P/ASX All Ordinaries Index or the S&P ASX/Small Ordinaries Index are at any time from and including the date of the Underwriting Agreement and prior to the close of trading of Shares on ASX on the Issue Date, lower than 90%

of the level of that index as at the close of normal trading on ASX on either the Business Day immediately preceding the date of the Underwriting Agreement or the date of this Underwriting Agreement;

- (vi) market or trading disruption:
 - trading in all securities quoted or listed on ASX, NYSE or LSE is suspended or limited in a material respect for one day on which that exchange is open for trading (**Trading Day**) or substantially all of a Trading Day; or
 - a general moratorium on commercial banking activities in New Zealand, Australia, Canada, any member state of the European Union, the United States or the United Kingdom, is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or
 - any material adverse effect on financial markets in any of Australia, New Zealand, the United States or the United Kingdom or the international financial markets, or in foreign exchange rates or any development involving a change in national or international, political, financial or economic conditions;
- (vii) an order is made in connection with the Offer Document or the Offer, under section 1324 or section 1325 of the Corporations Act;
- (viii) the Underwriter reasonably forms the view that a notice under section 708AA(10) of the Corporations Act is required and the Company fails to provide such notice to the ASX;
- (ix) there are material disruptions in financial or economic conditions in key markets, or hostilities commence or escalate in certain key countries;
- (x) any event specified in the timetable for the Offer does not occur on the date specified for that event;
- (xi) ASIC gives notice of intention to hold a hearing examination, inspection, investigation, or it requires information to be disclosed, in connection with the Company, the Offer Documents, the Offer, which in the reasonable opinion of the Underwriter has or is likely to have a material adverse effect;
- (xii) a statement in the documents relating to the Offer is untrue, misleading or deceptive or there is an omission from the such documents of information required by the Corporations Act or the Listing Rules; or
- (xiii) the Company withdraws the Offer.

The Underwriter will be paid:

- (a) an underwriting fee equal to 2% of the proceeds of the Offer; and
- (b) a management fee equal to 3% of the proceeds of the Offer.

In addition to the above fees, the Company must pay all proper and reasonable costs, professional fees and expenses of and incidental to the Offer incurred by the Underwriter.

5.7 Sub-Underwriting Agreement

Adcock Private Equity and the Underwriter have entered into the Sub-Underwriting Agreement under which Adcock Private Equity has agreed to fully sub-underwrite the Offer.

Under the Sub-Underwriting Agreement, the Underwriter will pay to the Sub-Underwriter, a sub-underwriting fee of 2% of the number of New Shares taken up by the Sub-Underwriter multiplied by the Issue Price.

If the Underwriter terminates its obligations under the Offer (for whatever reason), then the obligations of Adcock Private Equity under the Sub-Underwriting Agreement will also terminate immediately.

The Sub-Underwriting Agreement contains customary acknowledgements and indemnities in favour of the Underwriter.

The Sub-Underwriter has no right to terminate the Sub-Underwriting Agreement. The Sub-Underwriting Agreement is otherwise on terms and conditions that are customary for an agreement of its nature.

5.8 Macquarie Loan Sale Agreement

On 19 February 2016, the Company entered into the Macquarie Bank Agreement pursuant to which Macquarie agreed to purchase a \$5 million Loan Portfolio from DM Finance and provide certain services.

The Company has already received benefit from these services and hopes to establish significant loan funding arrangements with other Australian financial institutions in the short to medium term.

A copy of the announcement is available at www.asx.com.au.

For the purposes of this Offer Document, the Company provides the following further information regarding the terms of the Macquarie Bank Agreement.

Key Terms

- Macquarie (via a custodian agent, OMIF) has full title and risk to the Loan Portfolio.
- The Company is responsible for managing the Loan Portfolio during the term of the Macquarie Bank Agreement. The Company will be paid a monthly fee of 1.5% per annum (plus GST).
- Macquarie has agreed to provide ongoing advisory services to the Company regarding debt capital markets.

Fee Structure

- In relation to the above, DirectMoney has agreed to pay fees to Macquarie in five tranches.
- Tranche 1 was paid at completion of the transaction in Shares issued at a price of \$0.0854 for 5,854,800 Shares (see ASX release 25 Feb 2016).
- Tranches 2, 3 and 4 are expected to be paid in the second half of 2016 when the Loan Funding Facilities are expected to be closed and the Company transfers the Loan Portfolio from Macquarie to those two financial institutions. Assuming a transfer of the Loan Portfolio occurs on around November 2016 and assuming a VWAP trading price of Shares at that time of \$0.05 per Share, the total Shares issued to Macquarie will be

approximately 25,000,000. The actual number of Shares to be issued will of course depend on the actual VWAP trading price of the Company at that time.

- If DirectMoney and Macquarie are not able to negotiate and close the proposed Loan Funding Facilities and transfer the Loan Portfolio in November 2016 the fees and Shares due to Macquarie will increase, in line with a formula linked to the outstanding, declining balance of the Loan Portfolio.
- A Tranche 5 fee of \$500,000 less all upfront fees Macquarie has earned on structuring and executing Loan Funding Facilities for the Company may also apply in February 2019. However, this fee will not be payable if negotiations with respect to the Loan Funding Facilities are finalised as planned. As such, no Shares are expected to be issued under Tranche 5 if these negotiations are finalised.

Cap on Share issue

- The Company has the ability to cap the number of Shares issued to Macquarie under the fee arrangements above at 10% of the Shares outstanding at the time of issue, and pay any residual amount in cash.
- Macquarie also has the ability to limit the maximum amount of Shares received at 15% of the Company's outstanding Shares.

Right to Call

- DirectMoney has a right to "call" the remaining balance of the Loan Portfolio from Macquarie any time after 6 months. This has the effect of capping the dollar fee obligation.

5.9 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your Application once it has been accepted.

5.10 Rounding of Entitlements

Where fractions arise in the calculation of an Entitlement, they will be rounded up to the nearest whole number of New Shares.

5.11 No guarantees of future performance

Neither DirectMoney, the Underwriter and its representatives nor any other person, warrants or guarantees the future performance of DirectMoney or any return on any investment made under this Offer.

5.12 No investment advice

This Offer Document does not constitute financial product advice and has been prepared without taking into account Eligible Shareholders' investment objectives, financial circumstances or particular needs. The Offer Document does not purport to contain all the information that Eligible Shareholders may require to make an informed investment decision regarding, or about the rights attaching to, the New Shares. Before deciding whether to apply for New Shares, each Eligible Shareholder should consider whether DirectMoney is a suitable investment for them in light of their own investment objectives and financial circumstances and should seek professional advice from their accountant, stockbroker,

lawyer or other professional adviser before deciding whether or not to invest.

5.13 Information Availability & Enquiries

Eligible Shareholders in Australia, New Zealand and United Kingdom can obtain a copy of the information in this Offer Document during the period of the Offer via the Company's website at www.directmoney.com.au or by calling Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) at any time from 8.30am to 5.00pm (AEST) Monday to Friday.

Persons who access an electronic version of this Offer Document should ensure that they download and read the entire Offer Document. The electronic version of this Offer Document on the Company's website will not include an Acceptance Form.

A replacement Acceptance Form can be requested by calling Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) at any time from 8.30am to 5.00pm (AEST) Monday to Friday.

5.14 Taxation

The potential tax effects of participating in the Offer will vary between investors. All investors should satisfy themselves of any possible tax consequences by consulting their own professional tax adviser before deciding whether or not to participate in the Offer.

5.15 Governing Law

This Offer Document, the Offer and the contracts formed on acceptance of the Acceptance Forms or payment via BPAY® are governed by the laws applicable in New South Wales, Australia. Each Applicant for New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

5.16 Privacy

If you complete an Acceptance Form, you will be providing personal information to the Company (directly or through the Share Registry). The Company collects, holds and will use that information to assess your Application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

Shareholders can access, correct and update the personal information that is held about them, by contacting the Share Registry.

Collection, maintenance and disclosure of certain personal information is governed by legislation, including the *Privacy Act 1988* (Cth) and the Corporations Act. You should note that if all information required on the Acceptance Form is not provided, the Company may not be able to accept or process your Application.

6. Risk factors

6.1 Overview

An investment in the Company exposes Applicants to certain risk factors.

The business of the Company and the industry in which it operates are subject to risk factors both of a general nature and risks which are specific to the industry and/or the Company's business activities.

The potential effect of these risk factors either individually, or in combination, may have an adverse effect on the future financial and operating performance of the Company, its financial position, its prospects and the value of the Shares.

Accordingly, the New Shares offered under this Offer should be considered highly speculative.

This Section describes what the Company considers to be the key risks associated with an investment in the Company. You should carefully consider these factors in light of your personal circumstances and seek professional advice from your stockbroker, accountant, lawyer or other professional adviser before deciding whether to invest.

This Section should not be considered to be an exhaustive list of every possible risk associated with an investment in the Company. The types of risks the Company is exposed to can change over time and vary with changes in economic, technological, environmental and regulatory conditions generally within the industry in which the Company operates.

6.2 Company Specific Risks

The following are the key risks that specifically relate to an investment in the Company.

(a) Failure of DirectMoney's business model

Although DirectMoney believes its operations and business model will be successful, especially considering DirectMoney's early successful operations to date, any number of factors could adversely affect DirectMoney's future operations and business model and no assurance can be given that the Company will be successful.

A key factor for DirectMoney in fully developing its operations and business model is to increase its ability to source third party funding and sell loans (including via the DirectMoney Personal Loan Fund). While the Company believes it is making strong progress in this area, this is an important component of the business model which the Company is continuing to seek to develop. Please refer to paragraph (g) for further information.

(b) Credit Risk

As a lending business, DirectMoney is at risk of a larger than expected number of its borrowers failing or becoming unable to repay their loans. While loans are assessed according to a strict Credit Policy and Credit Manual as well as being targeted at prime retail borrowers (not 'payday' lending customers), the loans are unsecured and so are subject to the capacity of the individual borrower to repay the loan.

(c) Inability to recover defaulted loans

If a borrower does not meet their required loan payments and the loan goes into default, the Company may not be able to recover the relevant portion of the value of the loan or the cost of recovery of the loan may be deemed to be greater than the amount potentially recoverable, even if the borrower owns assets such as a house. In this case the loan may be written off as a bad debt. High levels of bad debts could limit DirectMoney's profitability and adversely affect its future performance. DirectMoney mitigates this risk by approving loans according to a strict credit criteria.

(d) Fraudulent borrowers

There is a general ongoing risk that borrowers may deliberately fabricate evidence to support loan applications and they have no intention of paying off their loan. DirectMoney has procedures in place to detect fraudulent applications and activities, however the risk of fraud cannot be totally removed. DirectMoney has been the subject of a borrower fraud before and these events allowed the Company to learn and adjust procedures to minimise such risk

(e) Personal Loans are unsecured

DirectMoney's Personal Loans are issued on an unsecured basis. DirectMoney's reputation and financial position could be adversely impacted if the Company's targeted credit performance of its loan book is not met and collections and debt recovery procedures prove less than effective.

(f) Costs of acquiring loans

DirectMoney's business model and on-going commercial viability is directly linked to its ability to attract suitable borrowers and increase the volume of loans funded and managed by DirectMoney. DirectMoney has built its existing loan volumes using a mix of direct channel marketing (using search engine marketing and media advertising) and developing relationships with mortgage and finance brokers to introduce loans. The Company has forecast the future costs of acquiring loans in the desired volumes however these costs are subject to market forces and cannot be predicted with certainty.

(g) Ability to source third party funding and sell loans

DirectMoney's business model and on-going commercial viability is strongly linked to its ability to source sufficient third party funding to enable it to sell its loans and raise the funds to lend to potential borrowers.

DirectMoney seeks to manage this risk by establishing multiple sources of loan buyers. The Company seeks to on-sell loans to the DirectMoney Personal Loan Fund (subject to that fund having sufficient funds available) and to institutional loan buyers. The Company sold a \$5 million parcel of loans to Macquarie Bank Limited in February 2016. The Company is also currently in the process of negotiating other, larger loan sale facilities with Australian financial institutions.

The Company has estimated the timing and the costs associated with establishing and managing proposed loan sale arrangements of various kinds however these facilities are not guaranteed to be established and the eventual costs cannot be forecast with certainty.

(h) Concentration risk

DirectMoney only writes unsecured personal loans in amounts from \$5,000 to \$35,000.

DirectMoney is focussed on this product because of the size of the addressable market and the

high margins available however the Company is exposed to any change in market conditions which negatively impacts the demand and competitive pricing of this specific type of loan.

(i) Reliance on key personnel

The responsibility of overseeing the operations and the strategic management of DirectMoney depends on senior management and its key personnel. There can be no assurance that there will be no detrimental impact on DirectMoney if key personnel cease their employment.

(j) Operational constraints

DirectMoney's business objectives include developing a scalable, efficient set of operational procedures for assessing and approving the targeted volume of loans and managing the portfolio of loans it holds on its balance sheet and those loans placed with third parties such as the DirectMoney Personal Loan Fund and institutional loan buyers.

Whilst DirectMoney has made significant progress since listing in establishing an efficient loan processing platform there is a risk the Company does not achieve its objective or does not achieve it in a timely or cost effective manner.

(k) Future capital needs and additional funding

The funding of any further ongoing capital requirements beyond the requirements set out in this Offer Document will depend upon a number of factors, including the extent of the Company's ability to generate income which the Company cannot forecast with a high degree of certainty.

Any additional equity financing would be dilutive to shareholders, and other financing, if available, may involve restrictions on financing or operating activities. If the Company is not able to obtain additional financing as needed, it may not be able to take advantage of opportunities or fully realise its business plan. Further, the Company may be required to reduce the scope of its operations, which may affect the Company's ability to continue as a going concern.

(l) Potential undisclosed liabilities

There may be liabilities that the Company fails or is unable to discover in due diligence regarding this Offer. The discovery of any material undisclosed liabilities could have a material adverse effect on the Company's future business, financial condition and future prospects.

(m) Contractual risk

DirectMoney's operations are underpinned by various material commercial agreements and its success is to a large extent reliant on the various counterparties fulfilling their respective obligations under those agreements. To the extent that this does not occur, DirectMoney may be adversely affected.

(n) Information technology risk

There are risks associated with reliance on information technology, including technology failure interrupting the availability of services, data or information loss, or data or information theft. The DirectMoney online platform and website, through which borrowers and introducers can apply for loans, may be the subject of malicious or criminal attacks, such as hacking or denial of service attacks. Such activity could impact on DirectMoney's reputation and its ability to source and sell loans.

(o) Documentation risk

DirectMoney is a party to a number of legal documents, including loan documents with borrowers and loan sale and security documents with loan buyers. If there is any deficiency in such documents, it could adversely affect DirectMoney and its rights and liabilities under such arrangements.

(p) February 2016 Cleansing Notice

DirectMoney issued a cleansing notice on 25 February 2016 in relation to the issue of Shares to Macquarie Bank for the purposes of the Macquarie Bank Agreement. As referred to in the ASX announcement made by the Company on 3 June 2016, the Company was not in a position to issue this notice due to one aspect of section 708(5)(e) of the Corporations Act not being complied with at that time – non-quotation of DirectMoney shares for not more than five days in the last 12 months, given that the Company had not been trading for more than 12 months since its backdoor listing transaction in July 2015. All other aspects of the cleansing notice were correct, however, the release of a cleansing notice for the issue of these Shares was not permitted. The Company has advised Macquarie Bank of the above and Macquarie Bank has confirmed that they have not traded the Shares since their issue. As at the date of this Offer Document, the Company does not believe any other implications will arise as a result of this notice, however, if any additional implications do arise, the Company may be adversely affected.

6.2 Industry Specific Risks

Key risks that relate specifically to the marketplace lending industry in Australia in which the Company operates are presented below.

(a) Competition

DirectMoney and other participants in the marketplace lending industry seek to undercut the interest rates offered for unsecured personal loans by the large banks who we understand dominate the personal loan lending sector. DirectMoney's profitability could be affected if the banks respond to competitive pressure by reducing their personal loan interest rates or by increasing their efforts to retain high market share through marketing and customer retention strategies.

DirectMoney hopes to see significant retail investor interest develop in the DirectMoney Personal Loan Fund into the future, following the recent re-launch of the fund. DirectMoney is exposed to other fund providers rolling out competitive investment products which may diminish the attractiveness of the DirectMoney Personal Loan Fund.

(b) Regulation

The Company is exposed to the risk of changes to applicable laws and/or regulations and/or their interpretation which have a negative impact on the Company. The regulators have recently issued a guideline paper on the Australian marketplace lending industry and we expect will continue to monitor the development of the industry carefully.

(c) Licensing risk

The Company holds an Australian Financial Services Licence (AFSL Number: 458572) and an Australian Credit Licence (ACL Number: 458572). If the Company's Australian Financial Services Licence or its Australian Credit Licence was suspended or revoked for any reason this would

likely materially adversely impact the operations of the Company. DirectMoney mitigates this risk by paying careful attention to all matters of compliance and these licences.

(d) Compliance with regulated loans

DirectMoney is required to comply with certain responsible lending obligations, and other obligations, including under the NCCP. DirectMoney may be affected if it fails to comply with its obligations under these regulations.

(e) Economic conditions

If the Australian economy enters into a recessionary phase there is a risk that the Company's loan book could suffer a higher levels of defaults than anticipated due to borrower unemployment or other forms of financial hardship.

(e) Interest rates

DirectMoney is exposed to changes in the level of Australian interest rates. Higher interest rates may mean existing loans held on balance sheet are less attractive to investors, who may be more attracted by other higher interest products elsewhere. This is mitigated by new loans being written at higher rates. Lower interest rates means existing loans held on balance sheet are more attractive to loan investors, however DirectMoney will receive lower interest amounts on new loans held on balance sheet.

6.3 General Investment Risks

The value of securities listed on securities exchanges can change considerably over time and the value of your investment can increase and decrease with the value of the security. As with most investments, performance is not guaranteed. These risks may result in loss of all or part of the principal invested.

You can do some things to reduce the impact of risk. Firstly, get professional advice suited to your investment objectives, financial situation and particular needs. Secondly, invest for at least the time frame recommended by your professional adviser.

Applicants are strongly advised to regard an investment in the Company as speculative and a long-term proposition. The Company does not guarantee the return of capital, any rate of return in terms of income or capital gain or investment performance of the Company.

General investment risks include:

(a) Market risk

Share prices and equity investment returns are influenced by market factors. These factors include the change in the economic, legislative and political environment, as well as changes in investor sentiment. In addition, exogenous shocks, natural disasters and acts of terrorism can (and sometimes do) add to equity market volatility as well as impact directly on individual entities.

(b) Liquidity risk

The Company is a listed entity, however the ability to buy and sell Shares is a function of the appetite and availability of buyers and sellers at a given point in time. An investor in the Company may not be able to buy or sell DirectMoney shares in the desired quantity.

(c) Taxation risk

Tax laws (including Australian tax laws) are in a continual state of change and reform that may affect the Company and its shareholders.

Tax liabilities are the responsibility of each individual shareholder. The Company is not responsible either for taxation or penalties incurred by shareholders. Shareholders should consult their own taxation advisers to ascertain the tax implications of their investment under the Offer.

(d) Force majeure risk

Force majeure is a term generally used to refer to an event beyond the control of a party claiming that the event has occurred, including acts of God, acts of terrorism, fire, flood, earthquakes, war and strikes. The Company does not have insurance for all force majeure risks, some of which are, in any event, uninsurable. To the extent that any such risks occur, there may be an adverse effect on the operations and profitability of the Company's business.

7. Eligible Shareholder Declarations

If you make an Application, you will be taken to make the following declarations to the Company:

- (a) you have read and understand this Offer Document and your personalised Acceptance Form in their entirety;
- (b) you agree to be bound by the terms and conditions of the Offer, the provisions of this Offer Document and the accompanying Acceptance Form, and the Company's constitution;
- (c) you authorise the Company to register you as the holder(s) of New Shares allotted to you;
- (d) all details and statements in the personalised Acceptance Form are complete and accurate;
- (e) you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the personalised Acceptance Form;
- (f) once the Company receives your personalised Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw your Application or funds provided except as allowed by law;
- (g) you agree to apply for and be issued up to the number of New Shares specified in the personalised Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY®, at the Offer Price per New Share;
- (h) you authorise the Company, the Underwriter, the Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your personalised Acceptance Form;
- (i) you declare that you are the registered holder(s) at the Record Date of the Shares indicated on the personalised Acceptance Form as being held by you on the Record Date;
- (j) the information contained in this Offer Document and your personalised Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- (k) this Offer Document is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;
- (l) you acknowledge the statement of risks in the "Investment Risks" Section of this Offer Document, and that investments in the Company are subject to risks, not all of which are disclosed in Section 6;
- (m) you acknowledge that none of the Company or the Underwriter or their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the

- performance of the Company, nor do they guarantee the repayment of capital;
- (n) you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Offer and of your holding of Shares on the Record Date;
 - (o) you authorise the Company to correct any errors in your personalised Acceptance Form or other form provided by you;
 - (p) for the benefit of the Company, the Underwriter and their respective related bodies corporate and affiliates, you are not an Ineligible Shareholder and you are eligible to participate in the Offer;
 - (q) the law of any place does not prohibit you from being given this Offer Document and the personalised Acceptance Form, nor does it prohibit you from making an Application for New Shares and that you are otherwise eligible to participate in the Offer;
 - (s) you are an Eligible Shareholder and are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Offer;
 - (t) you acknowledge that the New Shares have not been, and will not be, registered under the Securities Act of 1933 (US) and may not be offered or sold, directly or indirectly, in the United States absent registration except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act of 1933 (US) and any other applicable securities laws;
 - (u) you have not and will not send any materials relating to the Offer to any person (including nominees or custodians) where to do so would breach applicable laws; and
 - (v) if in the future you decide to sell or otherwise transfer the New Shares, you will only do so in transactions where neither you nor any person acting on your behalf knows, or has reason to know, that the sale is illegal.

8. Glossary

Term	Meaning
\$	Australian dollars
Acceptance Form	The personalised Entitlement and Acceptance Form accompanying this Offer Document
Adcock Private Equity	Adcock Private Equity Pty Ltd ACN 137 476 843 as trustee for the Adcock Private Equity Trust
Additional New Shares	New Shares applied for by an Eligible Shareholder that are in excess of that Eligible Shareholder's Entitlement
AEST	Australian Eastern Standard Time
Applicant	A person who has applied to subscribe for New Shares under the Offer
Application	A completed Acceptance Form submitted by an Eligible Shareholder
Application Money	The aggregate money payable for New Shares (including any Additional New Shares) applied for by an Applicant
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ABN 98 008 624 691) or the financial market operated by it
Company or DirectMoney	DirectMoney Limited ACN 004 661 205
Corporations Act	The Corporations Act 2001 (Cth)
Director	a director of the Company.
DM Finance	DirectMoney Finance Pty Limited ACN 119 503 221 (a wholly-owned subsidiary of DirectMoney)
Eligible Shareholder	A Shareholder at the Record Date who is not an Ineligible Shareholder
Entitlement	The number of New Shares that an Eligible Shareholder is entitled to apply for under the Offer (on the basis of 1 New Share for every 2 Shares held on the Record Date)
Ex Date	5 July 2016
Ineligible Shareholder	A Shareholder at the Record Date who: <ul style="list-style-type: none"> (a) has a registered address which is not in Australia or New Zealand or in the United Kingdom; (b) is in the United States or is a U.S. Person or acting for the account or benefit of a U.S. Person; or is ineligible under any applicable securities laws to receive an offer under the Offer.
Issue Date	The Issue Date referred to in Section 2

Term	Meaning
Listing Rules	The official listing rules of the ASX, as amended from time to time
Loan Funding Facilities	The loan funding facilities currently being negotiated with two financial institutions as detailed in the Company's ASX announcement on 23 June 2016
Loan Portfolio	the A\$5 million portfolio of personal loans originated by the Company and purchased by Macquarie via its OMIF (as custodian) from DM Finance
Macquarie	Macquarie Bank Limited ABN 46 008 583 542
Macquarie Bank Agreement	The Loan Sale and Management Deed entered into between the Company and Macquarie Bank Limited on 19 February 2016 as described in Section 5.8
Macquarie Facility	The Loan Purchase Facility provided by Macquarie under the Macquarie Bank Agreement
NCCP	means the <i>National Consumer Credit Protection Act 2009</i> (Cth), including the National Credit Code and National Consumer Protection Regulations.
New Share	A new share to be issued under the Offer (including under the Shortfall Facility)
Offer	1 for 2 pro-rata non-renounceable rights issue of New Shares at an offer price of \$0.042 per New Share.
Offer Document	This offer Document in relation to the Offer
Offer Price	\$0.042 (4.2 cents)
OMIF	One Managed Investment Funds Limited ACN 117 400 987
Performance Rights	Rights held by Directors and Officers of the Company which provided the holder with a grant of Shares in the Company as described in Section 3.9
Record Date	7.00pm (AEST) on 6 July 2016
Shareholder	A holder of a Share
Share Registry	Computershare Investor Services Pty Limited
Share	fully paid ordinary shares in the capital of the Company
Shortfall or Shortfall Shares	Those New Shares offered under the Offer which are not subscribed for by Eligible Shareholders (including under their Entitlements, together with any application for Additional New Shares)
Shortfall Facility	The Shortfall facility described in Section 3
Sub-Underwriter	Adcock Private Equity Pty Ltd ACN 137 476 843
Underwriter	Bell Potter Securities Limited ACN 006 390 772

Term	Meaning
U.S. Person	As defined in Regulation S under the U.S. Securities Act
U.S. Securities Act	U.S. Securities Act of 1933 (as amended)
VWAP	The average price of shares over a defined period weighted by the volume traded at each price

Annexure 1 – ASX Announcement

ASX/MEDIA RELEASE

Sydney, 1 July 2016

DIRECTMONEY ANNOUNCES 1 for 2 NON RENOUNCEABLE UNDERWRITTEN RIGHTS ISSUE

DirectMoney Limited (ASX: DM1) (**DirectMoney** or the **Company**) operates a marketplace lending business writing prime unsecured personal loans for 3 and 5 year maturities to Australian consumers then on-selling these loans to either the DirectMoney Personal Loan Fund (ARSN 602 325 608) or to institutional and wholesale investors.

The Company is pleased to announce that it is offering Eligible Shareholders the opportunity to participate in a pro-rata non-renounceable offer of one (1) New Share for every two (2) existing Shares held at an issue price of \$0.042 (4.2c) per New Share to raise up to approximately \$5,706,706 (before costs and fees) (**Offer**).

The Offer is fully underwritten by Bell Potter Securities Limited (**Underwriter**). The Offer is fully sub-underwritten by Adcock Private Equity Pty Ltd, a major shareholder of the Company.

Details of the underwriting agreements and the potential impact on the control of the Company under the Offer (and the underwriting and sub-underwriting arrangements) are provided in the Offer Document which will be dispatched to Shareholders in accordance with the timetable below.

The Offer will be made to Eligible Shareholders, being those shareholders with a registered address in Australia, New Zealand and the United Kingdom on the Record Date.

Eligible Shareholders will also be entitled to apply for New Shares in excess of their Entitlement.

Use of Funds

The Company intends to apply the funds to support key business objectives and growth projects. Specifically, it is anticipated that the proceeds of the Offer will be applied in the following manner:

Proposed Use of Funds	
Marketing of the DirectMoney Personal Loan Fund for next 12 months	\$300,000
Additional lending to approved loan applicants	\$2,000,000
Available capital to use as collateral for proposed future loan sale transactions to major Australian financial institutions	\$1,000,000
Costs of BDM and Broker support and broker channel marketing for next 12 months	\$250,000
General working capital	\$1,767,706
Costs of the Offer	\$400,000
Total	\$5,707,706

Full details of the Offer are contained in the Offer Document, to be lodged on the ASX and mailed to Eligible Shareholders in accordance with the timetable below.

Offer Indicative Timetable*

Event	Date
Lodgement of Announcement, Offer Document, Investor Presentation, Cleansing Notice and Appendix 3B	1 July 2016
Notification of Offer dispatched to Shareholders	4 July 2016
Ex-date - date from which Shares commence trading without Entitlement	5 July 2016
Record Date for determining Entitlements of Eligible Shareholders to participate in the Offer	7.00pm (Sydney time) on 6 July 2016
Dispatch of Offer Document and personalised Acceptance Forms to Eligible Shareholders and announcement of completion of dispatch	11 July 2016
Offer Opening Date	11 July 2016
Offer Closing Date	5.00pm (Sydney time) on 22 July 2016
New Shares quoted on ASX on a deferred settlement basis	25 July 2016
Shortfall Notification Date	27 July 2016
Issue Date (excluding Shortfall)	29 July 2016
Shortfall Subscription Date	By no later than 15 Business Days after the Offer Closing Date

*timetable is indicative only and subject to change.

-ENDS-

For further information please contact:
 Peter Beaumont
 Chief Executive Officer, DirectMoney Limited
 +612 9252 2888
pbeaumont@directmoney.com.au

About DirectMoney Limited

DirectMoney is a pioneer in the rapidly growing Australian marketplace lending industry. DirectMoney connects borrowers and investors by leveraging technology and partnerships. We offer competitive interest rates and terms on personal loans for borrowers and provide innovative structures for retail and institutional investors to invest in these loans. We strive to deliver Australians better financial choice and improved investment outcomes.

Annexure 2 – Investor Presentation



A BETTER DEAL FOR BORROWERS AND INVESTORS

INVESTOR PRESENTATION : 1 July 2016

DIRECTMONEY LIMITED (ASX: DM1)

DirectMoney (ASX: DM1) provides exposure to the fast growing Australian fintech sector

- ✓ **Large addressable market** – ~\$90b consumer credit market with Australian banks continuing to earn a wide net interest rate margin
- ✓ **Established, listed early mover** – We are a listed entity with a disruptive business model. We have invested in IT, loan origination channels and credit processes and have grown loan volumes steadily since listing
- ✓ **Proprietary technology platform** – Mobile-enabled, online loan processing platform, integrated with 3rd party credit and data suppliers and developed in-house. We are not hostage to the timelines of third party consultants and IT developers
- ✓ **Strong loan origination channels** – Agreements established with major independent broker aggregators provides access to 5,000+ brokers, ~500 accredited to date. Direct marketing tactics drive online loan acquisition.
- ✓ **DirectMoney Personal Loan Fund** – A retail-approved, managed fund with 12 months of track record which provides an attractive channel for the Company to make future loan sales
- ✓ **Institutional loan funding** – \$5m loan sale to Macquarie Bank and advisory services retained. Term-sheets for funding facilities of \$20 to \$50 million being negotiated with two major institutional loan buyers
- ✓ **Strong credit focus** – Credit team applies a strict Credit Policy and Credit Manual aimed at producing a low level of loan losses

“ Alternative finance is one of the fastest-growing sectors of the global financial services industry, with 2015 witnessing an unprecedented level of funding. Asian fintech start-ups had a record year for investment activity, raising a total of USD\$4.5 billion”

Ian Pollari, Global Co-Lead of Fintech, KPMG

“Harnessing Potential, Asia Pacific Alternative Finance Benchmark Report”, March 2016

DirectMoney aims to create shareholder value by connecting borrowers with investors and delivering a better deal for both

For Borrowers

- ✓ Unsecured, prime personal loans for any reasonable purpose
- ✓ Online application with fast settlement
- ✓ \$5,000 to \$35,000
- ✓ Fixed monthly payments
- ✓ Three year or five year terms
- ✓ Risk based pricing based on the credit parameters of each applicant
- ✓ Rates currently ranging from 8.5% to 19.95% pa.
- ✓ No exit fees
- ✓ Accessible and flexible after-sale servicing team



For Investors

- ✓ Institutional loan buyers can underwrite loans directly off the DirectMoney platform or purchase after seasoning
- ✓ DirectMoney Personal Loan Fund targets a return of RBA Cash rate plus 5 to 5.5% for retail investors
- ✓ Loans written since 1 July 2015 have an average Veda credit score¹ of 706
- ✓ All loans are assessed and approved as per credit policy and in compliance with NCCP
- ✓ Average written interest rate since commencing lending in 2014 of 12.7%
- ✓ Target loss rates of 2% to 4% per annum

1. Veda score Negative 1.1

DirectMoney – an ASX-listed consumer-focussed marketplace lender

- ✓ We are a disruptive, technology-enabled, financial intermediary
- ✓ Licensed and regulated credit provider and fund manager (Australian Credit License and Australian Financial Services License)
- ✓ We write unsecured personal loans, in amounts of \$5,000 to \$35,000 for terms of 3 or 5 years to Australian consumers who meet our credit criteria and then on-sell these loans to retail, wholesale and institutional investors
- ✓ Commenced business in 2014 and listed 13 July 2015
- ✓ Leadership team has a combined 100+ years of experience in finance, technology and fund management

“ Our VISION is to become Australia’s most respected and innovative marketplace lender accounting for a growing share of the \$90 billion unsecured consumer credit market and with \$500 million of personal loan assets under management ”

1. Includes 139,439,653 shares escrowed until July 2017 .

2. Figures shown for 31 May 16 are unaudited management accounts.

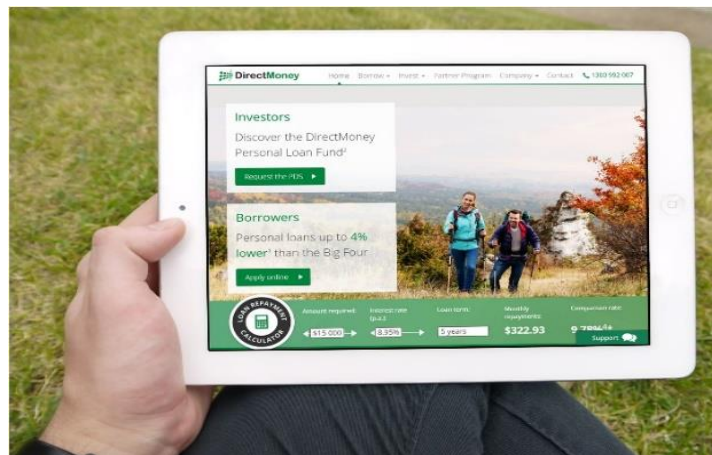
3. Note issued to the Adcock Group Super Pty Ltd prior to listing which is secured by ~\$1m of loans and is non-recourse to DirectMoney Limited.

Notable Shareholders	%
Adcock group	23.4
David Doust	10.6
P2P Global Investments	4.4
Liberum Capital	2.4
Macquarie Bank	2.1

Selected Financials	
Share price (27 Jun 16)	\$0.05
Shares on issue ¹	271m
Market Capitalisation (27 Jun 16)	\$13.6m
Cash (31 May 16) ²	\$1.46m
Total Assets (31 May 16) ²	\$9.83m
Non recourse note ³ (31 May 16)	\$1.0m
Net Assets (31 May 16) ²	\$8.34m

DirectMoney intends to raise \$5.707m via a non-renounceable 1 for 2 Rights Issue

- ✓ Eligible Shareholders have the right to purchase 1 new share for every 2 existing shares held at the date of record at \$0.042 per share
- ✓ Bell Potter Securities are underwriting the issue 100% with Adcock Private Equity providing sub-underwriting
- ✓ To the extent entitlements are not taken up, a Shortfall Facility allows the available new shares to be placed to third parties at the discretion of the Company in conjunction with the underwriter



Use of Funds ¹	\$ 000's
Marketing of the DirectMoney Personal Fund over 12 months	300
Support of Loan Funding Facilities	1,000
Additional Lending	2,000
Business development in broker channel	250
Working Capital	1,767
Cost of the issue (U/W fee, legal)	390
Total	5,707

1. More information regarding the Use of Funds is provided on the following pages

DirectMoney can mobilise capital and earn revenue via loan sales to the Fund


- ✓ **This Rights Issue provides funding for a structured marketing campaign for the DirectMoney Personal Loan Fund to independent advisors and direct to investors via TV, radio and other media**
- ✓ The Fund offers retail and wholesale investors :
 1. *Loans with a credit quality determined by DirectMoney's approved lending criteria*
 2. *Exposure to a pool of unsecured personal loans – not to any one individual loan*
 3. *Targeted return of the RBA Cash rate + 5 to 5.5% over a medium term horizon*
 4. *A structure designed to provide income return. The Fund returned unit holders 7.7% net of fees and provisions for credit over the previous 12 months*
 5. *Structured and orderly redemption arrangements*
- ✓ DirectMoney is the investment manager and loan servicer for the Fund. DirectMoney earns gross fees up to 2.75% p.a. on the outstanding balance of assets in the Fund

DirectMoney Personal Loan Fund*

An opportunity to participate in the returns generated by the large and profitable Australian consumer credit market.

ACTUAL RETURN %PA	TARGET RETURN	DISTRIBUTION FREQUENCY
7.7% [^]	RBA+5.5% <small>Cash Rate</small>	Monthly

[^] Unaudited performance - See full disclosure below for more details.
Past performance is not a reliable indicator of future performance. Investors should read the Product Disclosure Statement (PDS) to determine if the DirectMoney Personal Loan Fund (the Fund) is suitable for them. Investors should seek advice from an independent financial adviser.



DirectMoney plans to sell loans and mobilise capital via establishing one or more Loan Funding Facilities

- ✓ **This Rights Issue provides capital for DirectMoney to use as upfront collateral¹, if required, to establish Loan Funding Facilities with Australian financial institutions**
- ✓ DirectMoney has signed a non-binding Term Sheet with a major Australian financial institution regarding a \$20m Loan Funding Facility. DirectMoney is also in negotiations with another large financial institution regarding a similar, larger Loan Funding Facility.
- ✓ These facilities can provide:
 1. *\$20m - \$70m capacity with loan sales in tranches of \$5m*
 2. *3 years to 5 years facility term*
 3. *A 1.50% p.a. servicing fee paid to DirectMoney on all loans sold under the facility*
 4. *Incentives to write and on-sell loans that have good credit performance*
- ✓ These facilities provide the funding for DirectMoney to grow its lending volume and increase revenues in the medium term.
- ✓ Macquarie Bank is providing the Company with ongoing advisory services regarding debt capital markets

1. One of the two facilities being negotiated requires the Company to provide cash collateral. This collateral acts as security for the loan buyer against adverse credit performance of the loans. This collateral is returned to the Company during the life of the facility subject to the loan portfolio meeting agreed credit parameters

DirectMoney aims to expand loan volumes, especially by further expanding the broker channel developed since listing in July 2015

- ✓ **This Rights Issue allows DirectMoney to continue to add Broker Aggregator agreements, increase broker accreditations, increase active broker numbers and invest in additional IT integration**
- ✓ DirectMoney writes ~50% of its loans via introductions from mortgage and finance brokers. DirectMoney has quickly developed a strong presence amongst brokers since entering the channel in Sept 2015.
- ✓ DirectMoney has developed, and continues to develop, integration tools to enhance and simplify broker loan introductions and improve the broker's experience
- ✓ DirectMoney has access to ~5,000 brokers via existing Aggregator agreements, has accredited ~500 brokers and transacted with ~25% of these.
- ✓ DirectMoney's broker value proposition includes:
 1. *An attractive product that can create "stickiness" with existing mortgage and asset finance customers*
 2. *Personalized online application and document upload*
 3. *Broker manages the application process on behalf of their client*
 4. *Competitive broker financial incentives on settlement of a loan*
 5. *Personalized onboarding, accreditation and broker support*
 6. *Consistent loan assessment, approval and pricing methodology*

The timetable for the Rights issue is provided below

Event	Date
Announcement of Offer, lodgement of Appendix 3B and cleansing notice with ASX	1-Jul-16
Notice to Shareholders	4-Jul-16
Ex date	5-Jul-16
Record date (7.00 pm Sydney time) for determining entitlements of the Company's Eligible Shareholders under the Offer	6-Jul-16
Dispatch Offer Documents to shareholders and announce that Offer Documents have been dispatched	11-Jul-16
Opening Date	11-Jul-16
Closing Date (5.00 pm Sydney time)	22-Jul-16
Deferred Settlement trading commences	25-Jul-16
Shortfall Notification Date	27-Jul-16
Issue Date (excluding Shortfall)	29-Jul-16
Shortfall Issue Date	By no later than 15 Business Days after the Closing Date

DirectMoney has invested in building a proprietary IT platform that is 100% owned, flexible and adaptable to a fast changing marketplace

Proprietary Technology

- ✓ DirectMoney's in-house IT development strategy provides the Company with the flexibility to adapt our processes and workflows to rapidly meet the changing needs of clients, internal stakeholders and external service providers

Introducer integration

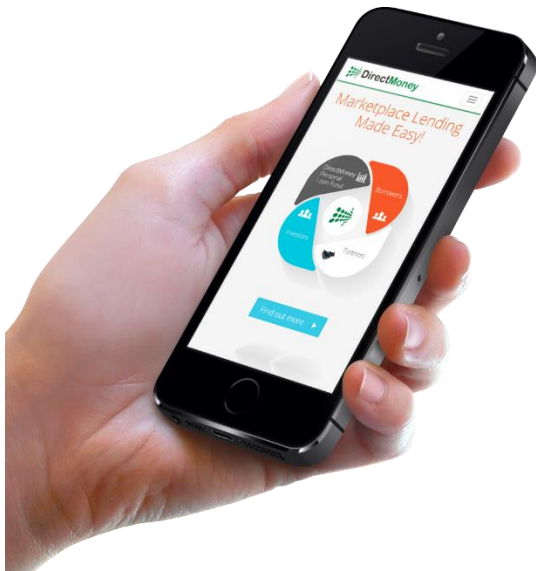
- ✓ DirectMoney has built the APIs to support the next phase of scalable growth which is expected to stem from real-time connectivity with loan introducers of all types, brokers and point-of-sale included

Cloud storage and security

- ✓ DirectMoney's data is stored on secure cloud based technology hosted by best-in-industry service providers. This strategy provides head room for secure, rapid growth in a cost effective manner

Leverages external real-time data

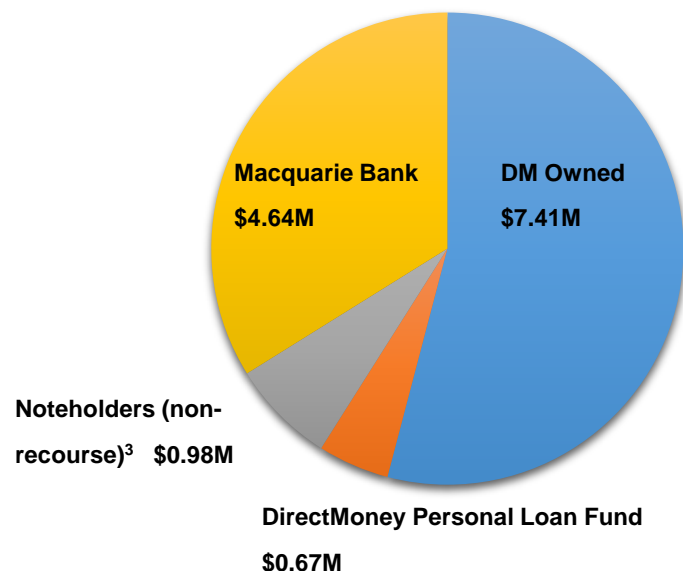
- ✓ IT integration with credit bureaus and third party data providers gives DirectMoney the real-time data necessary to process loan applications in a scalable, timely and accurate manner while facilitating automated risk based pricing



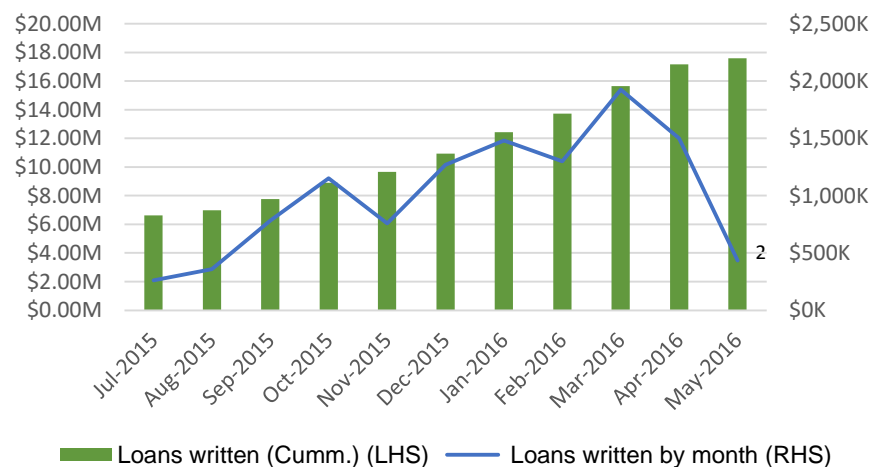
DirectMoney has steadily built loan volumes and loans under management

- ✓ Current loans owned by DirectMoney or under management total \$13.7m end May 2016
- ✓ Written 896 loans worth \$17.6m at average rate of 12.7% end May 2016
- ✓ Rights Issue is intended to support the next phase of growth

Total Current Loans ¹



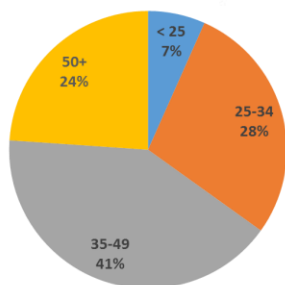
Cumulative Loan Volume vs Monthly Loan Volume



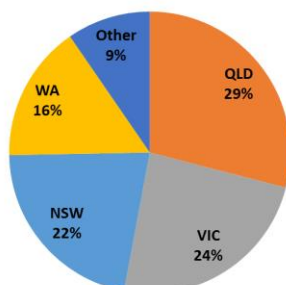
- ¹ Total Current Loans includes loans held by Macquarie Bank Limited (MBL), DirectMoney Personal Loan Fund (DMPLF), DirectMoney (DM Owned) & \$1m of loans supporting non-recourse notes. Includes the value of upfront loan establishment fees and broker origination fees that are included as part of the contracted borrowed amount.
- ² Lending in May 2016 was restricted due to delay in finalising loan funding facilities.
- ³ Note issued by 100% owned subsidiary DirectMoney Marketplace Limited (DMM) to a major shareholder, secured by \$1m of loans held by DMM.

Management is focussed on producing strong credit performance

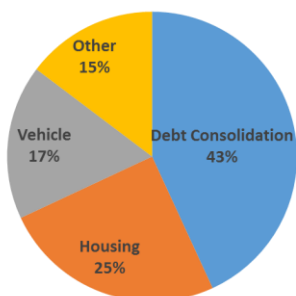
Age³



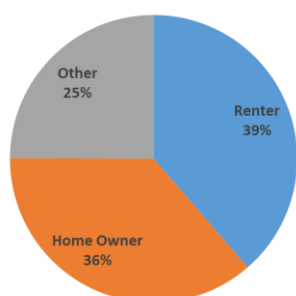
State/ locale³



Loan Purpose³



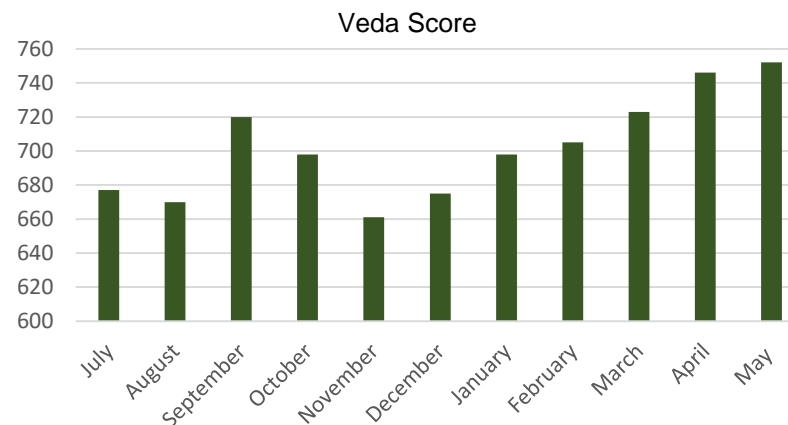
Residential Status³



Loan Impairment¹- by cohort since July 2015

Loan Cohort	No. of Loans	% of \$ funded
July – Sep 2015	1	2.0%
Oct – Dec 2015	2	1.0%
Jan – Mar 2016	1	0.5%
Apr – May 2016	0	0.0%

Average Veda ² score by month cohort



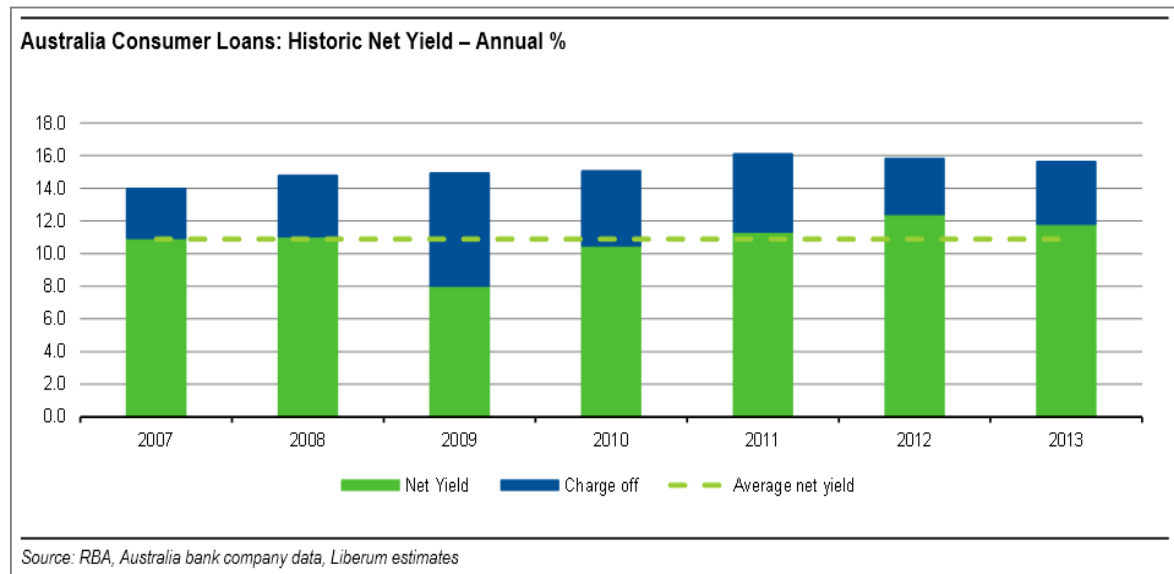
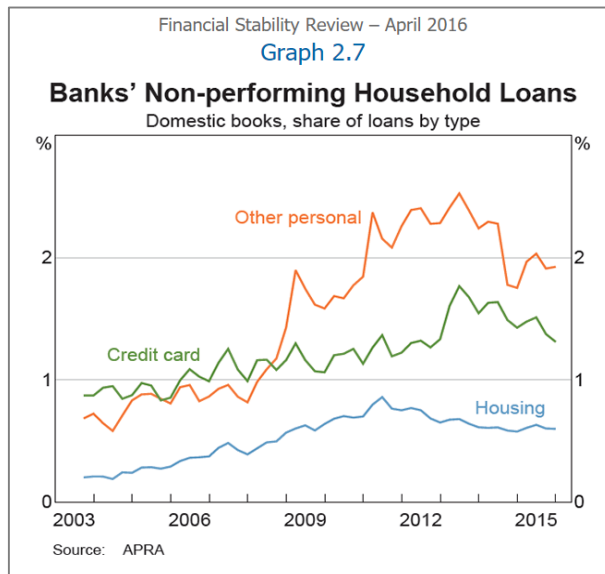
1. Loan Impairments are defined as loans with payments >60 days to 31 May 2016. There have been no bad debts written off from these cohorts

2. Veda Score is their negative 1.1 score

3. Data is unaudited and based on outstanding current loans written since 1 July 2015 to 30 April 2016

The consumer credit asset class has shown capital stability over past periods

- ✓ Australian bank's personal loan portfolios have produced low single digit non-performing loan percentages
- ✓ Australia consumer loans have generated positive net returns 2007 - 2013

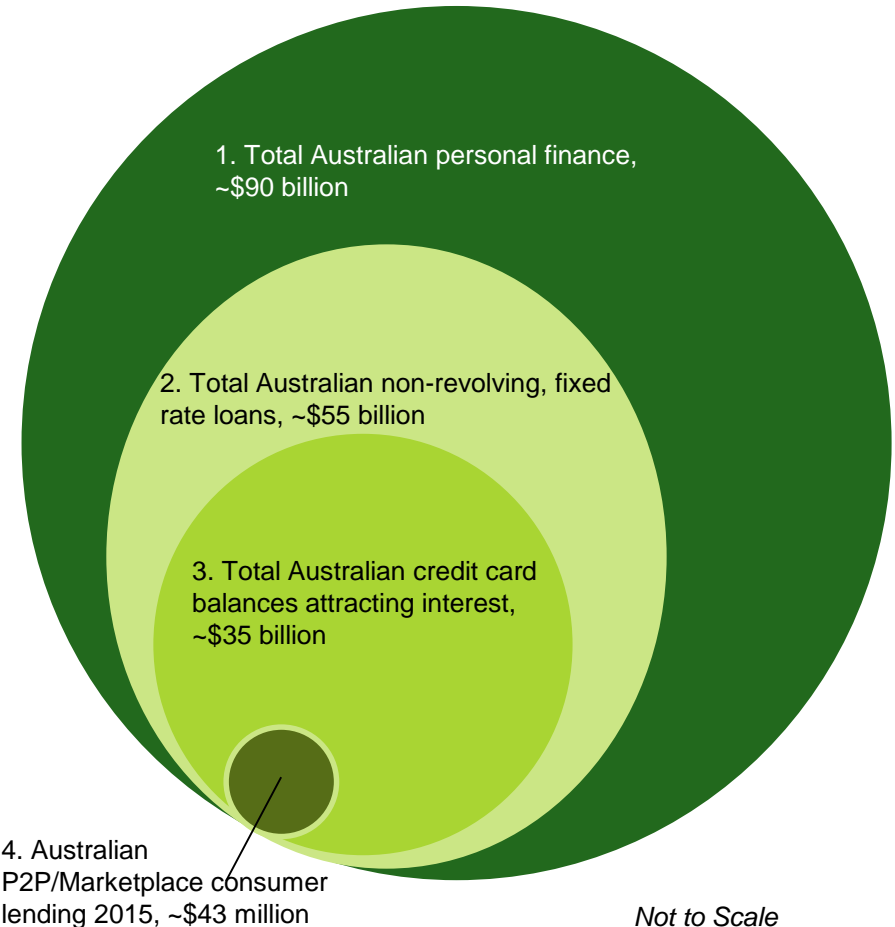


DirectMoney's aims to secure a share of the \$90b personal credit market

DirectMoney intends to drive a wedge into the wide margins enjoyed by the major personal loan lending institutions

DirectMoney seeks to differentiate via:

- ✓ Lending rates lower than major lenders
- ✓ 100% online, easy to apply
- ✓ No exit or administration fees
- ✓ Fast efficient assessment
- ✓ Expanding loan origination channels
- ✓ Strict credit process
- ✓ Flexible and adaptable workflows



Source

1., 2. & 3. ABS, *Lending Finance Time Series Data* March 2016

4. *Asia Pacific Alternative Finance Benchmarking report*, KPMG et al, March 2016

Revenue is derived from both borrowers and loan investors

- + Interest earned on loans held in on-balance sheet warehouse
- + Loan establishment fees charged to borrowers
- + Loan servicing and management fees paid by loan investors, 1.5% to 2.75% p.a.
- + Potential returns on investment in any future loan securitisation or loan structures

Loan origination strategies have traction

- Broker Aggregator partners include AFG, Finsure, LoanMarket, NFC, UFS, Smartline and a number of smaller, specialist firms
- 500+ brokers accredited to date and access to a network of over 5,000
- DirectMoney employs a variety of mass media and digital marketing strategies to acquire direct applications
- Point of Sale referrals are largely unexplored to date



Loan sale channels are being established

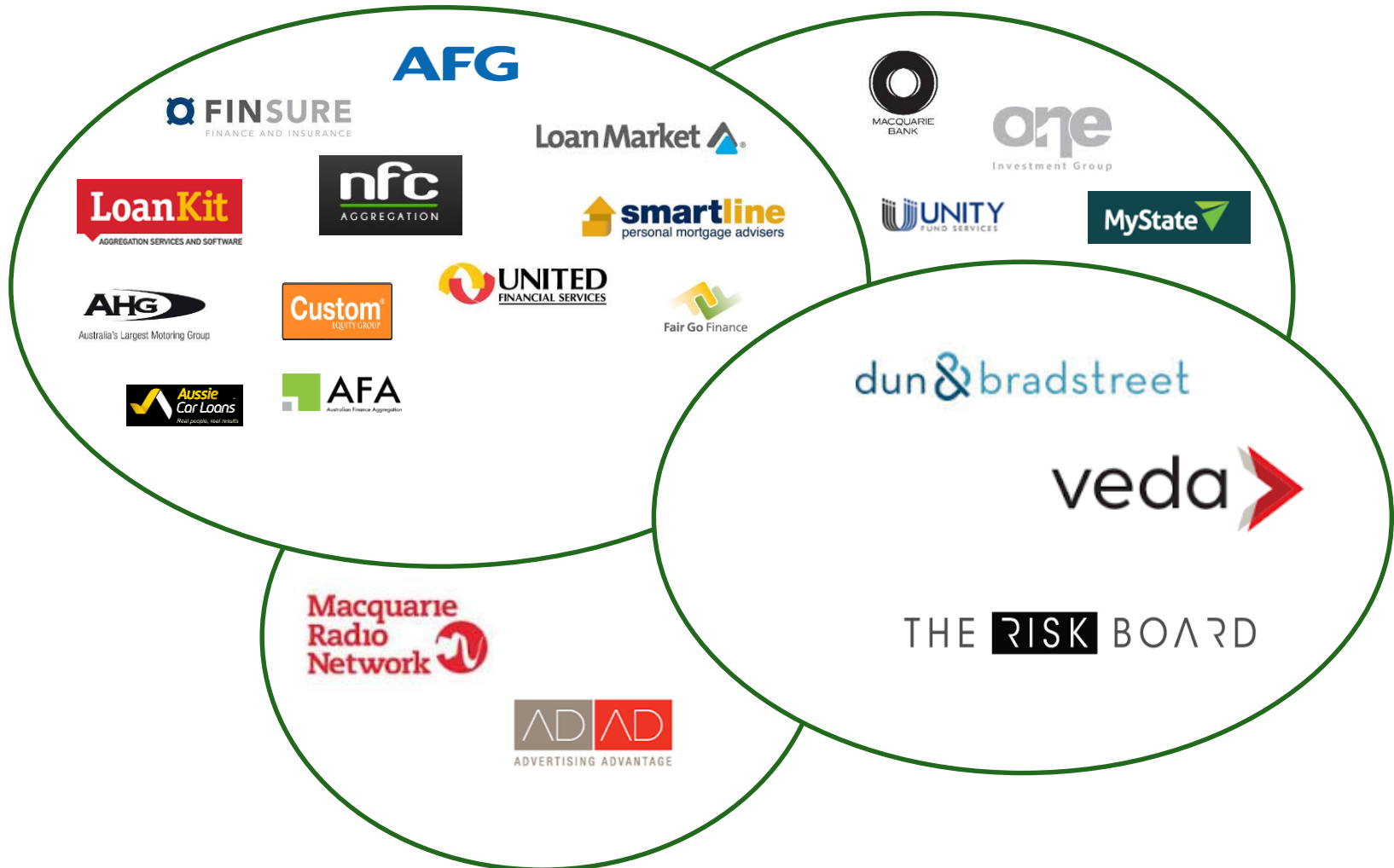
- **DirectMoney Personal Loan Fund:** An exclusive buyer of DirectMoney's loans. 12 months of track record. Marketing of the Fund to retail investors is ramping up
- **Loan Funding Facilities:** Term Sheets for initial \$20m and up to \$50m facilities are being negotiated
- **Referral agreements:** A loan referral agreement with MyState Bank Limited has been established to manage excess direct loan applications



APPENDIX

DIRECTMONEY LIMITED (ASX: DM1)

DirectMoney is committed to expand its relationships with a growing group of key service providers and to integrate effectively to drive business growth



Statement of Profit and Loss ¹	Half year end 31/12/15
Revenue & other income	435,513
Expenses	(5,723,019)
Loss after tax	(5,287,506)
Notable items and one-off expenses	
<i>Listing & one-off related expenses</i>	(3,647,485)
<i>Staff costs</i>	(1,007,372)
<i>Bad debts, doubtful debts, & loss on sale of loans</i>	(45,667)
Statement of financial position ¹	As at 31/12/15
Loan receivables ²	7,559,610
Cash and equivalents	3,313,985
Total assets	11,463,311
Total liabilities ³	1,449,205

Update since 31 Dec 15 to 31 May 16⁴

- ✓ Revenue FY 2016 YTD increased to \$1.19m
- ✓ Expenses FY 2016 have risen by \$2.93m since 31 Dec 15. This change includes:
 - \$0.5m fees paid as shares to Macquarie Bank re: loan sale transaction
 - \$0.2m direct channel loan marketing costs
 - \$0.14m broker fees, (recouped via loan payments)
 - \$0.2m legal costs, (\$0.12m re: update of Fund PDS)
 - \$1.2m of staff costs; and
 - \$0.39m for bad debt, doubtful debts & loss on sale of loans (\$0.05m relates to the \$10.8m of loans written in FY 2016)
- ✓ Loan receivables² at 31/5/16 of \$8.05m
- ✓ Cash at Hand at 31/5/16 of \$1.46m
- ✓ Total Net Assets at 31/5/16 of \$8.34m

1. Figures derived from 31 December 2015 Interim Report which was subject to independent auditor review

2. Loan receivables held on balance sheet after providing for impairments. Excludes the value of upfront loan establishment fees and broker origination fees that are included as part of the contracted borrowed amount

3. Includes \$1m Note issued by 100% owned subsidiary DirectMoney Marketplace Limited (DMM) to a major shareholder, secured by \$1m of loans held by DMM

4. Figures derived from un-audited management accounts for the consolidated group as at 31 May 2016

Experienced leadership team with a focus on controlled and sustainable growth



Stephen Porges
Executive Chairman

Prior to joining DirectMoney, Stephen was CEO at SAI Global. He was CEO of Aussie Home Loans between 2008 to 2013, where they were awarded Mortgage Broker of the Year for each year of his tenure. Stephen has over 20 years experience in international banking, stockbroking and investment banking across most significant global capital markets.



David Doust
Founder

David is an entrepreneur specialising in financial services with significant experience in Australia and the USA. Whilst living in California, he founded several Silicon Valley technology startups and designed an innovative fund concept based on residential property equity. David has also held a number of senior roles with Moveit, IAC Limited, a subsidiary of Citibank in Australia and Peat Marwick Mitchell (now KPMG).



Peter Beaumont
Chief Executive Officer

Peter has over twenty five years experience in global banking and finance with leading international investment banks Citibank, UBS AG, Bank of America Merrill Lynch and ABN AMRO. Peter brings management experience and a broad skill base including customer acquisition and transitioning high volume financial products from traditional channels to online

Deep technical expertise in key areas of Credit, IT and Portfolio management



Marianne Young
Head of Credit

Marianne has over 18 years' experience in various credit and lending roles with Westpac Banking Group. Her experience covered unsecured lending products and the specific policies and procedures underpinning them. At a national level, Marianne managed the hindsight review process for consumer personal loans and credit cards across the Westpac Group (Westpac, St George Bank, Bank SA and Bank of Melbourne).



David Russell
Chief Information Officer

David is a software engineer with over 15 years experience across a variety of industry sectors. He spent eight years with IRESS working on real time trading systems and internal software tools. He has also consulted to growing technology firms such as Catch Group, Rockend Technology and CMYKHub. He graduated from University of Melbourne with Bachelor of Computer Science (Honours) in 2002.



Ray Tse
Portfolio Manager

Ray has over 20 years' experience in the Financial Services industry. He holds a BA (Hons) in Computer Studies from the HK Polytechnic University and an MBA majoring in investment and finance. He worked for INVESCO from 1992 to 2002 in Hong Kong and Sydney where he managed IT infrastructure. From 2002 he headed the IT function within a boutique funds management company and managed the automation of the investment processes. He became the fund manager in 2007 and oversaw a number of their investment funds.

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Corporate Directory

DirectMoney Limited

Directors and Officers

Executive Chairman– Stephen Porges

Non-Executive Director – Chris Whitehead

Non-Executive Director – Craig Swanger

Non-Executive Director – John Nantes

CEO – Peter Beaumont

Company Secretary

Leanne Ralph

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Services Pty Limited

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