



LOAN PROPOSAL

December 21st 2014 | Prepared for Lending Members | Prepared by: Ablrate | Proposal number: #1214002

TABLE OF CONTENTS

SECTION 1.0 /
BORROWER

SECTION 2.0 /
LOAN OVERVIEW

SECTION 3.0 /
REPAYMENT TIME LINE & SUPPLEMENTAL LOAN TERMS & CONDITIONS

SECTION 4.0 /
SUPPLEMENTAL LOAN TERMS

SECTION 5.0 /
REVIEWED DOCUMENTS



December 21st, 2014



DS Finance and Leasing Limited

21st December 2014

Thank you for the opportunity to submit a proposal for a loan.

The following document describes the loan purpose, the asset it's secured against, how repayments will be made at what frequency and the supplemental terms of the loan. We have also included information about the lessee 'Morrow Brothers'.

DS Finance & Leasing Ltd is entering into a hire purchase agreement with Morrow Brothers Packaging Ltd (the hirer) in respect of a new bottling plant they are building. Investors are offered a 4 month loan* to the Lessor which is fully secured by a First Legal Charge over the assets and the rental stream as well as corporate guarantees. This charge will be held by Abrate Assets Ltd on behalf of Lenders.

Morrow Brothers Ltd is a 40 year old family business supplying the brewing industry predominately in the sale, repair and refurbishment of kegs and casks. There is a major gap in the market for contract bottling in their geographic region and they are partnering with a well-established customer, Bank Top Brewery Ltd, to establish a new bottling facility plant.

Total costs for the plant will be £720,000 of which £400,000 is being provided by shareholders and a grant from the Penine Regeneration Fund. The balance will be funded by bank finance with an initial tranche from Abrate Lenders being sought for £116,000, over 4 months at an annualised 10%.

Morrow Brothers have set up a new subsidiary company for this project – Morrow Brothers Packaging Ltd which will be the hirer – Morrow Brothers Ltd will give their unconditional guarantee.

Sincerely,
John Lutterloch
CEO
DS Finance and Leasing

*Eligible for sale on the Secondary Market.

1.0

DS Finance and Leasing

Who they are

DS Finance & Leasing Ltd (DSFL) was established in 1996. The company offers asset financing services for a wide range of clients for their business assets in the 'small and middle ticket markets' where transactions range from £25,000 to £25 million.

The management team has held an impressive range of senior executive positions throughout the finance and leasing industry and offer the highest level of expertise and excellence to our clients.

They have been successfully transacting equipment leasing and asset finance projects since 1994 and have considerable experience across all areas of finance.

The main operating company, DS Finance & Leasing Ltd, was formed in 1996 as a joint venture between Industrial Investment Group Limited and Merchant House Group Plc. In 2012 management purchased the minority shares held by MHG and formed a working relationship with Daniel Stewart & Co Stockbrokers.

What they do

Products include:

Finance Lease, Operating Lease, Hire Purchase, Commercial Loans, Aircraft and Ship Financing, Invoice Discounting, Factoring and Promissory Notes.

Typical assets for financing range from machinery, vehicles, furniture, computer equipment, software, stock, receivables and all capital expenditure items that are required by companies to successfully run their businesses.

Over recent years they have completed a number of keystone transactions in the marine and aviation sectors.

DSFL also manages a number of 'Captive Finance' schemes enabling manufacturers and suppliers to offer their own branded financing arrangements. The strategy is to offer a seamless process for companies looking for both equity and debt.

LOAN OVERVIEW



Introduction

DS Finance & Leasing Ltd is entering into a hire purchase agreement with Morrow Brothers Packaging Ltd (the Hirer) in respect of equipment to be installed in a new bottling plant. Investors are offered a 4 month loan to DS Finance & Leasing which is fully secured by a First Legal Charge over the assets and rental stream. There are also corporate guarantees from Morrow Brothers. The security charge will be held by Ablrate Assets Ltd.

Loan

- Loan Required: £116,000
- Interest offered: 10%
- Term: 4 months (eligible for sale in Secondary Market)
- Security: First Charge over asset and a charge on the income
- Guarantees Company guarantees

Description

Morrow Brothers Ltd is a 40 year old family business supplying the brewing industry predominately in the sale, repair and refurbishment of kegs and casks.

There is a major gap in the market for contract bottling in their geographic region and they are partnering with a well-established customer, Bank Top Brewery Ltd, to establish a new bottling facility plant.

The total amount of funding required to enable this project to be put into operation is £720,000 to cover the following:

Bottling Line -£259,339, Cool Room - £25,251, Tanks - £210,226, Fork Lift Truck - £16,376, IBC's - £2,040,

Racking - £1,527, Initial Stock - £10,000, Property Improvements - £40,000,

TOTAL - £720,000.00

2.0

Investment from the shareholders and a grant from the Pennine Regeneration Fund will total £400,000.

The subject of this proposal is the fixed bottling plant and accessories as follows:

		£
Moravek	Bottling Line	214,998.00
ABUK	Tanks	83,937.00
Carlson	Filtration	31,536.00
ICS	Flash chiller	18,000.00
Cheops	Palletiser	46,414.00
Harlands	Labeller	20,275.00
Pure Pac	IBC Containers	2,040.00
Linde	FLT	16,376.00
Ribble Valley Shelving	Racking	1,527.00
BOC	CO2	Still awaiting price
TOTAL	£435,103.00	

Morrow Brothers have set up a new subsidiary company for this purpose – Morrow Brothers Packaging Ltd which will be the hirer – Morrow Brothers Ltd will give their unconditional guarantee.

3.0

Repayment Time line

Drawdown / Immediately on auction completion

Auction Completion
Expected

Drawdown of the loan will be upon the closing of the loan request period (or sooner should the loan close early) and the acceptance of the offers by the borrower. Our standard loan conditions have been accepted by the borrower and have been completed to our satisfaction.

19th January 201

Interest Payments Begin / 1 month from drawdown

First Interest Payment
Due

Interest payments will accrue from the day of drawdown and will be credited to Lending Members accounts on Ablate on a monthly basis.

19th February 2015

Capital Repayment / 4 Months from drawdown (eligible for Secondary Market)

Capital Repayment Date

This is an interest only loan with capital repayment being made on the third anniversary of the loan. The loan units purchased by Lending Members are also eligible to be offered in the Secondary Market of Ablate.

19th May 2015

Bonus Elements

Expected Bonus
payment

None

The schedule is based on the loan start and finish dates. Any changes in drawdown dates or completion dates may change the schedule to a later or earlier date. All Lenders will be informed of the drawdown date and will be able to see a schedule of repayments in their personal dashboard (along with the performance of those payments when the interest payments are received).

SUPPLEMENTAL LOAN TERMS

Introduction

These terms are supplemental to the Standard Loan Agreement. Should you bid on this loan you are accepting the Standard Loan Terms and these additional, supplementary Loan Terms. Please make sure you read these terms thoroughly and that you have read the Standard Loan Terms governing this loan. Once you have bid on a loan you cannot subsequently withdraw that bid.

Borrower: DS Finance and Leasing Limited

Address: Becket House, 36 Old Jewry, London, EC2R 8DD

Project: Bottling Plant - Morrow Brothers Packaging Limited (Loan Number: #1214002)

Identification of the Parties: This Agreement is made between DS Finance and Leasing Limited (the "Borrower") whose registered office is Becket House, 36 Old Jewry, London, EC2R 8DD

and the Lending Member who has bid for loan units and is identified in the records of the Ablrate Platform (the "Lending Member") with a principal place of business c/o Aviation and Tech Capital, 3 More London Riverside, London, SE1 2DE

1. Purpose of Agreement

This agreement forms the Loan Contract Details which are supplemental to the Standard Loan Terms published on Ablrate and available for download at any time. The Lending Member and Borrower are agreeing to those Standard Terms and agree that these Supplemental Terms are in addition to, and do not replace, those Standard Terms.

2. Amendments / Modifications

Amendments may not be made to this agreement unless agreed by all Lending Members and the Borrower excluding those terms in the Standard Agreement which cover the automatic novation of the agreement in the event of default by the Borrower.

3. Interest Rate

The rate inputted by this Borrower is 10% and this will be a fixed rate loan request.

4. Fees / Payment

There are no fees to the Lender on this loan.

5. Additional Expenses

Legal expenses of the loan are to be borne by the parties.

6. Loan Term

The loan term is 4 months from drawdown.

7. Taxes

There are no withholding taxes on the payments made to Lending Members on this transaction. Each Lending member is responsible for reporting any tax liability they may have from income gained in this transaction. Each Lending Member agrees that Aviation and Tech Capital Ltd are not responsible for Lending Member's tax submissions.

8. Copyright and Trademarks

Certain trademarks and material may be used within the descriptions of the loan transaction contemplated herein. All copyrights and trademarks remain the property of those companies discussed in this loan transaction and trademarks may not be used, nor copyrighted material re-transmitted or reproduced without the express permission of the companies involved.

9. Indemnification

You agree to indemnify Aviation and Tech Capital Ltd (also described as 'Ablrate' or 'Ablrate.com') and Ablrate Assets Limited from any action arising from any losses incurred in this transaction. You also agree that any third party who are not a party to this loan but whom may be part of the overall transaction, such as banks and third party insurers, are indemnified from any action by yourself in connection with losses, actual or implied, by your participation in this loan.

10. Security

The loan is secured via a charge over the assets described above and a charge over the income derived from the hire purchase agreements. There is also a corporate guarantee from Morrow Brothers Limited.

11. Recourse

In the first instance recourse for the loan is DS Finance and Leasing Limited who are the borrowers of the funds in this transaction. Should DS Finance and Leasing default on the loan then Ablrate Assets Limited (AAL) will enforce the rights of all Lending Members in accordance with our default procedures detailed in our terms and conditions.

12. Completeness

Our Standard Terms and Conditions along with these Supplemental Loan Terms govern this agreement. There are no other terms that govern this agreement and these agreements are a full and complete representation of this transaction. Any additional terms agreed verbally or otherwise are not valid unless detailed within this agreement. Any changes to this agreement are only valid if those changes are in writing and agreed by all Lending Members and Borrower.

13. Applicable Law / Dispute Resolution

These terms and those of our Standard Terms and Conditions are governed by the laws of England and Wales and you agree to submit to these courts and these courts alone should you have reason to dispute the loan terms at any stage in the loan term or such time after.

14. Risk

Investment in this loan, although secured by assets, income from those assets and corporate guarantees, carries a risk of loss of some or all of your money. By bidding on this loan you are agreeing that you have fully understood all the potential risks involved in making an investment in this loan, you have the financial capacity to make this loan and you have the financial knowledge to be able to assess the inherent risks of making such an investment. We strongly recommend that if you are unsure whether you fully understand an investment of this nature that you seek independent advice as Ablrate, its directors, officers and employees are not authorised to give you advice, nor do we give any advice on loans on the Ablrate platform.

5.0

Document review

Introduction

The following documents have been reviewed as part of the due diligence on this transaction:

A. LESSEE

1. Business plan
2. Accounts for 2010, 2011, 2012, 2013 and interim accounts for 2014
3. Lease agreement

B. SECURITY DOCUMENTS

4. Charge over assets
5. Charge over income
6. Assignment of rights to Ablrate Assets Limited
7. Personal Guarantees
8. Company Guaranty Morrow Brothers Limited