



LOAN PROPOSAL

July 14th, 2014 | Prepared for Lending Members | Prepared by: Ablrate | Proposal number: 0714001

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July 14th, 2014



Phoenix Aircraft Investments (UK) Limited

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 from Ascend Worldwide, who are one of the premier valuers in our sector along with a short public video from ATR describing the fuel efficient nature of the ATR to give you information on the type of aircraft the ATR is. They have many other videos at 'ATRbroadcast' on YouTube.

The purpose of the loan is to release some of the equity that we hold within an aircraft which we purchased from Air Tahiti and leased to SATENA. We will be reinvesting the funds in our next transaction with SATENA. The original transaction closed in January 2014 on a lease term of 72 months and was funded by a loan from a major European bank and our equity.

As discussed, we are releasing some equity in order to fund further transactions, but remain in the transaction with 50% of the residual value of the aircraft belonging to Phoenix Aircraft Investments UK Ltd at the end of the term. The loan is secured via a registered mortgage over the entire ownership shares of Phoenix Aircraft Investments (UK) Ltd which in turn is secured by MSN 621 an ATR 42 500 aircraft via shares in a special purpose vehicle (Phoenix Aircraft ATR 621 LEASING Corp.) which owns the aircraft (a typical structure in the aircraft leasing business).

Ascend residual value projections (available in the documents to download) shows a residual value at the end of the term of \$4.06 million (£2.36 million at today's rates). Ablrate Assets Limited are also a named director on Phoenix Aircraft Investments (UK) Ltd in order to secure lending members interests in the transaction.

The aircraft will be sold at the end of the term to repay Lending Members, or refinanced to repay Lending Members with the aircraft having a projected lease yield at that time of \$852,000 per annum (£496,000 per annum at today's rate).

We are posting an initial tranche of £100,000 of this transaction and setting a rate of 10% on a fixed rate basis with capital repayment in six years.*

We may add more of this transaction at a later date as we assess the interest from lenders.

We look forward to your bids. If you have any questions please use the Ablrate site and we will promptly answer your queries.

Sincerely,
Antony Griffin
CEO
Phoenix Aircraft Investments Ltd

*Loan units will be eligible for sale on the Secondary Market

Phoenix Aircraft Investments

Who they are

Phoenix Aircraft Leasing (UK) Ltd is a special purpose vehicle company of Phoenix Aircraft Leasing Pte Ltd. Phoenix was incorporated in 2005 in the Republic of Singapore by Antony Griffin, one of the founding Directors of TransAsian Aircraft Leasing and TransWorld Aircraft Leasing as a development out of the experience and activities of these companies in the airline markets of Asia and to build a specialist regional aircraft leasing and sales facility in South East Asia and the surrounding countries.

The continuing growth of the airline industry in this region has provided a huge potential for the demand to be serviced by a true regional specialist providing a full service aircraft leasing company, especially in regional turboprops and regional jets.

What they do

Tony Griffin and his companies have been leasing and selling commercial aircraft in Asia and world-wide since 1969 with their offices in Singapore, the Philippines, Indonesia and Malaysia and have a long and active experience in this market. Customer and supplier airlines over the last forty years have included full service airlines, regionals and domestics including such airlines as Singapore Airlines, Air France, KLM UK, KLM Citihopper, British Airways, American Airlines, Northwest Airlines, China Airlines, Saudia, UBA and Myanmar Airways, Korean Airlines; Garuda Indonesia; Merpati Nusantara; Mandala Airlines; United Airways (BD) and many others.

Since opening in Singapore nine years ago, Phoenix Aircraft Leasing has purchased, leased out and sold 40 commercial airline aircraft from companies as diverse as ATR, China Eastern Airlines; Lufthansa, Flightline; Cyprus Airways, Adria Airlines and Island Air, Hawaiian. These aircraft have included the Airbus A310 Widebodies; Airbus A 320-200; Boeing BBJ; MD 82 and 83s; ATR 72 and- 42 turboprops; Bombardier Dash 8 turboprops and Fokker F 100s.

Why they do it

The aircraft leasing industry is a lucrative business, however the regional aircraft market has traditionally been a difficult market to attract finance for leasing companies. Phoenix decided 9 years ago to use their experience in the market to set up in Singapore and specialise in regional aircraft. Phoenix have completed 40 transactions since this time and have been profitable from inception.

LOAN OVERVIEW



Introduction

Phoenix Aircraft Leasing Pte Ltd of Singapore purchased the aircraft from Air Tahiti and contracted to lease the aircraft to SATENA the government owned airline of Colombia. The transaction closed and began a 72 month lease term in January 2014.

Loan

- Loan Required: £100,000
- Interest offered: 10%
- Term: 6 years
- Security: Underlying security is ATR 42 500 MSN 621
- Fully Insured with ownership company as beneficiary
- Serial Number: MSN 621

Lessee Description

SATENA was first established on April 12, 1962 by the President of the Republic, Alberto Lleras Camargo, who created the airline using Decree 940 in order "to form an aerial transport service for the benefit of the underdeveloped regions of the country, with the object of promoting the welfare of educational campaigns, agricultural and pastoral development and the economic and social progress of such territories." In order to achieve this under government auspices, the airline was then entrusted to the control of the Colombian Air Force.

Over the last 4 years they have been adding a fleet of turboprop aircraft and currently operate 9 ATR aircraft including two leased from Phoenix Aircraft Leasing, the first was delivered in February 2012. Payment on this aircraft (and the history Phoenix have with MSN 621) has been first class.

3.0

ABLRATE RATING

Our rating is based on our own internal credit profiling of the lessor, the asset, the lessee and the due diligence performed on the transaction as it stands. This rating is an internal rating, performed on a best efforts basis, and should not be taken as guarantee by Ablrate.

Explanation of our rating:

- 1** Excellent security profile of the asset, excellent credit profile of lessor and lessee.
- 2** Excellent security profile of the asset and excellent credit of the lessor, good credit profile of the lessee.
- 3** Excellent security profile of the asset, good profile of the lessor and lessee.

Asset:

The aircraft in question has been well maintained and also has maintenance reserves paid by the lessor each month on top of the lease payments in order to ensure that the maintenance schedules are kept up to date. The professional valuations on the aircraft show excellent security through the term of the loan. The structure of the transaction is a typical aircraft structure and we have reviewed all of the paperwork involved including all mortgages lodged to secure the aircraft.

The bank involved is a major institution with over 15 million customers and 45,000 employees and they performed extensive due diligence on the transaction via a top tier aircraft law firm.

The aircraft carries full insurance in the event of any damage or loss.

Lessor:

The lessor is a well respected lessor in the regional aircraft space and has leased two aircraft to SATENA with a third scheduled for delivery in September 2014. The Lessor has been profitable from inception in 2005.

Lessee:

The lessee is a government owned airline and been paying on time on previous leases. The lessee has a fleet of 23 aircraft and has been operating for 50 years.

RATING:

1

Based on our review of the due diligence performed, structures and security documentation, the asset backing the transaction and the participants in the transactions, we have rated this transaction as a 1.



4.0

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.

15th August 2014

Interest Payments Begin / 1 month from drawdown

First Interest Payment
Due

Interest payments will be credited to Lending Members accounts on Ablate on a monthly basis.

15th September 2014

Capital Repayment / 6 years from drawdown (eligible for Secondary Market after 1 month)

Capital Repayment Date

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

15th August 2020

Bonus Elements

Expected Bonus
payment

There are no bonus elements to this loan.

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: Phoenix Aircraft Investments (UK) Ltd

Address: C/O Aviation & Tech Capital Ltd / Scotts Sufferance Wharf, 5 Mill St, City of London, Greater London SE1 2DE

Project: ATR 42-500 (Loan Number: #0714001)

Identification of the Parties: This Agreement is made between Phoenix Aircraft Investments (UK) Limited (the "Borrower") whose registered office is c/o Aviation and Tech Capital, Scotts Sufferance Wharf, 5 Mill St, City of London, Greater London SE1 2DE 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 registered office of Scotts Sufferance Wharf, 5 Mill St, City of London, Greater 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 6 years 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 registered mortgage over the entire ownership shares of Phoenix Aircraft Investments (UK) Ltd which in turn is secured by MSN 621 an ATR 42 500 aircraft via shares in a special purpose vehicle (Phoenix Aircraft ATR 621 Leasing Corp which owns the aircraft) giving rights to an equity return of \$1,250,000 (£725,000 at today's rates) and a 50% interest in the residual value of the aircraft at the end of the term. Ascend residual value projections (available in the documents to download) shows a residual value at the end of the term of \$4.06 million (£2.36 million at today's rates). Lease payments over the term are \$6.84 million (£3.98 million at today's rates) and maintenance reserves of approximately \$3.24 million (£1.89 million) over the term (Ablrate Assets Limited are also a named director on Phoenix Aircraft Investments (UK) Ltd in order to secure lending members interests in the transaction).

11. Recourse

In the first instance recourse for the loan is Phoenix Aircraft Investments (UK) Limited (PAIUK) who are the borrowers of the funds in this transaction. Should PAIUK default on the loan then Ablrate Assets Limited (AAL) will enforce the rights of all Lending Members against "Phoenix Aircraft ATR 621 Leasing Corp" and the income coming through that entity 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.

5.0

Document review

Introduction

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

A. PRINCIPAL FINANCE DOCUMENTS

1. Loan Agreement
2. Drawdown Notice
3. Fees Letter
4. Deed of Subordination
5. Deed of Indemnity
6. Conditions Precedent Deferral Letter no.1
7. Conditions Precedent Deferral Letter no.2
8. Conditions Precedent Deferral Letter no.3

B. SECURITY DOCUMENTS

9. Colombian Aircraft Mortgage
10. Consent by Lessee in respect of the Colombian Mortgage
11. New York Aircraft Mortgage
12. Security Deed
13. Notice and Acknowledgement of Assignment of Lease Management
14. Notice and Acknowledgement of Assignment of Management Agreement
15. Assignment of Insurances
16. Notice and Acknowledgement of Assignment of Insurances
17. Equitable Mortgage over Shares in respect of Borrower
18. Original share certificates in respect on the initial shares
19. Share transfer instrument in respect of initial shares
20. Directors Letter of resignation
21. Notice of Mortgage from the Shareholder to the Borrower and Acknowledgement
22. Irrevocable Proxy
23. Certified copy of the special resolution of the Borrower
24. Letter of Credit

C. AIRCRAFT DOCUMENTS

- 25. Aircraft Sale Agreement between the Seller and PAL**
- 26. Aircraft Sale Agreement between PAL and Borrower**
- 27. Bill of Sale signed by the Seller**
- 28. Acceptance Certificate signed by PAL**
- 29. Bill of Sale signed by PAL**
- 30. Acceptance Certificate signed by Borrower**
- 31. Management Agreement**
- 32. Historical bills of sale**
- 33. No Incident and No Accident Statement of Seller**
- 34. Air Operators Certificate**
- 35. Certificate of Ownership**
- 36. Certificate of Airworthiness**
- 37. Airworthiness Review Certificate**
- 38. Export Certificate of Airworthiness**
- 39. Ferry flight permit in respect of aircraft**
- 40. Customs declaration form in respect of the Aircraft**
- 41. Insurance Certificate**
- 42. Reinsurance Certificate and Broker's letter of Undertaking**
- 43. English law Deregistration and Export Request Authorisation from Lessee to the Borrower and Bank**
- 44. Irrevocable Deregistration and Export Request Authorisation from the Lessee to Bank**
- 45. Operating License of Lessee**
- 46. Inspection Report in respect of the aircraft**

D. LEASE DOCUMENTS

- 47. Lease Agreement**
- 48. Acceptance Certificate**
- 49. Side Letter No 1 to Lease Agreement**

E. CORPORATE DOCUMENTS

- 50. Directors certificate of the Borrower together with the corporate documents referred to therein**
- 51. Directors certificates of PAL together with the corporate documents referred to therein.**
- 52. Power of Attorney granted by Borrower regarding persons authorised to sign the Colombian Aircraft Mortgage and related documents on behalf of the Borrower**

53. Power of Attorney granted by the Borrower regarding persons authorised to sign the Lease Agreement and related documents of behalf of the Borrower

54. Power of Attorney granted by the Borrower regarding persons authorised to file the Security Deed and New York Aircraft Mortgage at Aerocivil and related documents on behalf of Borrower

55. Process Agent Appointment Letter in respect of Borrower

56. Process Agent Appointment Letter in respect of PAL

F. LEGAL OPINIONS

57. English Law legal opinion

58. Singapore law legal opinion

59. Second Singapore legal opinion

60. New York law legal opinion

61. Cayman law legal opinion

62. Colombian law legal opinion

63. Colombian law memo in respect of deregistration and export of the Aircraft

64. Colombian law legal opinion 2

65. French Polynesian law legal opinion

G. FILINGS AND POST COMPLETION MATTERS

66. Certificate of Registration (updated to reflect new owner) in respect of the Aircraft

67. Confirmation of registration of the Colombian Aircraft Mortgage

68. Confirmation of registration of the Lease Agreement with the Central Bank in Colombia

69. Updated register of mortgages and charges

70. Confirmation of a stop notice served on Borrower in respect of Equitable Share Mortgage