



LOAN PROPOSAL

August 26th 2014 | Prepared for Lending Members | Prepared by: Abrate | Proposal number: 0814001

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August 26th, 2014



DS Finance and Leasing 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 about the lessee 'Pluscrates'.

DS Finance & Leasing Ltd (the Lessor) is entering into a lease agreement with Pluscrates Ltd (the Lessee) in respect of £24,000 of removal crates. Investors are offered a 3 year loan to the Lessor which is fully secured by a First Legal Charge over the assets and the rental stream. This charge will be held by Ablrate Assets Ltd.

During the coming months Pluscrates is experiencing a significant increase in demand due to annual refurbishment works at universities, schools, and colleges throughout the UK. In previous years this demand exceeded current stocks by 34,000 crates in 2010, 38,000 in 2011, 45,000 in 2012 and last year by 48,000 crates.

To meet this growing seasonal peak in previous years they have hired crates from outside companies, often at a premium price and for minimum of 16 week terms, to meet their customers' requirements. This year they intend to satisfy 50% of this demand by purchasing additional new stock.

Sincerely,
John Lutterloch
CEO
DS Finance and Leasing

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.

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

Our 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 we 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 we 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. Our strategy is to offer a seamless process for companies looking for both equity and debt. By comparing transactions completed and listed on our website you will view a wide range of transactions.

LOAN OVERVIEW



Introduction

DS Finance & Leasing Ltd (the Lessor) is entering into a lease agreement with Pluscrates Ltd (the Lessee) in respect of £24,000 of removal crates. Investors are offered a 3 year loan to the Lessor which is fully secured by a First Legal Charge over the assets and the rental stream. This charge will be held by Ablrate Assets Ltd.

Loan

- Loan Required: £24,000
- Interest offered: 10%
- Term: 3 years (eligible for sale in Secondary Market)
- Security: First Charge over asset and a charge on the income
- Guarantees: Personal and company guarantees

Description

The combined skill, experience and expertise of Pluscrates original Investor Directors, Neil McGuigan and John Mitchell, are unsurpassed in this market. Together and separately they have founded, grown exponentially, developed and successfully disposed of three of the four largest UK crate hire companies. Their combined and separate expertise is widely recognised across the crate rental markets by clients and competitors alike and their specific depth of knowledge in launching a start up crate rental business, bringing together all of the key success factors, maintaining high levels of service whilst delivering year on year growth, is again unrivalled.

Pluscrates was successfully launched in September 2008 and during the first 5 years, despite the recession, trading has grown rapidly to become the UK's largest National crate rental company to the commercial removals market with an estimated 15% of the UK's commercial crate rental market. (OFT, January 2010).

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 hiring of RTP (Returnable Transit Packaging) is a well established business in the UK. The majority of office and commercial relocations require large quantities of RTP (mainly filing cabinet draw sized) plastic nesting and stacking removal crates for a short period of time, to safely, securely and sequentially move office contents to their new destination.

For the crate rental specialists, the rental price of the standard lidded office removal crate to repeat user trade customers is approximately 25p per crate per week (£1.00 per month). As the purchase price is £10.00 and the crates last between 15 to 20 years, with high utilisation the crate rental business can be very profitable and highly cash generative after the initial early years start up costs. Crates lost by clients before reaching the end of their useful life are charged to clients at the full replacement cost plus a margin circa 30%.

Lessor:

The lessor is a well respected lessor with a very experienced management team.

Lessee:

The lessee is a well established business with experience management who have successfully formed and sold several business in the same sector as their current business.

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.

26th September 2014

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.

26th October 2014

Capital Repayment / 3 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 third anniversary of the loan. The loan units purchased by Lending Members are also eligible to be offered in the Secondary Market of Ablate.

26th September 2017

Bonus Elements

Expected Bonus
payment

This loan carries a 2% cashback for Lending Members

26th September 2014

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: Removal Crates - Pluscrates (Loan Number: #0814001)

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, 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 3 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 charge over the assets described as 2,400 plastic removal crates and a charge over the income derived from the lease agreements. There are also personal guarantees from the Pluscrates Directors and company guarantees.

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 against assets, income and personal guarantees described in clause 10 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. 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
7. Personal Guarantees
8. Company Guarantees

