



Australian Structured Finance Group

VENDOR FINANCE CAPABILITY STATEMENT



Australian Structured Finance (ASF) is the leading independent "large ticket" Leveraged and Equity Lease Packager/ equipment finance group within the Australian market with over \$5 Billion of equipment finance facilities established to date.

Activities over the last 30 years have encompassed direct client engagement as well as Vendor Finance program underwriting and management.

ASF's "Direct" client activities focus on the structuring, underwriting and ongoing management of "stand alone" equipment finance lines within the \$1.00 million to \$100.00 million transaction range across all asset classes and industry sectors and the group currently has a number of individual lease facilities exceeding \$100 million under management for various long term clients.



Please refer to the Australian Structured Finance Group website at www.structuredfinance.com.au for more detail on our activities and a sample of past transactions highlighting our broad market profile (a number of current and past transactions remain confidential).

ASF is a member of the Australian Equipment Lessors Association "AELA", the Banking industry body representing all major Equipment Lessors active within the Australian market writing transaction volumes of approximately \$35-40 Billion annually (www.aela.asn.au). Our CEO is a past Chairman of AELA (2007/08) and as the longest serving current member on AELA's governing Council (13 years) is regarded as the leading practitioner within the Australian Equipment Finance markets.



VENDOR FINANCE PTY LIMITED

Vendor Finance Pty Limited was established by the group in 1989 in response to requests from major equipment manufacturers and distributors to provide competitive outsourced customer finance capabilities where an in-house solution was either cost prohibitive or internal asset finance structuring expertise was limited.

Vendor Finance activities are conducted through special purpose entities; Vendor Finance P/L directly or the ASF Group more broadly depending upon the specific circumstances of the vendor client (equipment manufacturer or distributor).

ASF's Vendor Finance activities cover a broad range of highly competitive industries with transactions generally falling between \$100,000 for one off small ticket transactions to facilities exceeding \$50.00 million.

In several instances, our global manufacturer and distributor clients operate their own captive finance programs internationally however rely completely upon ASF within the Australian domestic market.

Funding support may be provided to manufacturers and distributors of any type of major plant and equipment irrespective of industry sector and type.

In addition, Vendor Finance solutions may be developed in conjunction with engineering and construction firms to support special projects and major plant installations.

THE ASF VENDOR FINANCE ADVANTAGE:

- **Over 30 year history** in structuring large ticket equipment finance transactions up to and exceeding \$100 million. Extensive experience in every industry in which you operate
- **Stable finance partner** - ASF has remained under the same ownership and management structure since inception. Our staff turnover is negligible.
- **Capable Executives** - Our experienced senior team brings transaction expertise and deep market knowledge backed by strong commercial judgement, integrity and technical excellence to support your funding needs.
- **Proactive approach** proposed towards your customers. We seek to identify their funding needs and establish lines of credit in advance - exclusively for your equipment.
- **Creating incremental sales opportunities** by working closely with your sales staff in identifying target or conquest accounts
- **Fast, flexible and competitive** credit terms and facilities - as evidenced by our deal history and tombstones
- **Syndicated underwriting panel** used to ensure virtually every potential customer has the best possible chance of securing finance for their entire equipment needs from you without vendor recourse
- **Multiple External Residual Value Investors** may be available to support specific Operating Lease Solutions through ASF's syndicated funding approach in addition to vendor buybacks ensuring the most competitive funding solutions can be offered to clients.
- **Reputable firm.** ASF is a member of the Australian Equipment Lessors Association (a banking Industry body not open to Finance Brokers) whose members underwrite some \$40 billion of equipment finance annually. Our CEO is a past Chairman of the governing AELA Council and with over a decade of service, is the longest serving member of the current AELA Council, reflecting our industry standing.
- **Outstanding track record** in managing Vendor Finance programs - some of which have operated for over 20 years in highly competitive environments
- **Confidentiality is assured** when dealing with your customers and credit limits established are solely for the acquisition of your product
- **Performance Driven.** Over the last 30 years we have only generated income if the facilities we have established are price competitive, flexible and attractive enough for our clients to accept the facility terms offered and commence funding under the lines established. Our fee is paid by the Lessor, capitalised into the transaction and is fully reflected in the rates and rentals charged.



ASF'S ROLE

Following your mandate to proceed, ASF will review your specific needs in consultation with your sales force; management team and finance executives.

ASF will assume responsibility for the establishment and underwriting of the program, engage appropriate lenders/ underwriters and work closely with you to develop marketing strategies and material to promote your vendor finance/ customer finance solutions/ capabilities.

When requested by sales/ administrative staff, ASF will provide competitive funding options in support of your sales activities including sourcing external residual value risk investors on operating lease/ off balance sheet funding solutions.

If/ when quotations are found acceptable, ASF will engage with the client/ customer to procure relevant financial information in order to generate a comprehensive credit submission to its underwriter panel. We will provide relevant feedback to you/ your sales staff as to our perception of the financial capacity of each client (our privacy consents will include your firm as a "credit provider" to enable dissemination of this information).

ASF will oversee all credit negotiation; finance offers; documentation preparation; execution and settlement of funding/ payment of your invoice.

ASF will remain engaged with the customer to manage the facility for its full term and where possible, establish additional credit facilities on an ongoing basis to support further equipment acquisitions through your sales channel.

In the event the customer defaults during the funding term, ASF will remain engaged to assist the customer in its negotiations with its lenders/ our underwriters.

ASF will have no recourse to you for any costs unless specific terms are agreed upfront for a special purpose funding entity or to cover costs associated with the program launch. ASF are performance driven and are only remunerated by the lender/ underwriter if an equipment sale proceeds to settlement using our finance. Accordingly, our interests are completely aligned with your sales team – maximising your equipment sales through the provision of new finance lines dedicated to your product.

FACILITIES AVAILABLE

- Term Loan/ Specific Security Agreement
- Finance Lease
- Operating Lease/ Rental
- Hire Purchase





WHY ASF'S APPROACH IS BETTER THAN A SINGLE BANK RELATIONSHIP:

All formal and informal vendor programs are underwritten by a syndicate of financiers (Banks, Finance Companies and Annuity investment funds) to ensure ASF are better able to provide acceptable and competitive credit terms to a broad range of customer types and to extend larger facilities than would normally be available from a single funding source.

Time and again, our experience has been that if an equipment vendor relies upon a single Bank and that source ultimately declines a transaction due to existing credit exposures, unsatisfactory credit history, high risk (low retained value) equipment, over exposure to the industry sector, etc. – the equipment sale is compromised if a satisfactory customer finance experience and solution is unavailable.

Alternatively the finance source may seek to involve the vendor in risk sharing through credit enhancement, equipment buybacks, loss pool provisioning, etc – all involving the supplier taking a credit risk against the customer.

By using ASF, this situation rarely arises, as we are able to spread the risk across several lenders.

During the GFC many leading Vendor Financiers ceased operations and exited the Australian market or were on-sold to larger organisations with different market objectives; credit policies and appetites. These have included Soglease/Societe Generale's exit; the sale of Investec to BOQ; the sale of Capital Finance to Westpac; the more recent sale of GE Capital to Sankaty Advisors and pending sale of De Lage landen by Rabo Bank.

In short, ASF managing a syndicate of lenders to support your sales process provides a far superior solution to relying upon a single funding source. The ASF approach also involves far less risk than financing the transaction in-house

