Racefields

Block Discounting Facility for Asset Backed Lenders

This document is limited to the following investor categories:

Professional, institutional, sophisticated and high net worth

Applications from retail investors will not be accepted

February 2017

Highlights

- Lending to established asset backed lenders
- Minimum target return of 8%
- Property backed security
- 1st charge security & overall debenture (cross collateralisation)
- Circa 65% LTV depending on investor risk profile
- The lender to whom funds are provided is required to invest at least 5% of each transaction from their own resources

Racefields

IMPORTANT INFORMATION

This block discounting facility from Racefields Ltd is restricted to Professional, Institutional, Sophisticated and High Net Worth investors. Investors from outside of the UK will be considered depending on their circumstances.

Applications from Retail investors will not be accepted.

Risk warning: Investing in secured and unsecured loans should be considered as higher risk. When block discounting finance contracts, you are lending in-directly to businesses via other lenders (the borrower), so you may not receive the interest expected and there is a risk in terms of loss of part or all of your capital. The various lenders we may provide funding to have credit assessment processes which help minimise this risk, but it is important to remember that an element of risk will always exist, so the value of your investment can go down as well as up. Such investments may also be illiquid as any loan will be for a fixed term or if you subsequently offer a loan for sale, such loans are not guaranteed to be sold; a sale will only occur when a willing buyer decides to purchase them.

This is a non-discretionary service. As a registered investor you will be invited to finance blocks of loans that are being made by other lenders to their borrowers (clients). The decision to finance a block discounting agreement will be yours alone.

Racefields Ltd is regulated by the Financial Conduct Authority number FRN 672998
Our registered office is
6 Bradley Street
Manchester
M1 1EH

Racefields

THE OPPORTUNITY

Many small to medium sized businesses complain that banks do not lend to them anymore. Even with Government schemes such as "Funding for Lending" the problem remains. With the base rate remaining at record lows many businesses would expect cheap funding to be readily available. Unfortunately, this has not been the case.

The lack of bank lending has allowed alternative sources of finance to flourish. In 2015 peer-to-peer lending via on-line platforms in the UK accounted for 3.43% of loans to businesses with a total of £2.2 billion. Some market commentators expect that to nearly double in 2016.

Short term property backed bridging loans from independent lenders are expected to have exceed £4 billion in 2016. This is just the regulated sector, the Association of Short Term Lenders suspects that if you include the un-regulated sector then the total could be much higher.

Non-bank lenders are taking an ever increasing share of the SME finance sector. With the uncertainty around Brexit and increasing pressure on banks to maintain balance sheet strength we expect alternative lenders to continue expanding their market share.

Racefields have identified a significant investment opportunity; alternative lenders need funding to continue their growth and they are out there looking for it.

Institutional lenders are already providing approximately 26% of all funds raised by SMEs from peer-to-peer platforms in the UK. We also suspect that institutional lenders currently provide in excess of 50% of the funding used by independent bridging companies.

Racefields have launched a block discounting service aimed at established alternative asset backed lenders such as bridging loan companies and peer-to-peer platforms. We are seeking investors who require a minimum yield of 8% per annum along with asset backed security.

CONTENTS

Racefields

HOW IT WORKS

Racefields will identify and approach organisations that are asset backed lenders on the premise that we will provide funding for their lending operations. We will conduct due diligence on them as a potential borrower to evaluate their suitability for a block discounting facility. Such due diligence will include evaluating their current loan book along with profiling their clients, calculating income levels, investigating defaults, public records, checks on accounting information, historic performance, directors, charges and other obligations.

Based on this due diligence a Pre-Funding Summary (PFS) which sets out the opportunity to investors will be created and circulated.

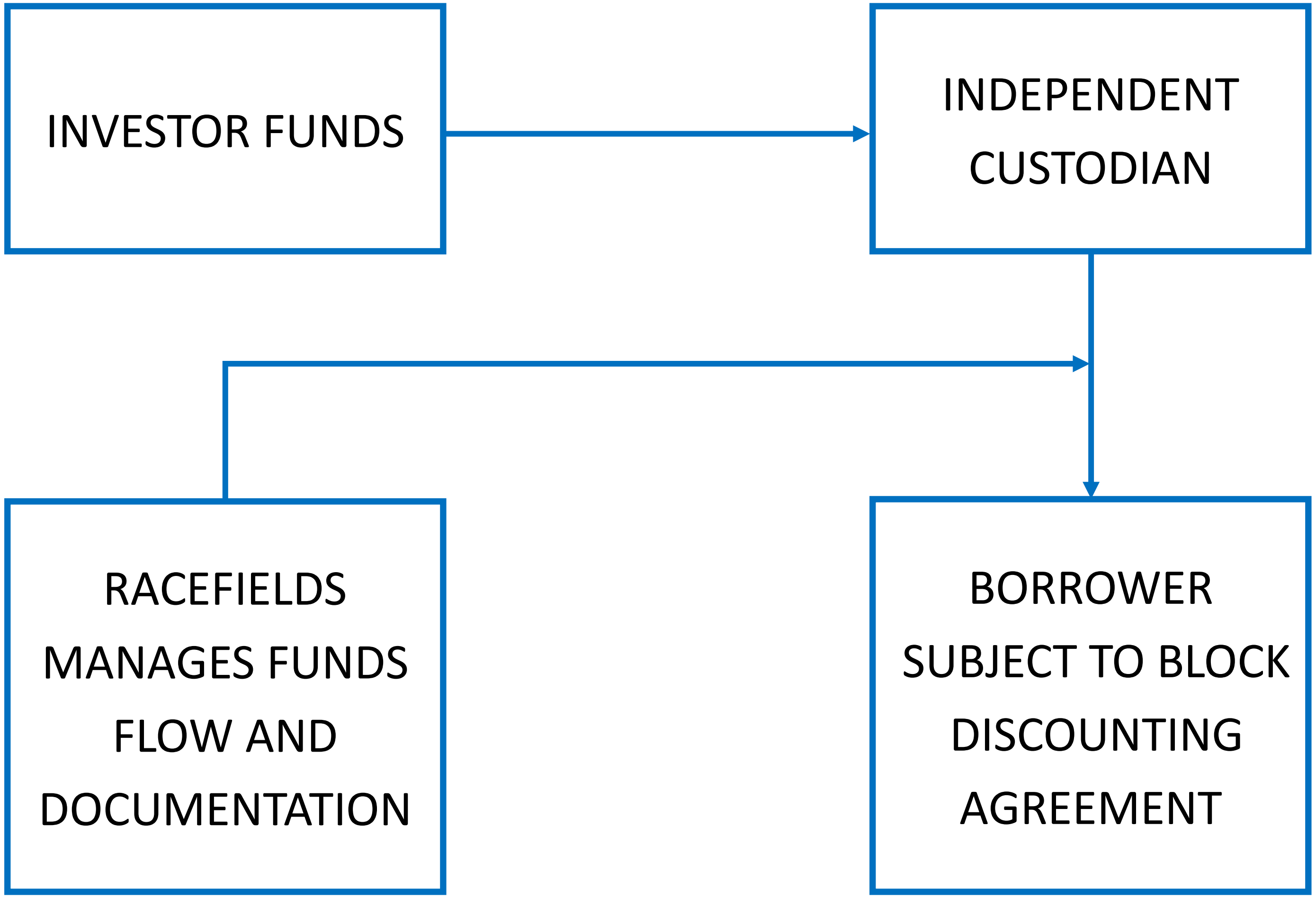
Once an investor agrees to provide funding as result of reviewing the PFS (and supporting information) funds are made available subject to our block discounting agreement.

Racefields will then arrange for funds to be made available to the borrower subject to a block discounting contract that has been approved by both Racefields and the investor.

Racefields will manage the block discounting agreement. Amongst other obligations this will include monitoring the financial position of the borrower, approving loans made by the borrower, ensuring that any lending criteria and security documentation used are within the specifications set.

Racefields will provide the investor with real-time information and analysis via our proprietary reporting system called ProFunding. Finally, Racefields will manage any default situations after taking instructions from the investor.

HOW IT WORKS - Option One (Independent Custodian)

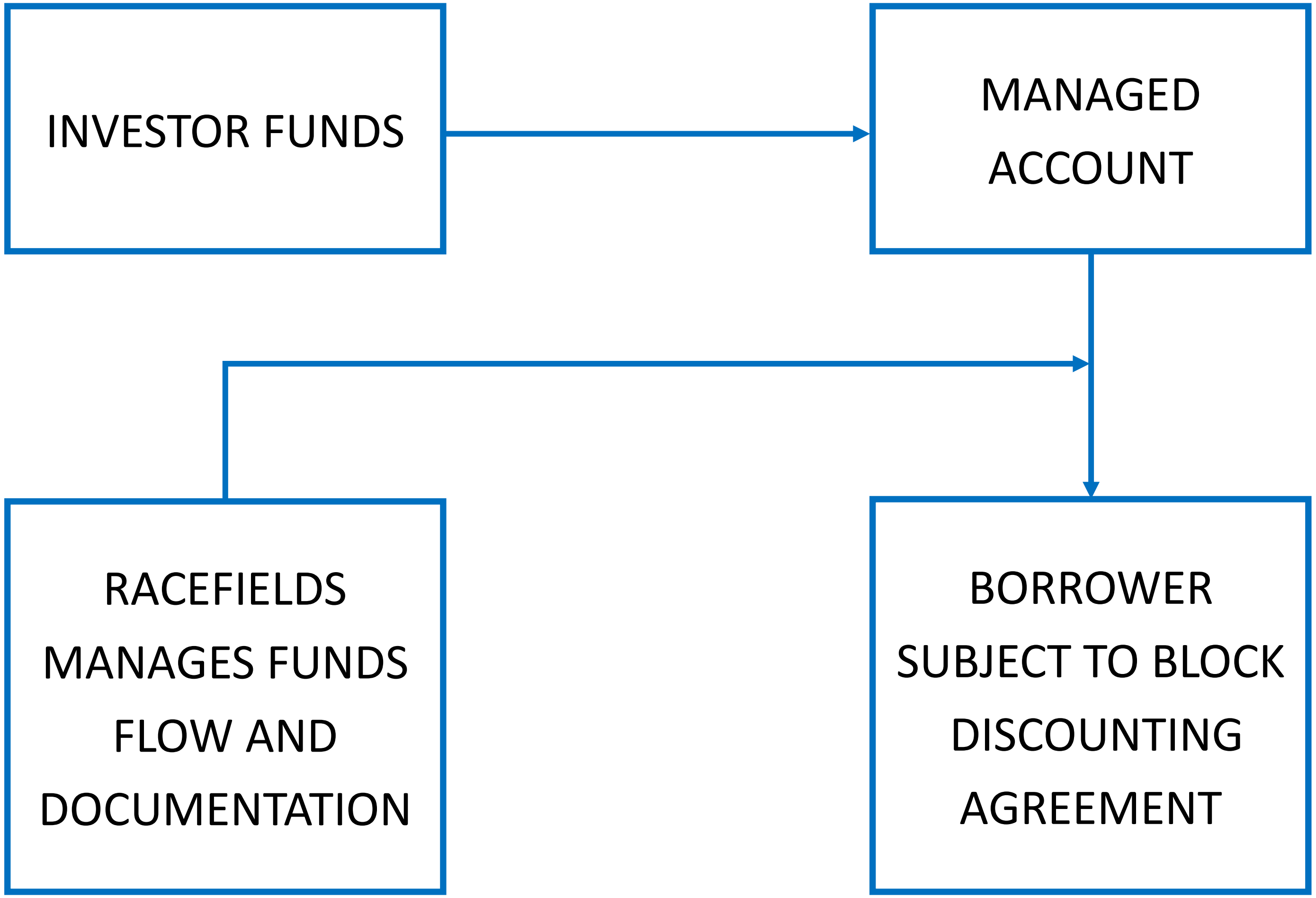


The investor's funds are held by an independent FCA regulated custodian. The custodian releases funds to the borrower subject to the terms of the block discounting agreement. Racefields manages the agreement on behalf of the investor.

The investor's funds are secured by way of a sub-charge over the security being taken by the lender.

Racefields

HOW IT WORKS - Option Two (Managed Account)

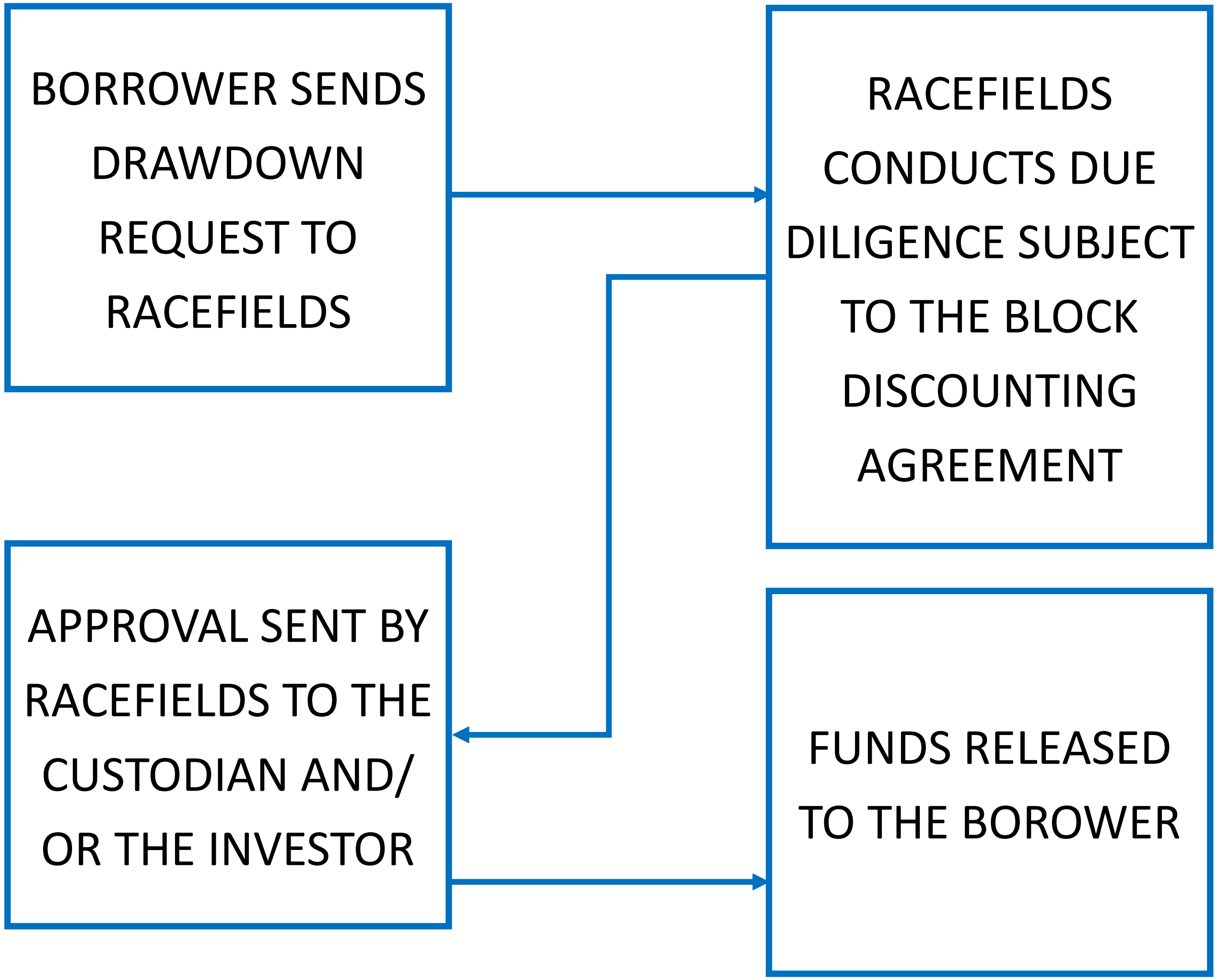


The investor's funds are held in a bank account controlled by the investor and subject to an investor agreement. The funds are released to the borrower subject to the terms of the block discounting agreement. Racefields manages the agreement on behalf of the investor.

The investor's funds are secured by way of a sub-charge over the security being taken by the lender.

Racefields

HOW IT WORKS - Releasing Funds to The Borrower



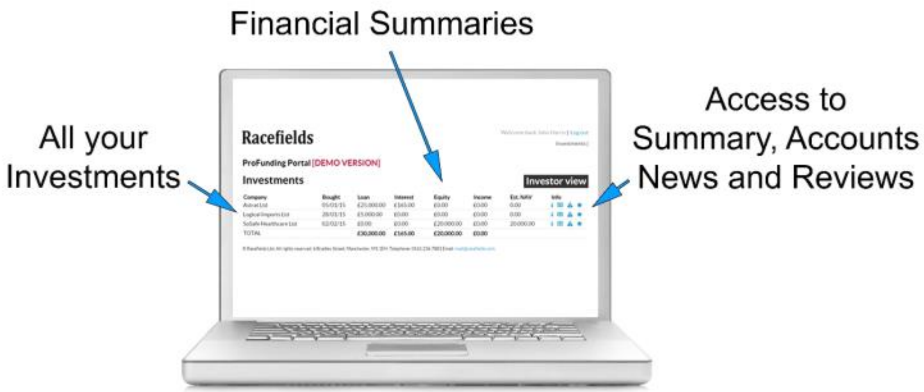
The borrower issues a draw down request to Racefields. Racefields then conducts due diligence to determine if the draw down request meets the terms of the block discounting agreement.

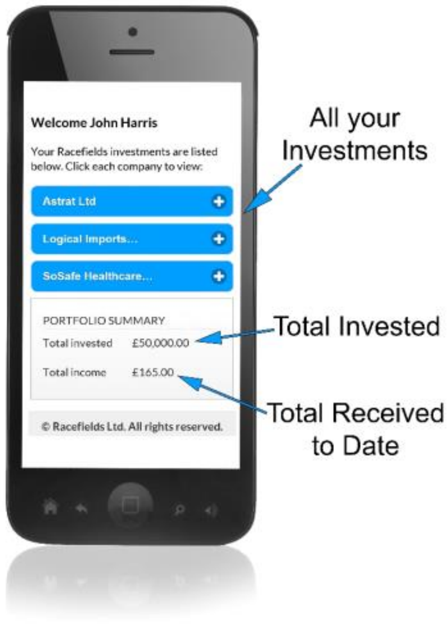
If the terms are met then approval from Racefields is sent to either the Custodian or the investor direct.

The funds are then released to the borrower subject to the block discounting agreement.

Racefields

INVESTOR REPORTING





Racefields have developed a proprietary report system that we call ProFunding.

Using ProFunding investors can monitor and review all their block discounting investments in real-time on mobile, tablet or desktop.

Deployment Rate

Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
£10 million	£10 million	£15 million	£20 million	£30 million	£30 million

These numbers are based on the total volume of funding requests we currently have.

The interest rate will vary between 8-12% depending on the credit risk profile of the loans being made by the borrower to their clients.

The above are estimates of overall capital deployment. Investors are being sought to provide some or all of the funding required.

Due Diligence Criteria

Racefields will carry out stringent due diligence on each potential borrower which will include:

- General business strategy
- Bank statements
- Director backgrounds
- Loan book analysis - i.e. what percentage of the property is in London
- Default rates
- Loan administration
- Risk management
- Credit committee process
- Corporate and management structure

This is not an exhaustive list.

Management Team

David Gammond - Chairman

David founded Racefields in 2008 to provide corporate finance and fund raising advise to SMEs. He is also CEO of Sunlight Technology PLC which is a leading UK-based renewable energy company and CEO of Goldfield Partners, an asset management firm. David has spent over 25 years in the finance industry which includes running three property bridging loan companies, as a stock broker and Chairman of an AIM listed company.

Christopher Maamoun - Managing Director

Chris joined Racefields in 2015 building relationships with finance platforms and lenders, becoming our placement specialist in the process. He now runs the business, after having spent many years in managerial roles, and is always looking for ways to expand our scope to serve more clients.

Paul Sutton - Legal Consultant

With over 20 years of experience as a corporate lawyer, Paul is an essential part of the Racefields team. He started off at an Anglo-German law firm, progressing from trainee to partner, and went on to work for KPMG, McGrigors LLP and Pincent Masons LLP before setting up LCN Legal.

THE POTENTIAL RISKS

A borrower that you are providing funds to via a block discounting agreement might fail. Your funds will normally be secured via a sub-charge but Racefields may not be able to recover your funds in the event of a default.

A borrower may submit a draw down request that is based on inaccurate information. Racefields will make every effort to detect and reject such a request but we may fail to do so which may put your capital at risk.

Racefields might fail as a business and you will be left to manage the block discounting agreement yourself.

This type of investment should be considered as higher risk.

IF YOU DECIDE TO INVEST

As an FCA regulated firm we are obligated to conduct Know Your Client (KYC) and Anti-Money Laundering (AML) checks.

We will then determine your investment profile through discussion with you about your investment needs and aspirations. Your profile will be used to determine which block discounting opportunities are presented to you.

If you decide to use an independent FCA custodian Racefields will introduce you our preferred firm. You are not obligated to use this firm and you may appoint your own subject to our prior approval.

As a registered investor you will be able to access your investments with us through our propriety reporting portal called ProFunding. ProFunding can be accessed by desktop, tablet or mobile. Through it you can access your investment return, your current block discounting obligations, documentation and news.

FEES AND CHARGES

We will charge you an asset management charge equal to 1% per year of the maximum capital you have invested through us in that year. This charge will be calculated and invoiced to investors on a quarterly basis.

If an investor decides to use our preferred custodian then the custodian will make an administration charge equal to 0.25% per year of the capital you have invested with us. This charge will also be calculated and invoiced to investors on a quarterly basis.

If you decide to use your own custodian then any fees and charges made by that custodian are payable directly by you.

We do not charge success fees.

SUMMARY

This is a non-discretionary service through which investors can block discount loans made by lenders.

Security will be by way of a sub-charge over the security taken by the borrower as collateral for their loan.

We expect the borrower to make a contribution to every loan they make. This contribution will be ranked junior to our investor's sub-charge.

Draw down requests made by borrowers will be subject to due diligence by Racefields.

We are seeking fully funded commitments to a minimum £100,000 with no upper limit.

We are targeting a minimum return to investors (after fees and costs) of 8% per annum.

CONTACT

If you would like to speak to us about this investment opportunity please see our contact details below:

Or contact our CEO
Christopher Maamoun at Racefields
Chris.maamoun@racefields.com
0161 236 7883
07756744138

Racefields Ltd
6 Bradley Street
Manchester
M1 1EH
England