



# ECF Asset Finance Plc

## Sale & Leaseback Presentation

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## Group Overview

ECF Group is one of the UK's leading Asset and Property finance specialists.

Throughout the Group our people possess a wealth of Experience and Expertise in providing an Effective and tailored approach to lending, adding tangible value to our clients' businesses.



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## What is Sale and Leaseback?

Sale and leaseback releases the equity in a company's assets, even those on finance. ECF provides new money for your clients by leasing back their assets on a monthly basis over 3-5 years

### Benefits of Sale and Leaseback

- Immediate, improved cash flow
- Quick and easy process
- Fixed monthly payments



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## Why use Sale and Leaseback ?

- To create additional working capital
- To reduce a bank overdraft facility
- To raise new money for deposits on additional plant and machinery
- To buy out shareholders – MBOs / MBIs
- To fund an acquisition

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## Case Study:

A well established engineering company based in the Midlands suffered a down turn in trade which resulted in their bank asking them to repay a proportion of their overdraft facility.

ECF recommended they raise the capital required by refinancing their unencumbered plant and machinery. ECF agreed a £175k Sale and Leaseback facility which not only repaid the overdraft with the bank but created an additional £50k for working capital.

The Finance Director commented "ECF's suggestion to use our own assets to satisfy our cash requirement was the perfect solution to our problem. They even provided the funds to settle outstanding finance on one of our machines".



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## Case Study:

A successful North West bus operator needed to raise deposits for additional vehicles to support a new contract. In addition they needed to reduce their monthly overheads to ease the business cash flow.

### **How it was resolved**

ECF recommended the refinance of their existing fleet to release equity.

### **What ECF Agreed**

A £450,000 Sale and Leaseback facility. This created the deposits required for the new vehicles. ECF settled existing finance companies direct and rescheduled the new agreements, thus reducing their monthly overheads by approximately £5,500.

The word 'expertise' is written in a light blue, lowercase, sans-serif font. To its left is a stylized white star with a horizontal line through it, similar to the ECF logo. The text and star are partially overlaid by a white, curved graphic element that frames a photograph of a white bus.

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## How does the process work?

Once a company has decided to use its assets to raise funds, the following process takes place;

- Identify the amount which your client would like to raise
- Identify the assets which are suitable for Sale and Leaseback
- Determine whether they are unencumbered or on finance
- Where applicable provide details of existing finance company
- Obtain copies of existing finance agreements
- Obtain settlement figures from finance companies
- Determine your client's overall security package: i.e. Debentures, Charges and Guarantees



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## What are ECF's security requirements?

To secure the transaction we will require the following:

- ECF's Finance Lease Document
- A Chattel Mortgage over the equipment
- A Debenture Holder's waiver
- A Landlord's waiver
- Where necessary, a formal valuation of the assets



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## How is Sale and Leaseback regulated?

- Section 154 of the Companies Act required the provision of a certificate from an Accountant under regulations for "Financial Assistance". This was also known as the "Whitewash" procedure. This section of the act has been rescinded and is no longer required.

- Michael Gerson (Leasing) Limited Vs Wilkinson 2001.

It is this case in the High Court which persuades many finance companies to avoid Sale and Leaseback. However, ECF has taken a Barrister's Opinion and is satisfied that its position is adequately secured.



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