



Thames Valley Asset Finance

Specialists in Asset Finance and Business Banking Solutions

Periodic Newsletter

April 2009

Welcome to the first edition for 2009 of our periodic newsletter.

The first three months of 2009 have been particularly busy for our brokerage, indeed the start of this year has seen an increasing number of new business referrals from in particular our bank partners, many of whom are seeking additional lines of credit for their customer as credit becomes harder to obtain. Of particular note is the both the size and quality of the transactions we have been asked to assist with so far in 2009. Many of the new clients we have taken on have strong balance sheets and healthy operating cash-flow. However, even these clients with excellent covenants are finding their incumbent banks withdrawing facilities or increasing pricing (fees and interest margins) to ever higher levels.

In this latest edition of our newsletter we take a look at a couple of our recent transaction successes. In addition to this, we highlight TVAF's ability to provide credit lines for SME's that have ongoing and long term asset/equipment acquisition programs and how we can add value in such cases.



We trust you find this latest newsletter informative and look forward to working further with our clients, existing partners and new introducers during 2009.

Andy

Andy Wise

Director, Thames Valley Asset Finance Limited

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Case study I — TVAF negotiates £0.2M asset funding line

TVAF were approached in late 2008 by a client who had been let down by their primary bankers at the eleventh hour. They had equipment that had been ordered, delivered to site and the lender had approved the funding with payment pending to the supplier.

The lender then pulled out, citing a change of policy followed by a subsequent offer being tabled on onerous terms to the client.

TVAF was asked to help and quickly approached ING (Lease) UK, a prime lender on our panel. The transaction for £200,00 was approved within 24 hours and documentation drawn up and signed by the client with inside a week.

The supplier was paid over the Christmas and New Year break.

Furthermore the covenant was first class and TVAF were able to secure the client a

commercially attractive rate of interest due to the profitability and balance sheet of the covenant. TVAF proving funds are available in the market for the right proposal.



News in brief

- Interest rates fall to all time low. Bank Base rate falls to 0.5%. One month LIBOR 1.39%
- TVAF secures further funding lines for clients with Reliance Financial Contracts "RFC", a division of Close Bros
- Davenham Group announces successful £215m refinancing of its banking facilities, plans are to now focus on asset and trade finance divisions

Case study II — TVAF brokers £260k funding for electronic equipment

A Hampshire based components manufacturer approached TVAF in the New Year to finance a new piece of equipment they required to meet production demands on a contract extension.

Historically they had used HBoS but they were told that HBoS had withdrawn from the market. This following the restructure into the Lloyds banking group.

TVAF brokered the proposal via Clydesdale Bank Asset Finance and a facility was soon approved and drawn down, enabling the machine to be delivered on time.

With our wealth of lenders and experience of asset finance, we were able to structure a low deposit, alongside which we secured a longer five year repayment on the loan.

The machine is now in situ and further credit facilities have been approved to be used by the client as product demand grows.





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FEATURE ARTICLE — Why use a finance broker?

We are often asked the question "Why would I recommend a client use Thames Valley Asset Finance or for that matter some form of finance broker"?

Well the answer is relatively simple. Firstly, we are wholly independent and not affiliated to any one bank or finance house. This means we have access to a much wider range of lenders, enabling us to find the funder most suited to a clients needs. Secondly, some lenders only wish to lend in certain sectors or against particular assets. Our experience and expertise allows us to determine quickly where an asset finance transaction may be best placed. This is perhaps never more relevant than in the current "credit crunch", with lenders withdrawing from the market, capping credit lines or refusing to assist companies with say limited trading history, weaker financials or those that are new start ups.

In addition to the above, we know exactly what sort of information a prospective lender will wish to see in relation to a particular funding request. This enables us to work with the client and their professional advisers (where required) to ensure a proposal is presented in the most positive and commercially attractive manner possible. This is experience that we have built up over a 20 year period, experience that is becoming more and more useful in today's financial market place as lenders tighten their criteria.

Lastly, in most cases we do not look to charge our clients any form of fee, instead taking an introduction or finders fee from the lender with whom we place the business. We believe this demonstrates that we are more committed to delivering actual results for our clients and professional intermediaries. Clients see this as real benefit, knowing that we will invest the required time and professionalism in preparing a funding proposal that has a realistic opportunity of being approved. A service built on delivering solutions, allied to which we have a level of knowledge, expertise and enthusiasm unrivalled in the Thames Valley.

Spot light on vehicle contract hire—"motor cars.....a depreciating asset!"

TVAF has seen a marked increase in the number of both business and personal car users moving towards contract hire during 2009, as they replace vehicles.

Traditionally, many businesses and indeed private car owners have purchased their vehicles via bank loans or more commonly via some form of Hire Purchase agreement which is secured against the car.

However, should cars simply be viewed as an essential business tool to get an employee from A to B? The car itself is a depreciating asset, so why place the vehicle on the companies balance sheet?

This is perhaps even more of an issue in the present climate, as used car values plummet. Indeed, trade-in values are now often falling short of the amount outstanding on the related finance agreement, leaving clients in a situation of "negative equity". TVAF has seen some extreme examples of this already in 2009 with some customers finding cars are worth £5-10K less than they owe on the finance agreement, an indication of just

how far used car prices have fallen in 2009

So why elect to use Contract Hire?

- Fixed monthly payments
- Contract Hire/Lease Company takes the residual value risk in the car (i.e. they take loss/profit on disposal)
- Off balance sheet, so can improve gearing when client looking at further bank/ABL facilities
- Other costs such as Road Fund Licence, tyres and maintenance can be included in the lease rentals if required
- Contract Hire Companies typically have access to a large network of dealers, this means they command better discounts due to volume of cars they purchase annually. Some of this saving is passed to the lessee

- Lessee (client), simply hands car back at end of contract term
- Responsibility of the contract hire provider to dispose/sell car at end of contract NOT the user



TVAF's sister company THW Vehicle Leasing has access to wide range of new cars, indeed we are able to source almost any make or model. Our ability to access a range of dealers means we can source cars from stock or via a factory order (if the requirement is more specific).

Whether its an Audi, BMW, Ford or VW or something more bespoke, call us, we can provide a cost effective solution for you.

If you are an individual or business requiring help on any aspect of asset, equipment or motor finance then we look forward to hearing from you. Similarly, we continue to welcome enquiries from banks, factors, discounters, suppliers and professional intermediaries who require advice and support in organising asset finance facilities for their clients.

Thank you for reading this spring edition of our newsletter, as ever if you do not wish to be included on future editions please let us know by telephoning us on 0844 561 7422 or e-mailing enquiries@tvaf.co.uk