

XL LOANS  
INVESTMENT BROCHURE

# The Freedom Of Change



RESPONSIVE  
VEHICLE  
LEASING

CROWDSTACKER®



# Disclaimer

THIS DISCLAIMER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This document (the “Information Brochure” or “Document”) constitutes the basis upon which you may make a loan offer to XL CST Limited (“XL”) which XL may accept on the terms and conditions set out in this Document.

You should not make an offer to lend to XL as set out in this Document except on the basis of the information published in this Document and the Key Commercial Terms (see format on page 28).

Your attention is particularly drawn to the “Risk Factors” which are set out on pages 25, 26 & 27 of this Document. You should consider carefully whether XL Loans are a suitable financial commitment for you to make in the light of your personal circumstances. XL Loans will become a secured debt of XL but may not be a suitable financial commitment for all recipients of this Document. The money that you lend to XL as an XL Loan (your “Capital”) is at risk.

Making a loan of this nature involves a degree of risk. It may not be possible to sell or realise the XL Loans before they mature or to obtain reliable information about the risks to which they are exposed.

XL Loans will be a debt of XL secured over all of its assets under a debenture constituting a fixed and floating charge. However, there can be no certainty or guarantee

that any realisation of such assets through the enforcement of such security will be sufficient to enable XL to repay all or part of the Loans or XL’s liabilities thereunder.

This Document, which is a financial promotion for the purposes of Section 21 of the Financial Services and Markets Act 2000 (“FSMA”), is issued by XL, which accepts responsibility for the information contained herein. This Document has been approved as a financial promotion for UK publication by Crowdstacker Limited, which is authorised and regulated by the Financial Conduct Authority to operate an electronic lending platform. Crowdstacker is registered on the Financial Conduct Authority’s Register with registration number 648742.

This Document does not constitute a prospectus to which the Prospectus Rules of the Financial Conduct Authority apply. Therefore, this Document and the Loans have not been approved by the Financial Conduct Authority or any other regulatory body, and do not give rise to any rights to claim compensation under the Financial Services Compensation Scheme.

You should ensure that you have read and understood this Document in its entirety before agreeing to offer Loans to XL. If you are in any doubt as to the contents of this Document or whether

making the Loans is a suitable financial commitment for you, you should seek your own independent advice from an appropriately qualified advisor authorised under the Financial Services and Markets Act 2000 and who specialises in advising on loans, financial commitments and other such debt instruments.

This Document does not constitute an offer to make a loan or other financial commitment or the solicitation of an offer to make a loan or other financial commitment in any jurisdiction in which such offer or solicitation is unlawful. The distribution of this Document in other jurisdictions may be restricted by law and therefore persons into whose possession this Document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions.

Communications sent by you to the Custodian (as such term is defined on page 3) shall be treated as delivered to it on the day of actual receipt by the Custodian. All documents, payments or electronic information and communications sent by, to or from you or on your behalf will be sent entirely at your own risk.

# Definitions

PLEASE TAKE NOTE OF THE FOLLOWING  
KEY TERMS AND DEFINITIONS

## **CROWDSTACKER**

Crowdstacker Limited, an investment platform that is authorised and regulated by the FCA

## **CUSTODIAN**

Crowdstacker Limited

## **DEBENTURE**

A debenture between XL and the Security Trustee under which XL creates a fixed and floating charge in favour of the Security Trustee over all its assets and business

## **FCA**

Financial Conduct Authority

## **GUARANTOR**

XLGH Limited

## **INFORMATION BROCHURE OR DOCUMENT**

This document

## **KEY COMMERCIAL TERMS**

The key commercial terms format set out in this Document on page 28 which on acceptance will be populated with the Lender's details, the Interest Rate, the Commencement Date, the Loan Amount and the Repayment Date

## **LENDERS**

All those individuals who enter into Loan Contracts with XL

## **LOAN T&CS**

The terms and conditions applicable to each Loan as set out in this Document and which form part of each Loan Contract

## **LOAN CONTRACTS**

The loan contracts consisting of the Loan T&Cs and the Key Commercial Terms between Lenders and XL

## **XL LOANS OR LOANS**

Loans made or to be made to XL pursuant to the terms and subject to the conditions of the Loan Contracts following acceptance by XL

## **SECURITY**

The Debenture over the assets of the Borrower and the guarantee given by the Guarantor.

## **SECURITY TRUSTEE**

Crowdstacker Corporate Services Limited or such other person as is appointed as trustee under the Security Trust Deed

## **SECURITY TRUST DEED**

The deed between the Security Trustee and XL by which the Security Trustee holds the Security on trust for the benefit of Lenders

## **XL GROUP OR GROUP**

XL group of companies consisting of XLGH Limited, XL Limited, XLHW Limited, XLCH Limited, XLUF Limited, XL CST Limited and XLCSF Limited.

## **XL, COMPANY OR BORROWER**

XL CST Limited

# Contents



<b>05</b>	<b>A WORD FROM OUR CEO</b> Take a closer look	<b>17</b>	<b>YOUR LOAN</b> Key points What could I earn?
<b>06</b>	<b>XL: THE BUSINESS</b> What do we do? Who are our customers & what do we offer them?	<b>19</b>	<b>SECURITY</b> Secured on business assets
<b>08</b>	<b>WHY ARE WE DIFFERENT?</b> What makes XL stand out?	<b>20</b>	<b>CROWDSTACKER</b> Crowdstacker's role with XL Group
<b>09</b>	<b>MARKET OPPORTUNITY</b> Demand is growing The Loan	<b>22</b>	<b>THE INNOVATIVE FINANCE ISA</b> Earn interest tax free through the Innovative Finance ISA
<b>10</b>	<b>A CLOSER LOOK</b> A closer look at how the leasing process works	<b>24</b>	<b>TWO MINUTE FAQ'S</b> We answer any questions you may have
<b>11</b>	<b>HOW WE PROTECT OUR BUSINESS</b> The recovery process Insurance Debt management	<b>25</b>	<b>RISK FACTORS</b> A guide to the associated risks
<b>13</b>	<b>TESTIMONIALS</b> Real examples of what we do	<b>28</b>	<b>KEY COMMERCIAL TERMS</b> Keep informed about the key terms
<b>14</b>	<b>WHO'S BEHIND XL?</b> Meet the team	<b>29</b>	<b>LOAN T&amp;C'S</b> XL Loan terms and conditions
<b>16</b>	<b>FINANCIALS</b> View our profit & loss and balance sheet	<b>35</b>	<b>RISK WARNING</b> Understanding the risks & challenges

# A word from our CEO

FIRSTLY WELCOME TO XL LOANS AND THANK YOU FOR TAKING THE TIME TO READ THIS INFORMATION BROCHURE.

XL Group was set up in 2006 to offer short-term contract hire vehicles of terms between 6 and 12 months. We have grown quickly and organically and now have a team of 24 people and manage over 1,000 contract hires.

The core of our product gives customers flexibility and the ability to change their vehicle every 6 months.

Our customers can dispense with the normal maintenance required when they own their vehicles or use longer-term contract hire, as well eliminate the need to MOT and buy road tax. SME fleet managers can have the flexibility to lease vehicles dependent on when they are busy so that vehicle usage can be optimised throughout the year. This gives businesses the ability to react quickly to upturns and downturns in their business.

All of these great benefits at a cost that is comparable with long term lease hire but without the typical large upfront payments.

We purchase these vehicles from the manufacturer or dealer, who also agrees to buy them back at a later date. We now own over 400 vehicles, which has put us in the position to buy new vehicles at considerable discounts from manufacturers.

We are positioned in a 3-way mutually beneficial relationship between the manufacturer, the manufacturer's dealer and ourselves. The more vehicles we buy the bigger the discounts we are able to receive. The manufacturer is able to sell more new vehicles, the dealer can accelerate its sales volume targets and we can lease the vehicles to our customers on short-term contracts.

The dealers benefit as they are buying back one owner, low mileage vehicles that fit into their current range. In the interim period, we are able to lease out the vehicles to our customers. The lease payments and buyback agreements cover the initial investment and interest payments due on that investment.

Our target is to borrow £3 million over the coming months and secure this loan with a portfolio of vehicles and agreements with the dealers to buy the vehicles back. In order to protect your capital, we have set up a wholly owned subsidiary, XL CST Limited that will be used solely for this purpose.

All Loan proceeds will be used to purchase vehicles that will then be leased to our customer base. We therefore feel that this is a sound investment where you can earn 4% p.a. over a 7 month term. Interest will be paid at the end of the term and there will be security over the assets of the Company including the vehicles we purchase.

We hope you join us in our growth.

*Martin Walker*  
XL Chief Executive

As with any investing, your capital is at risk when you lend to businesses.

XL LOANS

# What do we do?

XL GROUP IS A VEHICLE LEASING BUSINESS OFFERING SHORT-TERM (6,9 & 12 MONTHS) CONTRACT HIRE

The business launched in 2006 to service a growing demand from people looking for an alternative solution to conventional long-term vehicle financing.

We began by leasing vehicles from wholesale vehicle leasing companies (people that supply the daily rental and contract hire industry) and earning a margin on forward leasing these to our customers. The vehicles are always new and the leasing contracts are short-term. As the business grew we were able to buy vehicles at attractive discounts and it became apparent that owning vehicles that we lease on generates a higher profit margin.

Therefore our future drive is now focused on owning the vehicles we lease and this is why we are launching the XL Loans on the Crowdfunder platform with the aim of initially raising £3 million.



XL LOANS

# Who are our customers?

XL THE BUSINESS : WHO ARE OUR CUSTOMERS & WHAT DO WE OFFER THEM?

WE HAVE TWO MAIN SETS OF CUSTOMERS:

- 1/ Private individuals who want the freedom to change their vehicles every 6-12 months.
- 2/ Fleet managers who are typically small and medium-sized enterprises (SMEs) typically operating fleets of small and large vans or pick-ups.

Individuals commonly lease a vehicle for a 6 month contract. The freedom of change allows a person to drive a convertible in the summer and enjoy it to its full potential while the weather is good, before swapping it for a 4X4 in the winter when it's icy, wet and driving conditions are difficult. It gives our customers the best of both worlds.

Fleet users on the other hand, gain the flexibility to deal with seasonal growth or shrinkage. In traditional leasing arrangements, vehicles are generally supplied on 4 or 5 year terms.

Businesses are stuck with that vehicle regardless of the economic conditions. In some cases, this may result in vehicles left in vehicle parks not in use.

Our model allows an SME or fleet manager to manage the number of vehicles they utilise at any one time, matching demand and supply and helping to protect their profit margin.

Our aim is that both types of customer enjoy a hassle-free experience - every 6 months they can receive a new vehicle without having to worry about servicing the vehicle or incurring MOT and road tax costs.

In addition, another unique feature is the very usable mileage allowance of generally 2,000 miles per month instead of the industry standard 10,000 miles per annum.

# Why are we different?

PUT SIMPLY OUR CUSTOMERS GET EXACTLY WHAT THEY WANT AND WHAT THEY NEED...

## 1/ OUR CUSTOMERS PAY LESS UPFRONT

Our contracts are offered for 6, 9 and 12 month contracts with a two months lease payment made up front followed by equal payments, over the term, paid monthly in advance. A small security deposit is also taken to cover any end of term damage and/or excess mileage.

The 'all-in' monthly cost of our shorter-term lease is designed to be competitive with the comparable cost of a 2 - 5 year leasing contract with a conventional leasing company.

## 2/ IT'S EASY TO TRADE AN OLDER VEHICLE FOR A NEW ONE

Our main selling point is that not only does the customer have a small upfront outlay and the benefit of always driving a new vehicle, but they also have the opportunity to trade the vehicle in for a new one at the end of the hire period from a wide choice of vehicles.

## 3/ OUR SUPPLIERS ALSO GET WHAT THEY WANT

Naturally, manufacturers want to sell higher volumes of their top of the range and/or higher specification models. In order to incentivise companies such as us (buyers that purchase substantial volumes of vehicles) to order these top of the range vehicles, manufacturers are willing to offer very substantial discounts (20-50% of the Recommended Retail Price).

XL Group has already secured these volume discounts both directly with manufacturers including BMW and indirectly through a long standing arrangement with a vehicle leasing company.

Manufacturers also want these one owner, high spec, mid mileage vehicles to be recycled back into their dealer networks for resale to private buyers and are therefore willing to enter into buyback arrangements with XL Group. This removes the risk that the vehicles will not be sellable after the lease term with our customers expire.

The end result is a customer that has flexibility and fair pricing and a manufacturer that is able to sell new vehicles in bulk and resell the same vehicles in the secondary market.



XL LOANS

# Market Opportunity

DEMAND IS GROWING

*We believe there is a growing demand for the service we provide and this is being driven by two separate factors:*

- 1/** The desire of professionals and executive management to drive luxury or executive vehicles and SME fleet managers to be able to change them frequently; and
- 2/** The need of the motor manufacturers, as part of their market segmentation techniques, to both increase sales volume of luxury and performance executive vehicles and create a stock of nearly new luxury and executive vehicles for their dealer networks to resell.

## The Loan

YOUR LOAN TO XL

*We are making available to you the ability to make loans from £100 and earn a return of 4% p.a. over 7 months.*

**1/ TERM**

**7 Months**

**2/ INTEREST RATE**

**4% p.a.**

**3/ INTEREST PAYMENTS**

**At the end  
of the term**

As with any investing, your capital is at risk when you lend to businesses.

# A closer look

TAKE A CLOSER LOOK AT HOW THE LEASING PROCESS WORKS

## 1 OUR FLEET

We have a current list of over 250 different vehicles or vans available. These include:

- 1/ Small vans, medium vans, large wheel base vans, Luton vans, tail lifts, dropside trucks, tipper trucks and refrigerated trucks.
- 2/ Micro vehicles, small vehicles, medium vehicles, executive vehicles, SUVs, 4x4s, estates, pick-ups.
- 3/ And then the various manufacturer specifications.

## 2 PURCHASING THE VEHICLES

We negotiate a fleet discount with the manufacturers due to the quantity of vehicles we are buying. The more we buy the bigger the discounts. We are positioned in a 3 way mutually beneficial relationship between the manufacturer, the manufacturer's dealer and ourselves.

The manufacturer can sell more new vehicles, the dealer can accelerate its sales volume targets and we can lease the vehicles to our customers on short-term contracts.

We purchase the vehicles from the manufacturer or dealer and they buy them back at a pre-agreed date and price (subject to the conditions of the buyback agreement). The dealers are buying back one owner, low mileage vehicles that fit into their current range with the level of discount that is attractive to them.

In the interim period, we are able to lease out the vehicles to our customers.

Our aim is to buy a vehicle for a similar price as we intend to sell it back to the dealer and therefore have a small holding cost.

## 3 MONITORING OUR VEHICLES

Innovative technology enables us to remotely manage our fleet of vehicles.

All are fitted with Thatcham 6 GPS tracking and immobilisation devices enabling every vehicle to be tracked and disabled at any time.

We have geolocation fence alerts for all of the ports, toll roads and racing tracks, with the aim that we can closely monitor where each vehicle is and disable it quickly and safely if necessary.

The tracking also tells us if the vehicle battery is going flat, the vehicle is speeding, or if the vehicle moves without the ignition being on. This gives us true visibility of where the vehicles are at any given point.

The immobilisation function is designed to be safe. A vehicle will only be immobilised when its needs to be and importantly only when the ignition is turned off. This gives us the ability to disable a vehicle where somebody has not paid or cannot be contacted as needed.



XL LOANS

# How we protect our business

## 1 THE RECOVERY PROCESS

All our leases are paid in advance not arrears.

- 1/ If a lease payment is missed we start the recovery process by contacting the client immediately. In some cases we get a settlement instantly over the phone by credit card or debit card.
- 2/ If the lease due is still not paid within 7 days, we will send a letter to the client informing them that they have failed to pay and that we will be adding a late payment fee.
- 3/ If they still have not paid within 14 days time, we send a second letter and apply a 10% late payment fee.
- 4/ On day 21, if the lease payment is still not settled, we send a third letter stating that the payment must be made immediately.
- 5/ On day 22, if the payment has not been made in full, we would usually disable the vehicle and repossess it.
- 6/ On day 28, we issue a statutory demand. At which time, the vehicle is back in our possession and we can find a new customer to lease it to for the remaining term.

We are normally only exposed to 1 month worth of the lease payments.

# How we protect our business

## 2 INSURANCE

All the vehicles are held on what is termed in the industry as Customers Own Insurance. Our customers insure their own vehicles and before delivering a vehicle we ensure the vehicle is covered by a fully comprehensive insurance, generally a paid up policy – which means they have cover for 12 months or guaranteed for the rental period. We are able to monitor and check the insurance by using the Motor Insurance Database.

Furthermore, we have a financial loss policy which covers us for any financial loss that we make in certain circumstances that are not covered by motor insurance – such as driver negligence or driving under the influence of alcohol or drugs.

Conversion by a hirer is a circumstance where a client tries to steal or take a vehicle. Any loss incurred as a result would also be covered by our financial loss policy.

The aim is that if their insurance does not pay out, our insurer will pay out.

## 3 DEBT MANAGEMENT

Only a small number of vehicles have been called in since launch and these recoveries resulted in minimal financial loss to us.

One reason for this low bad debt rate is that many of our customers are all linked to other customers as a direct result of the referral process which underpins our current customer acquisition strategy.

This is beneficial not only in terms of costs but also in terms of bad debt.



XL LOANS

# Testimonials

XL GROUP ASSISTS A VARIETY OF INDIVIDUALS AND UK BUSINESSES WITH THEIR CAR LEASING NEEDS:

"We run a mixed fleet of 12 vehicles with varying duration of term, all supplied via XL. We have taken 5 Caddy vans on a one year term with a service contract, which provides our mobile cleaners with reliable up to date vehicles that are constantly on the road.

We also have 5 vehicles for senior managers, 4 of these on one year leases and one on a 6 month lease to provide flexibility based on changing one off requirements from customers. The two directors vehicles are on a 6 month and 12 month lease, which provides flexibility of vehicle and cost which is great for our business management. The experience with XL has been exceptional from start to finish and we are entering our 15th month as a customer.

They are helpful and flexible and full of great ideas. I have recommended them to friends due to their excellent customer service and can-do attitude."

*Tony Hughes*

CEO

TSH SERVICES T/A MINSTER CLEANING

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"At High Access, we offer the complete high level maintenance and cleaning service to the commercial property sector. As people who are passionate about what we do, we're forever raising our standards.

High Access is renowned for taking on the toughest of challenges in the hardest to reach places, 24/7. Yet it's how we respond that defines us. With a laser like focus, we act quickly and safely, sending highly skilled, highly experienced professionals to the scene that defines us.

We have linked up with XL to provide us with the best transport available on the most flexible of terms. Whether this is eco-friendly hybrids for our city centre project managers to robust SUVs to reach those difficult locations, XL has never let us down!"

*Niel Bethell*

MANAGING DIRECTOR, HIGH ACCESS LIMITED

[www.highaccess.co.uk](http://www.highaccess.co.uk)



XL LOANS

# Who's Behind XL

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*Meet the team:*

THE MANAGEMENT TEAM HAVE BEEN IN THE BUSINESS OF VEHICLE LEASING SINCE EARLY 1990'S IN VARIOUS FORMS.

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## Martin Walker

CEO

Martin has considerable experience in the vehicle leasing industry and was instrumental in developing the core model of XL Group's leasing strategy. Prior to setting up XL Group, Martin spent over 10 years working at one of the UK's largest credit hire companies, where he was the Director of Logistics. As CEO, Martin has built up XL Group's strong management team and delivered positive financial results, even at the peak of the global financial crisis.

## Steve Hampson

CHAIRMAN

Steve started a vehicle hire business, after leaving University, with two vehicles and built it into one of the top ten independent vehicle hire businesses in the UK. With 9 locations throughout Lincolnshire, Nottinghamshire and Yorkshire and thousands of vehicles it was sold in 2007 to Northgate plc who were one of the largest vehicle rental businesses in the UK and Spain. Steve held a main board position on the BVRLA (British Vehicle Rental and Leasing Association) for many years as well as chairing the Commercial Vehicle committee for the BVRLA and holding a number of other board positions in the vehicle leasing and legal industry. He is a keen philanthropist and after chairing The Princes Trust private fundraising committee for three years, founded his own charity The Star Trust in 2013.



XL LOANS

# Who's Behind XL

## William Riordan

COMMERCIAL DIRECTOR

Following an earlier career as a Tax consultant and Investment Banker, Bill has spent the last 35 years as an adviser to SMEs, providing advice for fund raising (EIS, Private Equity, Debt raising) business expansion, mergers and acquisitions, succession planning and exits. Bill frequently was a part time executive director/mentor to founders and successors. Bill has particular experience in telecommunications, IT and renewable energy and more recently the vehicle leasing industry. Bill has been involved with XL Group for the last three years and is primarily responsible for relations with lenders to the business.

## Jeff Smith

CONTRACTS DIRECTOR

Jeff has a long track record of building teams of trained professionals. Prior to XL, Jeff had worked in various roles within the vehicle leasing industry for over 12 years and was the Contracts Manager at a large credit hire company. Since the inception of XL Group in 2005 Jeff has maintained and developed key manufacturer contacts, even through the global financial crisis.

## Bruce Walker

CFO

Bruce has extensive experience in the financial management of SME businesses. Over his 30+ years in the industry, Bruce has been the CFO of several successful businesses including Destiny Legal Services Limited and Nelson Money Managers plc. Prior to this he held a senior position at PwC in their Audit division. Bruce holds an Honours degree in Accounting and Finance from the London School of Economics and Political Science.

# XL Limited Financials

2017 WAS A YEAR OF SIGNIFICANT INVESTMENT FOR XL IN BOTH THE OPERATING ASSETS AND INFRASTRUCTURE OF THE GROUP.

Group operating profit more than doubled from 2016 to 2017, primarily as a result of investment in the Group's owned vehicle fleet, which grew substantially during this period.

In addition, headcount in both our front and back office functions was increased. We significantly improved the Group's IT infrastructure, purchased the freehold of our Head Office site and developed our warehousing and vehicle

storage facilities considerably. The growth in the Group's owned vehicle fleet in turn has driven growth in turnover and gross profit.

It also presents our biggest challenge as historically, the Group has had to secure funding from a variety of lenders, ranging from high street banks to more bespoke finance houses. As a result, growth in profit after interest has been somewhat suppressed.

During 2017, we have been striving to develop stronger relationships with large dealer groups and also directly with manufacturers. Our demand for new vehicles, which currently stands at around 1,700 – 2,000 per annum, makes us a significant customer of the major motor manufacturers.

The growth in the Group's fleet size and the number of annual vehicle registrations has resulted in increased buying power and

increased levels of discount obtained from dealers and manufacturers. As a result, we expect the discounts we achieve on vehicle purchases and the terms on which vehicle buybacks are secured will increase as available funding and fleet size grow accordingly.

Our principal objective in 2018 is to source finance from first tier funders, thereby reducing interest costs and increasing retained profits.

We currently have around 800 active lease agreements and generate around 15 new customers per week through our active sales force, website, social media and strategic partnerships. We expect vehicle holding costs will continue to fall as our purchasing power and recognition increases.

Additional funding priced at first tier market levels will enable us to grow, increase profits and in turn further strengthen our balance sheet.

## Profit & Loss

	14 MONTHS 2015	12 MONTHS 2016	12 MONTHS 2017
TURNOVER	£2,894,580	£3,995,821	£11,434,234
GROSS PROFIT	£336,365	£1,204,552	£2,324,286
OPERATING PROFIT	£99,973	£631,106	£1,336,498
<b>PROFIT AFTER TAX</b>	<b>(£10,284)</b>	<b>£177,670</b>	<b>£204,738</b>

## Balance Sheet

	2015	2016	2017
FIXED ASSETS	£33,293	£39,878	£759,618
CURRENT ASSETS	£2,872,745	£10,064,226	£27,927,436
CURRENT LIABILITIES	£1,395,582	£4,424,743	£10,853,433
LONG TERM LIABILITIES	£1,450,000	£5,441,232	£17,307,757
<b>NET ASSETS</b>	<b>£60,456</b>	<b>£238,129</b>	<b>£525,864</b>

### NOTES:

2017 information extracted from unaudited management accounts. 2016 information extracted from 2016 statutory accounts of XL Limited and unaudited management accounts of XL HW Limited and XL UF Limited. 2015 information (restated) extracted from 2016 statutory accounts of XL Limited. 2015 profit & loss account is for the 14 months ended 31 December 2015.





XL LOANS

# Your Loan

## 1. Key Points

The Key Commercial Terms set out the main financial terms, parties and security that forms part of your Loan. You need to familiarise yourself with the Key Commercial Terms and the Loan T&Cs.

1/

£3 MILLION  
TARGET RAISE

2/

4% FIXED ANNUAL  
INTEREST RATE

3/

£100 MINIMUM  
LOAN AMOUNT

4/

7 MONTH  
LOAN TERM

## 2. The Loan may be held in:

1/

### SASS

A SMALL SELF-  
ADMINISTERED  
SCHEME

2/

### IFISA

INNOVATIVE FINANCE ISA  
AN INNOVATIVE FINANCE  
INDIVIDUAL SAVINGS ACCOUNT

As with any investing, your capital is at risk. Past performance is not a reliable indicator of future returns.

XL LOANS

# What could I be earning?

WHAT COULD I EARN OVER THE NEXT 7 MONTHS?

INVESTMENT AMOUNT	TOTAL INTEREST OVER 7 MONTHS	TOTAL CAPITAL & INTEREST REPAYED OVER 7 MONTH TERM
£500	£11.67	£511.67
£5,000	£116.67	£5,116.67
£10,000	£233.33	£10,233.33
£50,000	£1,166.67	£51,166.67
£100,000	£2,333.33	£102,333.33

Peer to Peer investments can be included as part of your Personal Savings Allowance and you could earn up to £1,000 interest tax-free dependent on your tax status.

# Security

HOW IS YOUR LOAN SECURED?

## First

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Your Loan will be secured over the assets, property and undertakings of XL CST Limited via a first ranking debenture given to the Security Trustee on behalf of Lenders. The assets of the Company will comprise predominately of vehicles purchased and cash received from rental income.

## Second

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XLGH Limited will provide a parent company guarantee of the Company's obligations in favour of the Security Trustee on behalf of Lenders.

## Third

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A further protection for investors is that when a vehicle is purchased, the Company will enter into a buyback agreement with a vehicle dealership or manufacturer at a price that will result in a small holding cost that is covered by rentals. This aims to ensure that at the end of the Loan term, the vehicle can be sold and sale proceeds used to repay Lenders.

In the event of a default, the debenture over the Borrower can be enforced by the Security Trustee on behalf of Lenders who can take control of the Company bank accounts with the aim to ensure that any free operating cash flow is used to repay Lenders and vehicles can be sold when the short-term leases to customers expire. The Security Trustee will also be entitled to enforce the guarantee given by XLGH Limited in order to repay Lenders.

## How will the XL Loans be repaid:

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At the end of the Loan term, the Company envisages Lenders being repaid through a combination of:

1. SALE OF VEHICLES TO VEHICLE DEALERSHIPS OR MANUFACTURERS UNDER THE BUYBACK AGREEMENTS.
2. SALE OF VEHICLES TO THIRD PARTIES.
3. CASH GENERATED FROM VEHICLE RENTAL INCOME.

As with any investing, your capital is at risk when you lend to businesses.

# Crowdstacker Limited

CROWDSTACKER LIMITED IS AN INVESTMENT PLATFORM, AUTHORISED AND REGULATED BY THE FCA.

We believe we are different from other platforms. Our goal is to save you time by filtering through the many opportunities out there, leaving you with what we consider to be of the highest quality.

We aim to achieve this through our carefully designed selection process. We carry out bespoke, due diligence on each potential borrower. We reject many along the way. We negotiate additional levels of protection for our Lenders, organising the documentation so that it is easy to understand the benefits and risks of each investment.

Our due diligence includes three key steps. Only what we believe are the best investments will make it to the third. The three key steps are:

## STAGE 1

### Pre-screening

This initial assessment includes:

#### VERIFICATION

Confirming the identity of the potential company and its directors, including checking for County Court Judgements, directors that have been disqualified and other red flags, as well as Anti Money Laundering checks performed in line with Financial Action Task Force (FATF) guidelines.

#### AUTOMATED CREDIT ANALYSIS

Using a credit scoring model\* to provide an initial assessment of credit worthiness. The model is one used by the majority of credit insurers and claims to predict around 70% of the defaults in the next 12 months.

## STAGE 2

### In depth analysis

Our due diligence process is performed by chartered accountants with experience of analysing companies of all sizes. This includes:

#### FINANCIAL HEALTH

An assessment of current and projected financial performance and position. Management and statutory accounts, cash flows, business plans, repayment strategy and existing debt are all considered.

#### MANAGEMENT TEAM

We meet senior management teams at their premises and assess the quality of the team and its operations.

#### LOAN STRUCTURE & CONDITIONS

A recommendation is made regarding the loan structure and associated conditions to protect investors.

## STAGE 3

### Credit committee

Our credit committee is responsible for reviewing all reports and approving each new business proposal.

Once a loan is approved, we work with the company to produce informative documentation that outlines the key benefits and key risks for the loan.

We also co-ordinate the payment of interest and the return of investors' capital at the end of the Loan.

\* [www.creditsafeuk.com/about-us/why-choose-creditsafe/](http://www.creditsafeuk.com/about-us/why-choose-creditsafe/)

XL LOANS

THE CROWDSTACKER PLATFORM

# Crowdstacker Limited

CROWDSTACKER IS AUTHORISED & REGULATED BY THE FCA.  
FIND OUT MORE ABOUT THE CROWDSTACKER DUE DILIGENCE PROCESS.

## The Security Trustee

Crowdstacker's associate Company, Crowdstacker Corporate Services Limited acts as Security Trustee.

THE ROLE OF THE SECURITY TRUSTEE IS TO:

1. Hold on behalf of all Lenders the security for the Loans over the assets of XL
2. Enforce the security over XL in certain circumstances where XL fails to pay interest or repay the Loans;

Further information on the role of the Security Trustee can be found in clauses 18 and 19 of the Lender T&Cs.

## Client money

We may hold client money on your behalf, for example, prior to you making a loan to a borrower or when collecting interest payments from the borrower for you.

This money is held on deposit with a UK bank in client money accounts. In the event of this bank becoming insolvent, these deposits are protected against losses of up to a maximum of £85,000 per eligible client per bank under the Financial Services Compensation Scheme ('FSCS').

The limit applies to the total of all deposits held for you with that bank, whether held through Crowdstacker or directly with the bank.

In the event that you were to suffer a financial loss directly as a result of Crowdstacker becoming insolvent you may be able to claim compensation from the FSCS of up to £50,000.

Following the relevant Commencement Date, we will transfer the full amount of the Loan monies to XL. If the Loans do not satisfy the Acceptance process we will return your money to you.

Finally, we are also responsible for organising the payment of interest and repayment of your Loan to you once we have received payment from XL.

# The Innovative Finance ISA

HOLD YOUR INVESTMENT IN YOUR ISA AND EARN INTEREST TAX FREE\* WITH THE CROWDSTACKER INNOVATIVE FINANCE ISA

## Holding the Loans in your ISA

The Crowdstacker Innovative Finance ISA is designed for alternative finance investing, enabling you to earn higher returns on your money while helping British businesses borrow at reasonable interest rates. You can invest up to £20,000 this tax year (2018/19) across the following four types of ISA:

- CASH ISA
- STOCKS & SHARES ISA
- INNOVATIVE FINANCE ISA
- LIFETIME ISA

All the interest you receive in your Innovative Finance ISA is completely tax-free, subject to your own personal tax status. Interest payments are paid directly back into your Crowdstacker Innovative Finance ISA account.

You can transfer in part, or all of your existing ISA pot (any funds from Cash ISA, Stocks & Share ISA or other Innovative Finance ISA accounts you may have from previous tax years) to a Crowdstacker Innovative Finance ISA.

Transfers from current and previous ISAs will not be deducted from this year's ISA allowance.

You can find out more about the Crowdstacker Innovative Finance ISA in our guide, available on request. Crowdstacker is an HMRC approved ISA Manager, authorised and regulated by the FCA. Crowdstacker was one of the first alternative finance, direct lending platforms to receive full FCA permissions.

## How it works

- 1/ OPEN AN ACCOUNT  
We have a choice of two accounts:
  - ISA ACCOUNT  
Fund your investment(s) through an Innovative Finance ISA account. Earn tax-free interest through your ISA account<sup>1</sup>.
  - P2P ACCOUNT  
Fund your investment(s) through a P2P account. Earn up to £1,000 interest tax-free<sup>2</sup>.
- 2/ SELECT INVESTMENT(S)  
Choose your investment(s) from our current range.
- 3/ RECEIVE INTEREST  
Interest is added to your account. You can choose to reinvest any interest earned if you wish in new investments.
- 4/ CAPITAL IS REPAYED  
Your capital is repaid at the end of the relevant investment term.

Your capital is at risk when you lend to businesses. Tax treatment depends on the individual circumstances of each investor and may be subject to change in the future.

AUTHORISED & REGULATED BY THE FCA

**Crowdstacker was the first platform to launch the Innovative Finance ISA.**

\* Tax treatment depends on the individual circumstances of each investor and may be subject to change in the future.

1. Earn tax-free interest by investing in an Innovative Finance ISA, add this year's ISA allowance or transfer from an existing ISA.

2. Alternative Finance investments can be included as part of your Personal Savings Allowance and you could earn up to £1,000 interest tax-free dependent on your tax status.

# The Innovative Finance ISA

KEY POINTS: READ MORE ABOUT HOLDING YOUR INVESTMENT IN THE CROWDSTACKER INNOVATIVE FINANCE ISA

## WHAT ARE THE ISA LIMITS?

Investors can add up to £20,000 in the 2018/19 tax year across the applicable ISA types.

## DOES CROWDSTACKER CHARGE ANY FEES?

No. It's completely free for investors.

## HOW DO I OPEN A CROWDSTACKER INNOVATIVE FINANCE ISA?

The process to open a Crowdstacker Innovative Finance ISA is very easy. All you need are your bank account details (for the account you would like to link to your Innovative Finance ISA) and your National Insurance number to hand.

You can apply online at: [www.crowdstacker.com](http://www.crowdstacker.com) or call us on 020 7118 7570 for a paper application form.

**IFISA** INNOVATIVE FINANCE ISA



## WHAT ARE THE TAX RULES ON AN ISA?

Investors do not have to declare income or gains from an ISA on their tax returns, unless the ISA subscription has been made void. Capital losses in respect of ISA investments are disregarded for the purposes of capital gains tax. From the 6<sup>th</sup> April 2018 the overall ISA limit of £20,000 can be split between the applicable ISA types, including the Innovative Finance ISA.

## CAN I TRANSFER FROM MY EXISTING ISAS?

Yes. You can transfer the funds from your Cash ISAs, Stocks and Shares ISAs and other Innovative Finance ISAs into your Crowdstacker Innovative Finance ISA.

If you apply online for the Innovative Finance ISA, you will be able to download transfer forms during the online application process which will allow you to transfer from any existing ISAs to your new Crowdstacker Innovative Finance ISA.

If you would like to apply by post please call us on 020 7118 7570 and we can send them to you.

Crowdstacker does not charge any fees to open, invest, or manage your Innovative Finance ISA account.



XL LOANS

# Two Minute FAQs

WE ARE MORE THAN HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE. IF YOUR QUESTION IS NOT COVERED BY THE FAQs BELOW, PLEASE CONTACT US ON [INFO@CROWDSTACKER.COM](mailto:INFO@CROWDSTACKER.COM)

WHAT RETURN CAN I EXPECT?

You will receive 4% gross return per annum on your Capital. Please note the term of the Loan is 7 months.

HOW OFTEN WILL INTEREST BE PAID?

Your interest will be paid at the end of the term.

HOW MUCH CAN I LEND?

The minimum amount you can lend is £100.

WHEN DO THE XL LOANS MATURE?

The XL Loans are for a 7 month fixed term. On maturity, you are entitled to the return of the original Loan in full.

WHAT ABOUT PENSIONS?

You may be able to hold XL Loans within a Small Self-Administered Scheme (SSAS) or a Self-Invested Personal Pension (SIPP).

WHAT ABOUT ISAS?

You can hold your Loan in the Crowdstacker Innovative Finance ISA, and receive tax free interest.

WHAT IS THE FUNDRAISING TARGET?

The initial target is £3 million.

HOW WILL YOUR LOAN BE USED?

Your Loan will be used to purchase vehicles that have a buyback agreement in place. These vehicles will replace existing customers vehicles that have been previously supplied through previous wholesale renters.

WHO IS THE BORROWER?

XL CST Limited

WHAT IS CROWDSTACKER?

Crowdstacker is an investment platform authorised and regulated by the FCA. Crowdstacker matches companies such as XL that are seeking to raise finance with lenders like you that are seeking to invest money.

IS CROWDSTACKER COVERED BY THE FINANCIAL SERVICES COMPENSATION SCHEME?

Lending through the Crowdstacker platform is not covered by the Financial Services Compensation Scheme.

WHAT SECURITY DO I HAVE IF XL BECOMES INSOLVENT?

Please refer to page 19.

As with any investing, your capital is at risk when you lend to businesses.



# Risk Factors

*In addition to the other relevant information set out in this Information Brochure, the following specific risk factors should be considered carefully when evaluating whether to make a loan to XL.*

If you are in any doubt about the contents of this Information Brochure or the action you should take, you are strongly recommended to consult a professional advisor specialising in advising on loans, financial commitments and other such debt instruments.

The directors of XL (the “Directors”) believe the following risks to be significant for potential lenders. The risks listed, however, do not necessarily comprise all those associated with XL and XL Loans and are not intended to be presented in any assumed order or priority. In particular, XL’s performance may be affected by changes in legal, regulatory and tax requirements as well as overall global financial conditions.

## NOT PROTECTED BY THE FINANCIAL SERVICES COMPENSATION SCHEME

### RISK

As with investing in stocks and bonds, XL Loans are not protected by the Financial Services Compensation Scheme against loss.

## BUSINESS RISK

### RISK

No assurances can be given as to the future performance of XL Group and whether it will continue to achieve its business objectives. Prospective investors should be aware when considering the past performance of XL Group that past performance is not necessarily indicative of future results and there can be no guarantee that XL Group will remain profitable in the future. Performance depends on many factors including the value of the assets, market conditions, any related costs, the timing and management of the transactions, all of which may change over time.

### MITIGATION

The Directors of XL Group are experienced professionals. The management team have a strong track record in the vehicle leasing business since the early 1990s.

## MANAGEMENT RISK

### RISK

Lenders will not have the opportunity to evaluate fully for themselves relevant economic, financial and other information regarding XL and XL Group, and will be dependent on the judgment and abilities of XL’s management. There is no assurance that XL Group’s management will not make mistakes or take the best course of action in all the circumstances. Accordingly, no person should lend to XL unless it is willing to entrust all aspects of conducting the business of XL to the Directors and senior management. Lenders do not have any right to participate in the day-to-day management of XL or business decisions. Additionally, funds advanced to XL are at risk of employee or management misappropriation.

### MITIGATION

The Directors of XL Group are experienced professionals. The management team have a strong track record in the vehicle leasing business since the early 1990s.

## ILLIQUID ASSET RISK

### RISK

The Loans are not available for sale on any market so the Loans are an illiquid asset. There is a risk that Lenders will not be able to dispose of their Loans to third parties. Therefore it may not be possible to sell or realise XL Loans until they are repaid by XL when the Loans mature.

### MITIGATION

Crowdstacker offers a facility on its platform that gives Lenders the ability to sell their Loans to other members of the Crowdstacker community. However, there is no certainty or guarantee that Lenders will find willing buyers for the Loans at a price that Lenders will find acceptable and Lenders may suffer a loss on a disposal of their Loans.

## NO CERTAINTY THAT LENDERS WILL BE REPAID AT MATURITY

### RISK

If XL were to become insolvent, there is a risk that (a) the XL Loans will not be repaid in part or in full and (b) some or all of the interest due on the XL Loans will not be paid in part or in full. There is no certainty or guarantee that any realisation of assets or the security will be sufficient to enable XL or, as the case may be the Security Trustee, to repay the XL Loans or XL’s liabilities thereunder.

### MITIGATION

XL Loans are a debt of XL CST Limited secured over all of its assets and undertakings. In addition there is a parent company guarantee from XLGH Limited.

## XL LOANS

CASH FLOW OF THE BUSINESS IS NOT SUFFICIENT TO PAY INTEREST OR REPAY THE LENDERS

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### RISK

If XL was unable to achieve sufficient rental income from the vehicles, the profitability of the business would be impacted, and may not be in a position to pay interest or capital to Lenders.

### MITIGATION

XL endeavours to match the vehicles purchased with customers seeking to lease those vehicles. This aims to ensure that the rental income generated from the vehicle lease is predictable and covers the interest payments due. In the event that the vehicle lease income is not sufficient, the parent company XLGH Limited has given a corporate guarantee to top up any shortfall.

### REGULATORY RISK

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### RISK

Given the nature of the business, there is always a possibility that regulation could change, or the business could be found to have been acting inappropriately. In this case fines or other legal proceeding could impact the profitability of the business.

### MITIGATION

If any issue arose that prevented XL from carrying out the business of hiring vehicles, those current hires will run their course providing revenue to pay the interest and buyback agreements to repay the capital.

### VEHICLE LEASING RISK

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### RISK

The vehicles dealer/manufacturer that enters into the buyback agreement is unable to perform under the contract and the vehicles are not repurchased resulting in the Company being unable to repay capital to Lenders.

### MITIGATION

In the event that the dealer/manufacturer does not repurchase the vehicle then it will be sold on the open market with the proceeds used to repay Lenders.

### VEHICLE LEASING CUSTOMERS FAIL TO PAY

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### RISK

Customers renting the vehicles fail to pay and this impacts the income generated resulting in the XL being unable to pay interest or capital to Lenders.

### MITIGATION

Firstly, each customer must meet the credit criteria before being deemed eligible to lease a vehicle. Secondly, the customer must pay 2 month's rent upfront before the vehicle is released to them and then pay monthly in advance thereafter. In the event that a payment is missed, and the customer does not respond to the credit team's request for payment, the vehicle is disabled until such time as the payment is received, or the vehicle can be retrieved. This process usually takes less than 30 days, which is covered by the initial 2 month payment.

### THEFT OR DAMAGE TO VEHICLES

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### RISK

A vehicle is stolen or damaged and therefore cannot be leased out or sold resulting in the income generated and/or the assets of the company not being sufficient to pay interest or repay Lenders.

### MITIGATION

XL Group installs a GPS tracking system on each vehicle, ensuring that the geographical location and mileage is known at all times. In the event that a vehicle is identified as being in a high risk location, for example a racing track or a port without prior notice being given, then the customer is contacted and if the reason given is not acceptable, the vehicle is disabled. In addition each vehicle is insured. Please see the insurance risk for more details.

### INABILITY TO ATTRACT NEW CUSTOMERS AND MAINTAIN EXISTING ONES

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### RISK

Demand for the products and services offered by the business falls leading to a reduction in revenues.

### MITIGATION

XL aims to deliver a good professional service and this shall ensure that customers' needs are always considered and met to the highest standard ensuring good customer relationships. This will in turn encourage good reviews and referrals from existing customers.

### FAILURE OF IT SYSTEMS AND POTENTIAL LOSS OF OTHER SERVICES

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### RISK

Failure of IT systems or other services lead to an increase in cost, and affect the ability of the business to perform its contractual obligations.

### MITIGATION

Key business systems are cloud based and are fully backed up in case of disaster. All data can be accessed from an alternative location allowing management and staff to continue working and accessing management data. Sensitive client data is separately backed up and encrypted on a cloud storage system. Given the above considerations, the risk of business disruption due to material failure of IT systems or loss of other services is considered relatively low.

### RISK OF LOSS OF KEY INDIVIDUALS

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### RISK

The management skills and processes employed by the business are key to performance and ability to grow. Loss of key individuals or director within the business could be a time consuming process and impede the ability of the Company perform its contractual obligations leading to reductions on revenue.

**MITIGATION**

The board and management team have a broad and extensive knowledge of the industry, so while a loss of key individuals would be undesirable, in the short-term XL Group's management team have the necessary skills and resources to operate the business until a suitable replacement is found.

**REPUTATIONAL RISK**

**RISK**

As with all companies there is an underlying risk that customers could complain and /or claim for compensation if they have cause to believe they have been provided with or have experienced poor or suboptimal client administration. The risk associated with this is that the business could suffer loss of reputation.

**MITIGATION**

XL Group has a strong reputation with its current customers and is committed to providing high quality products and services. All vehicles are purchased directly from either the manufacturer or dealer and as such are covered by factory warranty which protects the owner against any defects that may cause a vehicle to malfunction. In addition, customers do not incur standard maintenance or servicing costs as the lease terms are typically less than 12 months.

**FINANCIAL, IDENTITY AND DATA CRIME**

**RISK**

In any business there exists a risk of criminal use of products or data, either from external parties or from employees misusing monies or information belonging to customers. The result being regulatory fines, legal action and reputational risk leading to an increase in cost and/or reduction in revenue.

**MITIGATION**

XL Group carries out Anti-Money Laundering checks and each customer must meet the credit criteria before being deemed eligible to lease a vehicle.

**INSURANCE RISK**

**RISK**

The business and its assets will be subject to damage and loss by the usual insurable risks of fire, theft and climatic events and by uninsurable risks such as loss of profit due to fall in demand or poor management or third party competition and there is no certainty that XL will not suffer loss and damage by such risks from time to time.

**MITIGATION**

Our customers insure their own vehicles and before delivering a vehicle we ensure the vehicle is covered by a fully comprehensive insurance, generally a paid up policy – which means they have cover for 12 months or guaranteed for the rental period. We are able to monitor and check the insurance by using the Motor Insurance Database.

Furthermore, we have a financial risk policy, which covers us for any financial loss that we make for any circumstances that's not covered by motor insurance.

**GENERAL RISKS**

Macroeconomic risks and changes in the general economic outlook, both in the UK and globally, may impact the performance of XL Group and the vehicle rental market. Such changes may include (but are not limited to):

- Contractions in the UK economy or increases in the interest rates resulting from domestic or international conditions;
- New or increased government taxes, duties or changes in taxation laws; and
- A prolonged and significant downturn in general economic conditions may have a material adverse impact on XL Group's trading and financial performance.

**SUMMARY**

The above risk factors are not exhaustive and they do not purport to be a complete explanation of all the risks and significant considerations involved in lending to XL. Accordingly, and as noted above, additional risks and uncertainties not presently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse effect on XL Group's business and prospects.

XL Loans may not be a suitable investment for all who review this Information Brochure.

Lenders should take their own tax advice as to the consequences of making XL Loans as well as receiving interest payments from them.

The value of a Loan may go down and you may receive back less than the full amount invested. In extreme circumstances you may not receive any Capital back at all. Losses on your Capital may arise due to a combination of lower sales prices achieved, a lack of sales and higher costs, inability to raise borrowings or an inability to meet debt payments.

Other than the obligations and other covenants of XL set out in this Document, no representation or warranty, express or implied, is given to the Lenders by either XL or the Directors and Officers of XL Group.

In particular but without limitation, no representation or warranty is given by any such person or entity as to (i) the tax consequences; (ii) the regulatory consequences; and (iii) the business and investment risks associated with acquiring, holding or disposing of the Loans.

# The Key Commercial Terms

<u>NAME OF LENDER</u>	<u>TERM OF LOAN</u>	<u>CUSTODIAN</u>
[Your name]	7 months	Crowdstacker Limited
<u>ADDRESS OF LENDER</u>	<u>MINIMUM AMOUNT</u>	<u>SECURITY DOCUMENT(S)</u>
[Your address]	£100	First ranking debenture over assets of the Borrower and a guarantee of the Borrower's obligations from the Guarantor
<u>EMAIL ADDRESS OF LENDER</u>	<u>MINIMUM LOAN RAISE</u>	<u>COMPARABLE LOANS NUMBER</u>
[Your email address]	£100,000	XX1
<u>NAME OF BORROWER</u>	<u>LOAN AMOUNT</u>	<u>LOAN REFERENCE NUMBER</u>
XL CST Limited	[The amount you lend]	[Your loan reference number]
<u>ADDRESS OF BORROWER</u>	<u>INSTALMENT</u>	<u>ACCEPTANCE PROCESS</u>
Bozon hall, Wash road, Kirton, Lincs, PE20 1QJ	(If applicable)	The Borrower accepts the Lender's Loan Offer (as such term is defined in the Loan T&Cs) on the relevant Commencement Date provided that the following conditions are all satisfied:
<u>CLOSING DATE</u>	<u>TARGET LOAN RAISE</u>	<b>1/</b> Loan Offers have been received from lenders that at least equal the Minimum Loan Raise of £100,000 by the relevant Commencement Date;
[The closing date as set out on the website]	£3,000,000	<b>2/</b> The Borrower has not notified Crowdstacker that it does not wish to proceed with the Loan;
<u>COMMENCEMENT DATE</u>	<u>LOAN VARIATION TERM</u>	<b>3/</b> Crowdstacker has not withdrawn the loan transaction with the Borrower from the Platform.
[The commencement date of your Loan is 1 week from the relevant closing date]	No change is permitted to be made to the Loan under clause 8.1 of the Loan T&Cs	
<u>EARLY REPAYMENT CHARGE</u>	<u>INTEREST PAYMENT DATE</u>	
None	Up to 5 business days from the end of each Interest Period	
<u>REPAYMENT DATE</u>	<u>INTEREST PERIOD</u>	
7 Months from the relevant Commencement Date	At the end of the term	
	<u>INTEREST RATE</u>	
	4% p.a.	

# T&C's

## TERMS & CONDITIONS

### 1. Definitions & interpretation

#### 1.1

The following words have these meanings in the Loan T&Cs unless a contrary intention appears:

#### DEFINITION

Meaning.

#### ACCEPTANCE

The process of acceptance by the Borrower as it is specified in the Key Commercial Terms;

#### BORROWER

A member of Crowdstacker identified as a Borrower in the Key Commercial Terms;

#### BORROWER'S DEBT

All the Borrowers' liabilities to the Lender (and where relevant to the Security Trustee) present, future, actual or contingent and will include (i) interest (ii) the Loan and (iii) related costs and expenses;

#### BORROWER T&CS

The Borrower terms and conditions available on the Website, as amended or replaced from time to time;

#### BUSINESS DAY

A day other than a Saturday or a Sunday on which clearing banks are open for business in London;

#### CLIENT ACCOUNT

The segregated client account(s) with the Custodian used for the purpose of holding funds on behalf of the members of Crowdstacker;

#### COMMENCEMENT DATE

As defined in the Key Commercial Terms;

#### COMPARABLE LOANS

All loans (present and future) made by multiple Lenders to the Borrower which are identified as having Key Commercial Terms with the same Comparable Loans Number as the Loan;

#### COMPARABLE LOANS NUMBER

As defined in the Key Commercial Terms;

#### CROWDSTACKER

Crowdstacker Limited (UK Company registration number 09056449);

#### CROWDSTACKER PLATFORM

The Crowdstacker Platform operated by Crowdstacker for the purpose of facilitating Loans between Lenders and Borrowers;

#### CUSTODIAN

As defined in the Key Commercial Term or as otherwise nominated by Crowdstacker from time to time;

#### EARLY REPAYMENT CHARGE

As defined in the Key Commercial Terms;

#### INSTALMENT

As defined in the Key Commercial Terms;

#### INTEREST PAYMENT DATE

As defined in the Key Commercial Terms;

#### INTEREST PERIOD

As defined in the Key Commercial Terms;

#### INTEREST RATE

As defined in the Key Commercial Terms or varied by clause 8.1;

#### KEY COMMERCIAL TERMS

The Key Commercial Terms (as set out on the website) for a particular Borrower together with details of the Lender, the relevant Commencement Date and the Loan Amount for that Lender;

#### LENDER

The member of Crowdstacker identified as a Lender in the Key Commercial Terms;

#### LENDER T&CS

The Lender terms and conditions available on the Website, as amended or replaced from time to time;

#### LOAN

The individual Loan transaction entered into between the Borrower and the Lender following Acceptance;

#### LOAN AMOUNT

The principal amount of the Loan as defined in the Key Commercial Terms;

#### LOAN CONTRACT

The Loan contract consists of (i) the Loan T&Cs and (ii) the Key Commercial Terms having its own Loan Reference Number;

#### LOAN OFFER

A loan offer which a potential Lender makes on the Crowdstacker Platform or in a written application;

#### LOAN SUMMARY

The summary of a particular Loan set out on the Crowdstacker Platform;

#### LOAN T&CS

These Loan terms and conditions – version 2/2017;

#### MY ACCOUNT

The section of the Crowdstacker Platform which may be accessed by a member of the Crowdstacker Platform using his/her own secure login details;

#### REPAYMENT DATE

As defined in the Key Commercial Terms;

**SECURITY**

The security created by any Security Document;

**SECURITY DOCUMENT(S)**

The security document(s) effecting security over the assets of the Borrower or other party granted to the Security Trustee and as set out in the Key Commercial Terms before the Commencement Date;

**SECURITY TRUSTEE**

Crowdstacker Corporate Services Limited or such other person as is appointed as trustee under the Security Trust Deed;

**SECURITY TRUST DEED**

The deed by which the Security Trustee is appointed to hold the Security for the benefit of the Lender and the Lenders of Comparable Loans on the terms set out in that deed;

**WEBSITE**

The Crowdstacker website at: [www.crowdstacker.com](http://www.crowdstacker.com)

**1.2.**

In these Loan T&Cs, unless the contrary intention appears:

**1.2.1.**

The singular includes the plural and vice versa and any gender includes the other gender;

**1.2.2.**

'Person' unless the context otherwise requires includes a natural person, a business, a partnership, a body corporate, an unincorporated association or body, a state or agency of state, trust or foundation (whether or not having separate legal personality);

**1.2.3.**

A 'natural person' unless the context otherwise requires shall mean a human being, as opposed to a juridical person created by law;

**1.2.4.**

A reference to:

**1.2.4.1.**

A document means that document as amended, replaced or Novated;

**1.2.4.2.**

A statute or other law means that statute or other law as amended or replaced, whether before or after the date of this Loan Contract and includes regulations and other instruments made under It;

**1.2.4.3.**

A clause or schedule is a reference to a clause or a schedule in these Loan T&Cs; and

**1.2.4.4.**

A month means a calendar month;

**1.2.5.**

Where the word 'including' or 'includes' is used, it is to be taken to be followed by the words: 'but not limited to' or 'but is not limited to', as the case requires;

**1.2.6.**

Where a period of time is expressed to be calculated from or after a specified day, that day is included in the period;

**1.2.7.**

Headings are inserted for convenience and do not affect the interpretation of these Loan T&Cs.

## 2. The Loan

**2.1.**

The Key Commercial Terms that govern a Loan Contract are agreed between the Borrower and the Lender during the Loan Offer and Acceptance process.

**2.2.**

Where a Lender makes a Loan Offer which results in an Acceptance by the Borrower this gives rise to a Loan. The date of the Loan Contract shall be the relevant Commencement Date.

**2.3.**

These Loan T&Cs set out the terms and conditions which apply in respect to a Loan made by the Lender to the Borrower.

**2.4.**

Before Acceptance the Lender will have made payment of the Loan Amount to the Client Account held by the Custodian.

**2.5.**

After Acceptance the Custodian will pay the Loan Amount from the Client Account to the Borrower within 7 Business Days of the Commencement Date. For the avoidance of doubt the Custodian is only obliged to pay from the Client Account what sum it receives in respect of the Loan Amount from the Lender and no more.

**2.6.**

A Borrower may enter into multiple loans with a number of Lenders where all loans are on similar terms.

## 3. Repayment

**3.1.**

The Borrower agrees to repay the Lender the Loan Amount at the times and in the Instalments if any shown in the Key Commercial Terms and in any event by the Repayment Date.

**3.2.**

The Borrower agrees to make all payments due under the Loan on time.

**3.3.**

If the Borrower is late in paying an interest payment or Instalment or repaying the Loan Amount the Lender and Crowdstacker will have the rights detailed in clause 9.

**3.4.**

The Borrower will effect repayment of the Loan Amount by crediting the Client Account with the Loan Amount. On receipt of the Loan Amount the Custodian will pay the Loan Amount from the Client Amount to the Lender within 8 days of the Repayment Date. For the avoidance of doubt the Custodian is only obliged to pay from the Client Account what sum it receives in respect of the Loan Amount from the Borrower and no more.

3.5. All payments by the Borrower will be made without deduction of tax.

3.6. All payments by the Borrower to the Lender will be in the following order of priority:

3.6.1. First towards paying any arrears on the Loan;

3.6.2. Second towards paying the current interest and principal due in respect of the loan.

## 4. Interest

4.1. The Borrower agrees to pay the Lender interest on the Loan at the Interest Rate.

4.2. The Borrower shall pay interest on the Loan on the Interest Payment Date in arrears for each Interest Period.

4.3. Interest on the Loan shall accrue at the Interest Rate from the Commencement Date to the Repayment Date or if earlier the date of actual repayment of the Loan.

4.4. Where the Interest Period is monthly each Interest Period will begin on the same calendar day in each month as the Commencement Date and end on the day before such calendar day in the next month.

4.5. Where the Interest Period is quarterly each interest Period will begin on the same calendar day in each quarter as the Commencement Date and end on the day before such calendar day every three calendar months thereafter.

4.6. Where the Interest Period is semi-annual each Interest Period will begin on the same calendar day in each semi-annual period as the Commencement Date and end on the day before such calendar day every six calendar months thereafter.

4.7. If the Interest Payment Date falls on a day which is not a Business Day, it shall instead be paid on the next business date in that calendar month if there is one or the preceding Business Day if there is not.

4.8. If the Loan is not repaid in full within 14 days of the Repayment Date, interest shall continue to accrue on the Loan at the Interest Rate and be immediately due and payable as it accrues.

## 5. Early Repayment

5.1. The Borrower may repay a Loan early (i.e. Before the Repayment Date), but it has to repay the entire Loan Amount and the entire Loan Amount of all Comparable Loans.

5.2. Where the Borrower repays a Loan early the Borrower may be subject to paying an Early Repayment Charge to the Lender.

## 6. Transfer By Novation

6.1. Each Lender may transfer by novation its right, title and interest in any Loan Contract and all associated rights under the Lender T&Cs to any other registered lender on the Crowdstacker Platform (or to the Security Trustee if a Loan goes into default as set out in the Lender T&Cs and the Borrower T&Cs, which may subsequently assign

or transfer all such rights, title and interest to a third party).

6.2. The Borrower's rights and obligations under a Loan Contract that have been transferred shall not be adversely affected in any way whatsoever.

6.3. A Borrower shall not be entitled to assign or transfer its rights or obligations under any Loan Contract.

6.4. A transfer by novation shall be effected by electronic means upon the acceptance by the new Lender of an offer by the transferring Lender to sell a Loan Contract in accordance with the transfer provisions as set out on the Website. The new Lender shall make payment of the agreed transfer amount to the Custodian who will collect payment on behalf of the Lender in accordance with the transfer provisions as set out on the Website.

6.5. At the time of entry into a transfer by novation (the "transfer time") the Borrower and the transferring Lender shall be released from further obligations towards one another under the relevant Loan Contract (being the "Discharged Obligations"). The Borrower and the new Lender shall at the Transfer Time assume those Discharged Obligations towards one another, as if the new Lender's details originally appeared in the Key Commercial Terms in place of the transferring Lender. The new lender will then become the Lender under that Loan Contract. The Borrower confirms its agreement to these arrangements and waives any requirement for it to be a party to such transfer. A transfer by novation will not otherwise have any effect on the Key Commercial Terms applicable to that Loan Contract.

6.6. Any fees charged by Crowdstacker for administering a transfer by novation shall be paid by the relevant Lenders in accordance with the Lender T&Cs and the Borrower shall not be liable for any fees in connection with the transfer.

## 7. Information

### 7.1.

If the Borrower is or at any time becomes aware of any of the following circumstances, then the Borrower will promptly provide to Crowdstacker full written details of such circumstances, claims or potential claims:

#### 7.1.1.

Circumstances (including without limitation any claims, undisclosed liabilities, litigation, arbitration, court proceedings or investigations which are current, threatened, pending or otherwise reasonably likely to occur against the Borrower by any third party) which could or might result in a material adverse change in the Borrower's financial condition, business or assets; and/or

#### 7.1.2.

Any current or future claim (or potential claim) by HM Revenue & customs (or any other governmental department or agency or other public body) against the Borrower.

### 7.2.

The Borrower shall, from time to time, on request from Crowdstacker, provide Crowdstacker with such information as it may reasonably require about the Borrower's financial condition, business and affairs and compliance with the terms of the Loan Contract.

## 8. Variation

### 8.1.

Notwithstanding any other clause in the loan T&Cs, in certain circumstances and in its absolute discretion, Crowdstacker (acting as agent on behalf of the Lenders) may agree with the Borrower to restructure the Loan and amend the Loan Contract so as to increase the term by one year, with a corresponding increase in the interest rate to 1.5 Times the interest rate unless otherwise specified in the Key Commercial Terms under the "Loan Variation Term" section.

### 8.2.

For the avoidance of doubt, no such restructuring can take place without the written agreement of the Borrower. The Borrower acknowledges and agrees that Crowdstacker may require additional and/or restated security documentation to be executed by the Borrower (and any third party or guarantor as the case may be) or independent advice to be taken by the Borrower, each as a precondition to any restructuring.

## 9. Termination Event Of Default

### 9.1.

The Borrower agrees that Crowdstacker may, on the Lender's behalf terminate the Loan and all Comparable Loans on behalf of all Lenders and demand repayment of the full Loan Amount owed by the Borrower under the Loan and each Comparable Loan if:

#### 9.1.1.

The Borrower or any guarantor misses, fails to pay or only partially pays any amount that is due under the Loan Contract;

#### 9.1.2.

The Borrower has provided false information (including without limitation the purpose for which the Loan has been requested) in a way which affects the decision to allow the Borrower to register as a member of Crowdstacker, the decision to list details of the Loan on the Website or the information that is provided to lenders in contemplation of their lending to the Borrower;

#### 9.1.3.

The Borrower has breached the terms of this Loan Contract and/or any other Loan Contract that it is a party to (including those relating to a different Loan on Crowdstacker) and, in respect of other Loan Contracts only, either notice has been given to the Borrower ending that Loan Contract or Crowdstacker has reasonable grounds to believe that as a result:

#### 9.1.3.1.

The borrower will also breach the terms of this Loan Contract; or

#### 9.1.3.2.

Any of the other events of termination stated in this clause will occur;

#### 9.1.4.

The Borrower has breached the terms of any Security Document or any Security Trust Deed that it is a party to or any future security which the Borrower has provided to the Security Trustee or for the benefit of the Lender;

#### 9.1.5.

The Borrower's membership of Crowdstacker is terminated for any reason under the Borrower T&Cs ;

#### 9.1.6.

A petition is presented which is not discharged within 10 business days, or an order made or an effective resolution passed for the winding up or dissolution or for the appointment of a liquidator of the Borrower;

#### 9.1.7.

The Borrower ceases to pay its debts or is unable to pay its debts as they fall due or is deemed by legislation, contractually or by a competent court unable or admits its inability to do so or makes a general assignment for the benefit of or a composition with its creditors;

#### 9.1.8.

The Borrower ceases to carry on its business or a substantial part of its business;

#### 9.1.9.

Notice is given of an intention to appoint an administrator, a petition is filed or a competent court makes an order for the appointment of an administrator in relation to the Borrower;

#### 9.1.10.

An encumbrancer takes possession or steps are taken for the appointment of an administrator or receiver or administrative receiver or manager or supervisor or sequestrator over the whole or any substantial part of the undertaking or assets of the Borrower;



## 9.1.11.

Any person who has provided a guarantee for the Loan or any Comparable Loans breaches the terms of any guarantee or other Crowdstacker document that it is a party to or disputes or threatens to dispute the enforceability of that guarantee or other document or suffers or is likely to suffer a material adverse change to their financial position or Crowdstacker has any reason to believe that a guarantee or security document has become unenforceable and in any case, a replacement guarantee or security document has not been provided to Crowdstacker's reasonable satisfaction within 14 days of a request from Crowdstacker;

## 9.1.12.

The Borrower (or if any person who has provided a guarantee for the loan) dies, becomes of unsound mind, becomes bankrupt or makes a voluntary arrangement with anyone that they owe money to;

## 9.1.13.

Where the Borrower is a partnership, the composition of the partnership materially, in the reasonable opinion of Crowdstacker, changes following the date of any Loan Contract or any partner dies, becomes of unsound mind, becomes bankrupt or makes a voluntary arrangement with anyone that they owe money to; or

## 9.1.14.

If a claim by HM Revenue & customs (or any other governmental department of agency or other public body) is or is reasonably likely to be adversely decided against the Borrower and the Borrower does not meet any payment obligation relating to that claim within the required period.

## 10. Security & Enforcement

## 10.1.

Where indicated in the Key Commercial Terms, the Security shall be held for the benefit of the Lender and all lenders of Comparable Loans by the Security Trustee on the terms of the Security Trust Deed.

## 10.2.

If an event of default has occurred under any Security Document the Security Trustee is entitled to enforce the Security on the terms of the Security Trust Deed.

## 11. Waiver

## 11.1.

A waiver of any right under the Loan Contract and loan T&Cs is only effective if it is in writing and it applies only to the party to whom the waiver is addressed and to the circumstances for which it is given or is set out in the Key Commercial Terms.

## 11.2.

Unless specifically provided otherwise, rights arising under the Loan Contract and the Loan T&Cs are cumulative and do not exclude rights provided by law.

## 11.3.

Any waiver by either party of a breach of any provision of the loan contract or the loan T&Cs shall not be considered to be a waiver of any other or later breach of the same, of any other provision.

## 12. Severability

## 12.1.

Notwithstanding that the whole or any part of any provision of the Loan Contract or the Loan T&Cs may prove to be illegal or unenforceable, the other provisions of the Loan Contract or the loan T&Cs and the remainder of the provision in question shall continue in full force and effect. In relation to any illegal or unenforceable part of the Loan Contract or the Loan T&Cs, the parties hereto agree to amend such part in such manner as may be requested from time to time by any of the parties hereto provided that such proposed amendment is legal and enforceable and to the maximum extent possible carries out the original intent of the parties in relation to that part.

## 13. Representations

## 13.1.

The Borrower confirms that, in entering into this Loan Contract, it has not relied on any representation made by or on behalf of Crowdstacker or any of the lenders or on any written statement, advice, opinion or information given to the Borrower in good faith by or on behalf of Crowdstacker or any of the Lenders; and has been and will continue to be solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with this Loan Contract.

## 14. Restrictions

## 14.1.

In entering into this Loan Contract, the Borrower agrees that it will not borrow any monies from its directors, officers, members, partners, shareholders or any other third party that ranks in priority of recovery

to the Loan. In the event that the Borrower does enter into any such loan, the rights to payment of that Loan will be subordinated behind the Loan, except to the extent otherwise required by insolvency law.

14.2.

In entering into this Loan Contract, the Borrower agrees that it will not enter into any other new borrowing arrangement (or any arrangement having the effect of a borrowing) with any third party where the total amount of external finance raised from third parties would as a result exceed 30% of the total amount lent to the Borrower through the Crowdstacker Platform without the prior written consent of Crowdstacker. Such consent shall not be unreasonably withheld. This clause shall not restrict the Borrower from entering into asset-specific financing or invoice purchasing arrangements.

## 15. Limited Liability Partnerships

15.1.

In the event that the Borrower is a partnership, by entering into the Loan Contract the Borrower makes the following declaration:

“I confirm that I am authorised by the partnership to enter into this agreement for and on behalf of the partnership and that I am authorised by the partnership upon entering into this agreement to bind the partnership to the terms of this agreement.”

## 16. Third Parties

16.1.

The Borrower and Lender agree that, while Crowdstacker is not a party to the Loan Contract, Crowdstacker may take the benefit of and specifically enforce each express term of the Loan Contract and any term implied under it pursuant to the Contracts (Rights of Third Parties) act 1999 on behalf of the Lender.

16.2.

The records kept by Crowdstacker shall be conclusive of the facts and matters they purport to record except where there is an obvious error.

## 17. Notice

17.1.

Any notice or other communication to be given under the Loan Contract or the Loan T&Cs must be in writing and will be served by delivering it personally or by email and for the attention of the relevant party mentioned below (or as otherwise notified by that party). Any notice will be deemed to have been received:

17.1.1.

If delivered personally, at the time of delivery;

17.1.2.

In the case of email, at the time of transmission.

17.2.

The addresses of the parties for the purposes of Loan Contract or the Loan T&Cs are as set out in the Key Commercial Terms, or such other address as may be notified in writing from time to time by the relevant party to the other party.

## 18. Governing Law & Jurisdiction

18.1.

The Loan Contract and the Loan T&Cs and any disputes or claims arising out of or in connection with them or their subject matter or formation (including non-contractual disputes or claims) are governed by and construed in accordance with, the law of England.

18.2.

The Lender and the Borrower irrevocably agree that the courts of England have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with the Loan Contract and the Loan T&Cs or their subject matter or formation (including non-contractual disputes or claims).

# Risk Warning

THE CROWDSTACKER PLATFORM MATCHES BUSINESSES  
LOOKING TO BORROW WITH INVESTORS LOOKING TO INVEST.

Although investing can be rewarding, it may involve a number of risks. If you choose to invest through Crowdstacker, you need to be aware of four important considerations:

## 1. Loss of capital

All investment involves an element of risk. Past performance of any company, including those with good cash flow and a healthy balance sheet, may not be a good guide to their successful performance in the future. Lending to businesses via bonds, loan notes and peer to peer loans can lead to a loss of your capital if they default. You should not invest more money than you can afford to lose.

## 2. Illiquidity

Any investment you make through Crowdstacker will be highly illiquid. There is currently no active secondary market, although investments are transferable if you can find a willing transferee. Even for a successful investment that is being repaid on time, the underlying principal debt you have invested may not be accessible to you until the investment expires. In particular, if you are over the age of 60 at the time of investing you should consider the effect this illiquidity could have on your lifestyle.

## 3. Diversification

Lending to businesses via bonds, loan notes and peer to peer loans should be done as part of a diversified portfolio. This means that you should invest small amounts in multiple asset classes as opposed to a large amount in one or a few. You should also invest only a small proportion of your investable capital in this asset class, with the majority of your investable capital invested in safer, more liquid assets. You can further diversify by lending to multiple businesses on the Crowdstacker platform as opposed to just one.

## 4. Tax

You are responsible for the administering of your own tax affairs, which may include capital gains and income tax. We do not provide tax advice, and you should seek this independently before investing if you are unsure of your position. It is your responsibility to ensure that your tax return is correct and is filed by the deadline and any tax owing is paid on time. If you are unsure how this investment will affect your tax status, you must seek professional advice before you invest.

PLEASE NOTE THAT INVESTING THROUGH  
CROWDSTACKER IS NOT COVERED BY THE  
FINANCIAL SERVICES COMPENSATION SCHEME.

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