



ALIGN
BUSINESS
FINANCE

[ALIGNBUSINESSFINANCE.COM](https://alignbusinessfinance.com)

EXECUTIVE SUMMARY

Align Business Finance provides unique lending solutions for businesses that are unable to access funds through conventional lending sources



Experienced asset-based lender

- Team has extensive experience across disciplines
- Provide secured loans and leases from \$1mm to \$30mm
- Primary collateral of machinery and equipment, as well as real estate
- Sectors include manufacturing, industrial, construction, film production, mining and transportation



Affiliated with experienced asset recovery and auction firm



- Affiliate, Reich Brothers is a leading acquirer of intact manufacturing facilities across the US
- Algin's Principals, Adam and Jonathan Reich, each have more than 25 years of experience in the asset liquidation and equipment auction sectors
- Upon a default, Align and Reich Brothers can often monetize the collateral at a substantial profit



Originations

- Sourced \$1billion of potential financings 2019 and Q1 2020
- Regionally-dedicated sourcing team with sector expertise
- Coordinated digital marketing supplements conventional methods
- Despite capital limitations, originated \$110mm since inception in 2014, including \$39mm in 2019
- Landrace Financial, an affiliated manager, originated \$90mm of real estate and equipment loans to cannabis operators in 2019 and 2020



Well positioned to take advantage of expected spike in US manufacturing and industrial expansion

- Capital expenditures are expected to increase following COVID-19, furthered by the predicted “re-shoring” of manufacturing from China
- Align has sourcing channels focused on sectors less impacted (or positively impacted) by COVID-19



Attractive Unlevered Returns on Loan Portfolio

- Existing Loans 18.3% weighted average gross yield
- Completed Loans 19.6% weighted average IRR



Longstanding relationship with Senior Lender

- CIBC as lead and agent
- \$50mm facility with accordion feature

ABOUT ALIGN

At **Align Business Finance**, we provide unique lending solutions for businesses that are unable to access funds through conventional lending sources

Transitional Capital



- Most of our borrowers are in some form of transition, including early stage, expansion, repositioning, restructuring or divestment
- We provide needed capital so our borrowers can **Align** their business during a period of change and evolution
- Use of proceeds include refinancing of debt, equipment or other asset purchases and working capital

Products and Services



- Senior secured loans and leases against machinery and equipment across various sectors
- Bridge loans to commercial, industrial and residential real estate owners
- Financings from \$1mm to \$30mm customized for our borrowers' needs
- Streamlined underwriting and closing process and offer competitive, attractive terms

Our Advantages



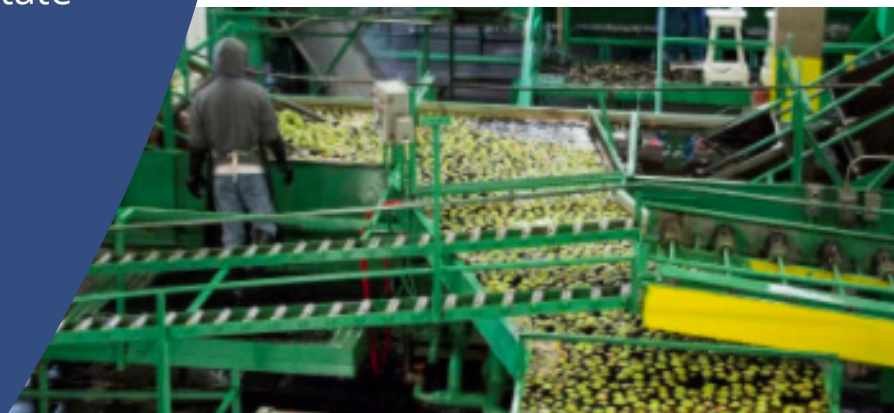
- Our team members have completed more than \$5 billion of transactions over the careers
- Significant experience in industrial transactions, as well as the sale of machinery and equipment
- Many firms provide inventory and receivable financing, there is less competition for term loans and leases
- The ability to provide real estate financing differentiates us from other equipment finance providers

OUR POSITIONING IN THE MARKET

As a “term loan” lender focused on hard assets such as machinery and equipment and real estate, we distinguish ourselves from bank equipment finance groups, ABL revolver lenders real estate bridge lenders

- **Our borrowers generally are not eligible for bank financing**
 - For various reasons, our prospective borrowers do not fit the mold for bank financing
 - Banks can not tolerate the higher default rate, which we are well suited to manage
- **We partner with other equipment lessors, whom have different sourcing channels and complimentary expertise**
- **We also partner with many ABL revolver lenders to provide a uni-tranche or split-lien structure**
 - We see much less competition than the typical ABL lender
 - We have an extensive network of ABL revolver lenders with whom we partner
- **The ability to provide real estate financing differentiates us from other equipment finance lenders**
 - Use split-lien or structured intercreditor agreements
 - Additional collateral often allows **Align** to meet the borrower’s desired advance amount

Align's borrower is a vertically integrated agricultural company, and we finance their equipment and orchards



SUMMARY OF MANAGEMENT EXPERIENCE

The team works together across all disciplines of the loan process

- Management team has complimentary skill sets
- Decades of experience across disciplines
 - Business development
 - Due diligence and underwriting
 - Portfolio management
 - Risk Management
- Pedigree from well established financial and asset management firms



Jordan Allen, Principal – More than two decades of experience running asset management businesses

Adam Reich, Principal – Former bankruptcy attorney with more than 25 years experience in lending, asset recovery and liquidation and auction industries

Rob Richardson, Chief Credit Officer – Extensive credit underwriting and risk management experience at PNC Bank, GMAC, CIT Group, and ExWorks Capital

Sylvester Dumitrescu, Director – Senior portfolio manager with significant experience across middle market lending for a variety of lending institutions

Lee Portman, CFO – Financial and operational experience across asset management and operating businesses

Additional staff of five experienced resources to support executive team above



INVESTMENT PHILOSOPHY AND APPROACH

Align's investment philosophy and approach is a formula for success, maximizing value for stakeholders

What we look for in borrowers

- Experienced management teams with compelling business plans
- Talented and credible entrepreneurs with track records of success
- Deal structure that falls within our parameters
- Downside protection from hard asset value



Transaction Structures

- Sale-Leasebacks / True Leases
- Capital Leases / Finance Leases
- Senior Secured Term Loans
- Revolving or Multi-Draw Term Loans
- Debtor-in-Possession Financing
- Purchases of existing loans and leases



Investment Parameters

- US or Canada
- \$5mm obligor hold limit and syndicate larger facilities to third parties
- Advance rates limits
 - 80% of forced liquidation value for used assets
 - 80% of the hard cost for new equipment
 - 80% or net orderly liquidation value for inventory
 - Other advances on a case-by-case basis
- Sector specific appraisers



Customary Structural Characteristics

- Ownership of or first liens on collateral
- Loan yield components may include
 - Cash interest
 - PIK interest
 - Fees (e.g., upfront, unused, collateral management, administrative, etc.)
- Potential for additional returns through upside kickers (e.g., warrants, equity, success fees, royalties, profit shares, etc.).
- Personal guarantees from equity owners

ROBUST SOURCING PROCESS AND OPPORTUNITY SET



Proprietary deal flow

- Capitalizing on our team's experience and industry relationships
- Experience and deep expertise in various sectors
- Stressed and distressed leads from Reich Brothers



Regional Focus

- Nationwide sourcing capabilities
- Offices in NY, Chicago, LA and Atlanta allow Align to cover the different markets
- Participation in local organizations, such as TMA, ACG, ABL, ELFA
- Active speakers at conferences



Targeted Digital Marketing Strategy

- Database of prospects and intermediaries totaling more than 5,000 names
- Use historical data to efficiently source qualified targets



Close relationships with other lenders

- Term loan participations
- Intercreditor relationships with several ABL revolver lenders



Current Pipeline

- Over \$150mm in deals in varying stages of review and diligence

INVESTMENT PROCESS

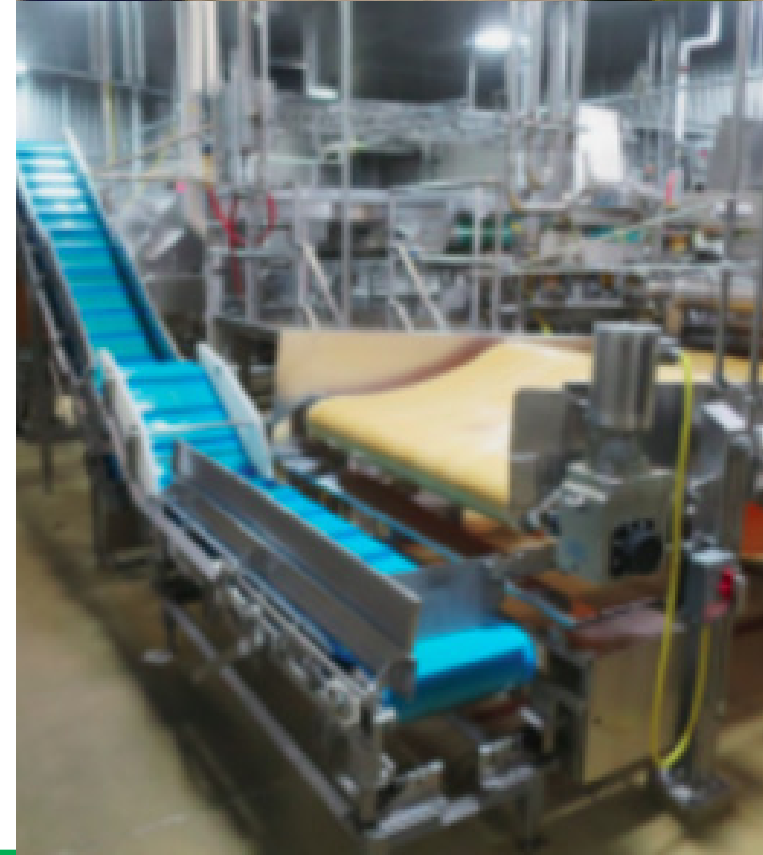
➤ Establish Payment and Reporting Requirements

- Schedule payments as draws from borrower's bank account
- Identify timeline for periodic appraisals, insurance, tax and other submittals
- Investment Committee continually validates positions via weekly portfolio monitoring review

➤ In the event of a continuing monetary default

- Principals have been in industrial liquidation business for 25+ years and liquidated assets >\$500mm
- Move quickly to secure and re-appraise the assets
- Conservative advance rates and principal amortization allow for recovery of principal
- Rely on our expertise in industrial real estate and machinery and equipment to liquidate residual assets

In December 2017, Reich Brothers and Rabin Worldwide conducted an auction of processing and packing equipment from the shuttered Oscar Mayer plant in Madison Wisc.



THE PORTFOLIO

The average IRR on completed loans is nearly 20% on an unlevered basis

Portfolio Statistics

- Total financings since inception: \$133mm
- Currently Outstanding (Gross): \$94mm
- Currently Outstanding (Net of Participations): \$67mm

Return Summary

- Loans in Progress
Gross Yields: 18.3%
- Completed Loans
IRR: 19.6%

| Align Business Finance - Deal Summary | | | | | | | | | | | |
|---------------------------------------|-------|--------------|------------|----------|---------------|------------------|--------------------|--------------------|-------------------|------------------|--|
| Blinded | Type | Sector | Collateral | Start | Maturity Date | Coupon | Size | Participation | MOIC ¹ | IRR ² | |
| A | Lease | Trucking | M&E | 2/27/20 | 5/27/2024 | 14.8% | 2,000,000 | | 1.48 | 18.8% | |
| B | Loan | Trucking | M&E | 5/2/18 | 4/30/20 | 12.0% | 206,592 | | 1.19 | 14.1% | |
| C | Lease | Fabric Man. | M&E | 10/18/17 | 1/17/23 | 14.0% | 1,138,302 | | 1.63 | 17.9% | |
| D | Loan | Metals | M&E | 6/5/19 | 6/5/21 | 13.0% | 3,967,500 | | 1.64 | 21.1% | |
| E | Lease | Demolition | M&E | 3/19/18 | 3/16/22 | 13.5% | 415,125 | | 1.41 | 18.3% | |
| F | Lease | Trucking | M&E | 3/22/18 | 5/31/21 | 13.0% | 1,942,560 | | 1.97 | 20.0% | |
| G | Lease | Video Equip | M&E | 11/25/19 | 3/1/24 | 13.0% | 4,161,792 | 5,637,034 | 1.31 | 14.9% | |
| H | Lease | Trucks | M&E | 1/29/17 | 10/21/22 | 11.5% | 2,763,185 | 1,295,068 | 1.48 | 16.0% | |
| I | Lease | Food & Bev | M&E | 5/12/21 | 5/1/25 | 14.0% | 3,150,000 | | 1.43 | 17.8% | |
| J | Lease | Farming | M&E | 2/27/18 | 5/7/22 | 13.0% | 780,000 | | 1.52 | 19.9% | |
| K | Loan | Railroad | M&E | 4/14/17 | 9/30/18 | 18.8% | 2,500,000 | | 1.28 | 22.1% | |
| L | Lease | Metals | M&E | 4/2/20 | 5/2/22 | 14.8% | 1,000,000 | | 1.26 | 16.5% | |
| M | Lease | Mining | M&E | 6/15/19 | 6/15/22 | 15.0% | 3,585,000 | | 1.31 | 19.6% | |
| N | Loan | Retail | M&E | 5/18/16 | 10/1/20 | 10.0% | 3,000,000 | 2,000,000 | 1.28 | 11.5% | |
| O | Loan | Agr Equip | M&E | 5/31/19 | 5/31/22 | 12.5% | 2,997,890 | 14,197,945 | 1.45 | 13.4% | |
| P | Loan | Retail | Inventory | 12/31/18 | 8/13/20 | 12.0% | 538,531 | | 1.52 | 15.7% | |
| Q | Lease | Concrete | M&E | 4/16/21 | 1/16/21 | 11.5% | 4,000,000 | 2,000,000 | 1.19 | 16.5% | |
| R | Lease | Agr Equip | M&E | 3/31/21 | 7/1/25 | 12.8% | 1,400,000 | | 1.45 | 19.2% | |
| S | Lease | Contractor | M&E | 12/15/17 | 12/15/17 | 14.0% | 1,651,250 | | 1.43 | 18.2% | |
| T | Lease | Construction | M&E | 10/28/16 | 11/1/21 | 14.0% | 3,500,000 | | 1.42 | 18.9% | |
| U | Lease | Video Equip | M&E | 4/10/19 | 6/1/23 | 13.0% | 5,162,851 | 1,729,268 | 1.40 | 14.8% | |
| V | Lease | Manufact | M&E | 9/11/19 | 3/11/24 | 14%/16.7% | 3,166,667 | | 1.48 | 18.1% | |
| W | Lease | Oil Services | M&E | 10/5/20 | 10/5/25 | 10.0% | 1,800,000 | | 1.34 | 12.3% | |
| X | Lease | Solar Man. | M&E | 3/1/21 | 8/1/26 | 8.0% | 9,568,199 | | 1.53 | 24.1% | |
| Y | Lease | Construction | M&E | 6/1/18 | 6/1/22 | 13.5% | 935,329 | 1,335,329 | 1.41 | 18.9% | |
| Z | Lease | Recycling | M&E | 2/3/17 | 12/11/21 | 13.0% | 1,651,500 | | 1.50 | 22.8% | |
| 26 | | | | | | Sub Total | 66,982,273 | 28,194,644 | | | |
| Completed | | | | | | | | | | | |
| 31 | | | | | | Sub Total | 38,267,565 | | | | |
| Total | | | | | | | 105,249,839 | 28,194,644 | | | |
| Grand Total | | | | | | | | 133,444,483 | | | |

¹ MOICs and IRRs are estimated by Align Business Finance and unaudited.

² MOICs and IRRs listed for deals 'In Progress' are based rate cases projected at the time of underwriting.

³ MOIC and IRR for Ubiquity Solar LLC is derived from Alta Devices underwriting

THE PORTFOLIO – SAMPLE INVESTMENTS



Align has made a strategic investment in a “sub-rental” business providing equipment to the movie and tv production industry

- Our borrower provides lighting and LED panels to studios around the world
- The assets are valued materially in excess of the amount financed
- Align has a 22% equity stake in the business

Align’s borrower provides lights to shows such as “The Price is Right” and LED panels to Apple’s “The Morning Show”



THE PORTFOLIO – SAMPLE INVESTMENTS, RECENTLY CLOSED

Deal #1



TYPE:
Senior Secured Loan, Split Liens

INDUSTRY:
Agriculture

COLLATERAL TYPE:
Real Estate + Machinery & Equipment

AMOUNT:
\$17,200,000

RATE:
12.50%

TERM:
36 months

ENHANCEMENTS:
None

SYNDICATE PARTNERS:
Yes

Deal #2



TYPE:
Senior Secured Loan

INDUSTRY:
Oil & Gas

COLLATERAL TYPE:
Machinery & Equipment

AMOUNT:
\$1,800,000

RATE:
10.00%

TERM:
60 months

ENHANCEMENTS:
None

SYNDICATE PARTNERS:
No

Deal #3



TYPE:
Lease

INDUSTRY:
Manufacturing

COLLATERAL TYPE:
Machinery & Equipment

AMOUNT:
\$4,000,000

RATE:
11.50%

TERM:
10 months

ENHANCEMENTS:
5% warrant coverage;
100% of interest payments withheld

SYNDICATE PARTNERS:
Yes

Deal #4



TYPE:
Lease

INDUSTRY:
Agriculture

COLLATERAL TYPE:
Machinery & Equipment

AMOUNT:
\$1,400,000

RATE:
12.75%

TERM:
48 Months

ENHANCEMENTS:
None

SYNDICATE PARTNERS:
No

Deal #5



TYPE:
Lease

INDUSTRY:
Food & Beverage

COLLATERAL TYPE:
Machinery & Equipment

AMOUNT:
\$3,150,000

RATE:
14.00%

TERM:
48 months

ENHANCEMENTS:
None

SYNDICATE PARTNERS:
Yes

OUR TIMELINE

2014

Reich Bros Business Solutions LLC ("RBBS") is formed to house the equipment finance business

2017

The portfolio grows to **\$30mm**

2019

Built sourcing, underwriting and back office infrastructure and more than **doubled the portfolio**

2021

Total gross originations scheduled to cross **\$150mm**

2013

Adam and Jonathan establish Reich Brothers Holdings LLC ("RBH"), a fully integrated asset liquidation business, as portfolio company of Victory Park Capital. RBH makes its first loan in November 2013

2016

Chief Credit Officer is hired tasked with **building the portfolio and institutionalizing** the investment process

2018

Jordan Allen and Next Edge Capital acquire VPC's stake and **recapitalize the business**

2020

RBBS name changed to **Align Business Finance**

SCALABILITY OF PLATFORM

| | @13% | @14% | @15% |
|---|-------------------|-------------------|-------------------|
| FY2021 Budget OpEx (non-reserve) | 2,119,241 | 2,119,241 | 2,119,241 |
| Loan Rate | 13.00% | 14.00% | 15.00% |
| Less: | | | |
| Blended Borrowing Rate | 5.20% | 5.20% | 5.20% |
| Loan Loss Rate | 1.50% | 1.50% | 1.50% |
| Net Margin | 6.30% | 7.30% | 8.30% |
| Break Even Performing Book | 33,638,746 | 29,030,699 | 25,533,024 |
| Non Performing % | 20% | 20% | 20% |
| Break Even Total Book | 42,048,433 | 36,288,373 | 31,916,280 |
| P/L per \$1M Post Break Even | 63,000 | 73,000 | 83,000 |
| P/L @ \$75M | 2,075,949 | 2,825,949 | 3,575,949 |
| P/L @ \$100M | 3,650,949 | 4,650,949 | 5,650,949 |
| P/L @ \$125M | 5,225,949 | 6,475,949 | 7,725,949 |
| P/L @ \$150M | 6,800,949 | 8,300,949 | 9,800,949 |

SCALABILITY OF PLATFORM

A profitable and scalable platform to a portfolio size in excess of \$200mm

| | FY 1 | FY 2 | FY 3 | 3Y TOT |
|------------------------------------|---------------------|----------------------|----------------------|----------------------|
| Interest Income | \$11,482,600 | \$17,691,605 | \$21,455,055 | \$50,629,261 |
| <i>Ending Portfolio</i> | <i>\$95,126,139</i> | <i>\$147,984,625</i> | <i>\$201,119,550</i> | <i>\$201,119,550</i> |
| Operating Expenses | \$2,000,000 | \$2,150,000 | \$2,311,250 | \$6,461,250 |
| Provision for Credit Losses | \$902,523 | \$1,057,170 | \$1,062,699 | \$3,022,391 |
| EBITDA | <u>\$8,580,077</u> | <u>\$14,484,436</u> | <u>\$18,081,107</u> | <u>\$41,145,620</u> |
| Senior Debt Expense | \$2,124,712 | \$3,861,101 | \$5,998,167 | \$11,983,979 |
| <i>Ending Senior</i> | <i>\$66,023,447</i> | <i>\$99,965,060</i> | <i>\$133,698,283</i> | <i>\$133,698,283</i> |
| Net Income before Mezz | <u>\$6,455,365</u> | <u>\$10,623,335</u> | <u>\$12,082,940</u> | <u>\$29,161,640</u> |
| Mezz Expense | \$1,770,593 | \$2,860,075 | \$3,998,778 | \$8,629,446 |
| <i>Ending Mezz</i> | <i>\$22,007,816</i> | <i>\$33,321,687</i> | <i>\$44,566,094</i> | <i>\$44,566,094</i> |
| <i>Ending Common</i> | <i>\$7,094,876</i> | <i>\$14,697,878</i> | <i>\$22,855,172</i> | <i>\$22,855,172</i> |
| Net Income | <u>\$4,684,772</u> | <u>\$7,763,260</u> | <u>\$8,084,162</u> | <u>\$20,532,194</u> |



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