

## Growth Funding: What is your next step?



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### Paddington St Finance

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*Paddington St Finance (PSF) is a private credit asset manager focused on R&D Tax Offset and Mid-Market Corporate Loans.*

*We invest **committed capital** as principals on behalf of superannuation and HNW investors.*

*We focus exclusively on two target markets overlooked by traditional financiers:*

- R&D Tax Incentive Receivable backed loans of \$500k-\$7m
- Mid-Market Corporate Loans of \$2m-\$15m

*Our principals have combined experience of 80 years in private credit, funds management, banking and tax.*

- **Welcome to new team members, Amy Pails and Ben Berthon-Jones**
- **Exploring new R&D Finance & Corporate Loan opportunities**
- **2018 Portfolio Review: 16 exits, zero losses & double digit IRR realised**

Over the course of 2018, Paddington St Finance (PSF) continued our private debt investment program focused upon R&D Tax Offset & Mid-Market Corporate Loans.

Our business revolves around building close relationships and ~60% of our R&D finance transactions consists of repeat business. This is a reflection of our ability to customise loans for individual borrowers and accommodate complex structuring issues. Our pre-committed funds also give borrowers confidence in our capacity to increase their funding as they grow. Please come see us – we're always open to exploring new relationships.

Our success to date has enabled us to expand the PSF team and continue to grow our portfolio of select relationships.

#### Welcome to Amy Pails and Ben Berthon-Jones

We welcome Amy Pails and Ben Berthon-Jones to the PSF team. Amy, formerly of PwC, has over 13 years of experience working in accounting & finance and has specialised in assisting companies to access funding through the R&D tax incentive program. Having joined us in late 2018, Amy has already closed her first transaction and recently signed up a term sheet for her second R&D Financing. Well done, Amy!

Ben, also formerly of PwC, leads our origination efforts in WA and has over 15 years' experience in C-Suite Business Development. A Curtin Business School alumni, Ben has worked across Media, Professional Services, Technology and Finance. He is a founding shareholder of OnContractor, a fast growing recruitment platform, and a Board member of Kalparrin, an organisation supporting families with children of special needs in Western Australia. We welcome Ben to the PSF Team.

#### What are R&D Tax Offset Loans?

R&D Tax Offset Receivable Finance involves advancing funds against the Federal Government's Refundable Tax Offset for eligible R&D. Tax Offset reimbursements are generally received 12-18 months after the expenditure is incurred. For a VC stage entity, this creates a funding gap addressable by R&D Tax Offset Receivable Finance.

#### How do we define the Mid-Market Corporate Loan segment?

There is a clear gap in the financing market for smaller corporate borrowers (EBITDA of \$1m-\$5m). These entities are often deemed unbankable in the absence of tangible asset security (e.g. property) or directors' personal guarantees. While this is a new area of focus for PSF, in December, we signed term sheets on three transactions representing approximately \$20m in senior secured debt. Industry sectors included transportation services, electricity retailing and specialised industrial flooring services and products. We look forward to continuing to develop our footprint in this interesting and dynamic market as 2019 progresses.

***Please contact us if you wish to discuss how PSF can assist with your funding needs!***