

ABL ONE, LLC

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www.abl1.net

Asset Based Lending
Telephone: 201-942-9090
Email: info@abl1.net



What We Do

Asset Based Lending (ABL) lends to residential real estate investors to finance the purchase, rehabilitation or new construction of single and multi-family properties.

- Target residential real estate investors who are unable to obtain timely bank financing.
- Structure conservatively underwritten high yield loans to borrowers that have the capacity and willingness to pay off their loans.
- Receive ample collateral protection via publicly recorded 1st liens and personal guarantees by the principals.
- Invest selectively as principal in unusually attractive residential properties.
- Source loans through web based search, local brokers, social media, direct referrals, email campaigns, and real estate investor organizations.

Why Invest

- **Substantial Return** Targeted 9%-11% total annual net return; 6% preferred return payable monthly.
- **Negligible Interest Rate Risk** Eleven month average asset payoff.
- **Experienced Management** Three principals each have 30+ years experience in the financial markets.
- **Management Invested** Three principals have over \$16.2mm invested in the Fund.
- **Security** Assets secured by 1st lien on residential and mixed use real estate at an average 58.3% LTV (ARV).
- **Track Record** 1,614 loans & investments; in excess of \$353mm transactions closed.
- **Diversification** Private loans largely uncorrelated to larger more liquid capital markets.

Market Overview

- Local housing prices are increasing in most areas.
- In many areas purchase prices still down 5%-10% from 2006 peak; in other areas prices have more than fully recovered.
- Situational discounts regularly available to local investors via short-sales, REOs or estate sales.
- Foreclosure inventory being worked off but NY/NJ lagging the nation.
- Banks still not providing “bridge” lending to 1-4 family residential investment properties.
- High demand from bank eligible investor/borrowers for short-term “bridge” loans.

Investment Strategy

- Originate and invest in loans made to LLCs secured by 1st liens on residential and mixed use properties. Non-owner occupied properties only.
- Invest in residential real estate directly with the intention to rehabilitate and sell within six to twelve months (~10% of portfolio).
- Leverage the Fund up to 0.5x of Fund NAV.
- Sell loans to hedge funds to generate incremental income while transferring risk.
- Reduce asset and credit risk through rigorous underwriting and diversification.
- Lend primarily in areas that are within 3 hours of home or regional offices.

Underwriting Core Principles

- The Fund lends when the Manager has a high degree of confidence in its valuation of the asset prior to and after rehabilitation or construction.
- The Fund lends when the loan's LTV is sufficient to protect against a meaningful drop in asset valuation should the borrower default.
- The Fund lends to borrowers who the Manager believes have the means, incentive, experience and desire to repay their loan in a full and timely manner. We expect our borrowers to invest in their own deals.
- The Fund lends as a first lien holder and will always require title insurance to protect Fund's claim to the collateral as well as property insurance.
- The Fund never lends against owner-occupied property.
- The Fund always requires a personal guarantee from the principal(s) involved in the deal.

Loan Characteristics (Fix and Flip)

- One year final maturity, interest-only, no prepayment penalty
- 9%-12% coupon rate and 2%-3% borrower paid points
- 75% - 85% average advance rate on total deal cost (purchase price plus rehab cost)
- 55%-65% LTV using after repair valuation (ARV)
- \$75k minimum to \$2.5mm maximum loan balances
- 1-6 family residential or mixed use properties
- New Jersey, New York, Eastern Pennsylvania, Connecticut, Massachusetts, Maryland and Florida lending areas.

Company History

- Asset Based Managers, LLC (Manager) and Asset Based Lending, LLC (Lender) founded in November 2010.
- Completed \$5 million in total investments by December 2011.
- ABL One, LLC Fund (Fund/Lender) founded in June 2012.
- Completed \$10 million in total investments by August 2012.
- Completed \$20 million in total investments by July 2013.
- Completed \$50 million in total investments by September 2014.
- Completed \$100 million in total investments by August 2015.
- Completed \$150 million in total investments by April 2016.
- Completed \$200 million with over 1,000 investments by January 2017
- Completed \$300 million in total investments by October 2017

Loan Origination Process

GOALS

- Safety
- Consistency
- Service
- High return

Initial Contact

- Phone Conversation
- Email Conversation
- Direct Conversation

Underwriting

- Property
- Guarantor
- Borrower
- Deal Structure

Closing

- Document Preparation
- Title/Property Insurance
- Settlement Procedures

Servicing

- Set Up
- Draw Management
- Interest Payments
- Tax/Insurance Monitoring

Payoff

- Request Management
- Problem Solving

Key Portfolio Statistics

- Fund Capital: \$74.9MM
- Bank Borrowing: \$20.8MM
- Loan Portfolio: \$112.2MM¹ (443 loans)
- Property Investments: \$1.8MM (9 houses)
- Average Loan Size: \$252K
- Largest Loan: \$2.5MM
- Smallest Loan: \$50.0K²
- Average Turnover: 11.2 Months
- Percent of Loan Portfolio Performing: 95.6%
- Percent 60 Days or Greater Delinquent³: 4.4%
- Number of Non-Payment Foreclosures: 22 for \$6.6MM
- Loan Age:
 - 0 – 6 Months: 40.1%
 - 7 – 12 Months: 35.6%
 - 12+ Months: 24.2%

¹Includes \$18.9mm in construction funds not yet disbursed

²First mortgage, single property, direct loans

³Includes Foreclosures

Borrower Credit Quality is strong and is slightly **Less** than the national average.

Key Portfolio Statistics

Borrower Credit Quality

- Weighted average borrower FICO score is 712
- 44.4% are 720 or greater
- 32.1% are between 675 to 720
- 17.9% are between 621 to 674
- 5.6% are below 621

Loan-to-Value (ARV)

- WA LTV 57.1%¹
- 61.6% of loans LTV 60% or less¹
- Deal Cost² vs. Appraisal Value: 71.8%
- Borrower Cash at Close vs. Purchase Price: 27.5%

¹Loan Amount vs ARV Appraisal

²Purchase and Rehabs Only

Key Portfolio Statistics

Geographic Concentration (\$ Weighted)

- 53.9% New Jersey
- 27.0% New York
- 7.4% Pennsylvania
- 3.9% Connecticut
- 6.2% Florida
- 1.2% Maryland
- <1% Delaware

Neighborhood

| | |
|-------------------|-------|
| Suburban Stable | 51.8% |
| Urban Stable | 30.7% |
| Urban Marginal | 11.8% |
| Suburban Marginal | 5.8% |

Loan Types

| | |
|------------------|-------|
| Fix & Flip | 74.9% |
| New Construction | 20.2% |
| Cash Out | 2.1% |
| Purchase Only | 2.8% |

ABL One, LLC Performance

(as of December 31, 2017)

| 2018 | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept | Oct | Nov | Dec | YTD |
|--------------|--------|--------|--------|--------|-----|-----|-----|-----|------|-----|-----|-----|--------------|
| Performance | .80% | .80% | .84% | .80% | | | | | | | | | 3.29% |
| Capital (mm) | \$71.5 | \$73.9 | \$74.3 | \$75.0 | | | | | | | | | |

| 2017 | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept | Oct | Nov | Dec | YTD |
|--------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|
| Performance | .81% | .86% | .82% | .76% | 0.98% | 0.98% | 0.84% | 0.99% | 0.88% | 0.83% | 0.82% | 0.90% | 10.95% |
| Capital (mm) | \$55.7 | \$57.3 | \$57.9 | \$61.7 | \$62.4 | \$62.8 | \$63.8 | \$66.4 | \$66.8 | \$67.4 | \$67.9 | \$68.8 | |

| 2016 | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept | Oct | Nov | Dec | YTD |
|--------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|
| Performance | 1.16% | 1.01% | 1.07% | 1.08% | 0.99% | 1.00% | 1.06% | 1.02% | 1.02% | .90% | .83% | .83% | 12.65% |
| Capital (mm) | \$40.5 | \$42.5 | \$45.4 | \$47.5 | \$49.7 | \$51.2 | \$51.5 | \$54.9 | \$55.5 | \$55.8 | \$55.6 | \$54.2 | |

| 2015 | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept | Oct | Nov | Dec | YTD |
|--------------|--------|--------|--------|--------|--------|--------|--------|-------|-------|------|------|-------|---------------|
| Performance | 1.07% | 0.89% | 0.95% | .94% | .95% | 1.03% | 1.60% | 1.15% | 1.03% | .98% | .97% | 1.01% | 13.32% |
| Capital (mm) | \$26.9 | \$27.5 | \$29.1 | \$29.8 | \$30.9 | \$31.7 | \$32.2 | 34.1 | 35.4 | 37.5 | 39.2 | 39.6 | |

| 2014 | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept | Oct | Nov | Dec | YTD |
|--------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|--------|---------------|
| Performance | 0.92% | 0.83% | 0.88% | 0.87% | 0.93% | 0.97% | 1.17% | 1.03% | 1.11% | 1.03% | 1.01% | 1.03% | 12.43% |
| Capital (mm) | \$14.5 | \$15.3 | \$15.5 | \$15.6 | \$15.7 | \$16.5 | \$18.3 | \$19.4 | \$20.3 | \$22.7 | \$25 | \$25.7 | |

| 2013 | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept | Oct | Nov | Dec | YTD |
|--------------|-------|-------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|---------------|
| Performance | 0.90% | 0.91% | 0.91% | 0.92% | 0.86% | 1.21% | 0.98% | 0.91% | 1.06% | 1.21% | 1.14% | 0.86% | 12.54% |
| Capital (mm) | \$6.7 | \$7.1 | \$8.1 | \$9.0 | \$9.2 | \$9.9 | \$11.1 | \$12.1 | \$12.5 | \$12.7 | \$13.4 | \$13.8 | |

Yearly Performance Compounded

- Compounded Return (69 Months): **95.81%**
- Average Monthly Return: **0.95%**

Summary of Fund Terms

| | |
|-------------------------------|---|
| Inception Date: | June 2012 |
| Manager: | Asset Based Managers, LLC |
| Fund AUM: | \$95.7 million |
| Fund Capital: | \$75.0 million |
| Fund Maturity: | June 2022 ¹ |
| Preferred Return: | 6% |
| Management Investment: | \$16.6 million |
| Initial Subscription: | \$100,000 |
| Lock Up/Redemptions: | One-year initial lock up – six month redemption notification thereafter |
| Structure: | Delaware LLC |
| Management Fee: | 2% of fund capital |
| Performance Fee: | 40% of net income above 6% Preferred Return to investors. (Equivalent to 20% at a 12% return) |

¹Possible six month extension

Fund Service Providers

- **Fund Administrator:** Maitland (formerly known as Admiral Fund Services)
- **Fund Loan Servicer:** FCI Lending Services, LLC. FCI Lender Services, Inc. (FCI) is a leading national private money services provider, and one of the nation's oldest specialty loan servicers. FCI is an approved Private Money, Freddie Mac (FHLMC), FHA, VA and HUD servicer and is approved to receive existing HAMP loans for servicing. FCI reached \$2 Billion under management in June, 2012.
- **Fund Auditor:** Buchbinder Tunick & Company, LLC. Boutique accounting, tax and consulting firm that only services privately held entrepreneurial businesses. Client base is primarily the “middle market” with revenues ranging from \$10 million to \$150 million annually. Founder and managing partner, Stanley Nasberg, was formerly managing partner of M.R. Weiser (now Weiser Mazars) a 500 person professional middle market accounting firm.
- **Fund Bank:** JPMorgan Chase
- **Fund Attorney:** Greenbaum, Rowe, Smith & Davis, LLP

Biographies

Daniel A. Leyden, Founder and Co- Managing Partner (CFO)

Dan Leyden is a senior financial professional with demonstrated business expertise and innovative leadership from over 30 years of real estate related securities and loan experience. Co-founder of Asset Based Lending in 2010. Immediately prior, he was the COO for Golub Capital, a private equity firm that lends money to middle market companies. From 2003-2009, Dan was the CFO and Partner of Highland Financial Holdings Group, a \$2 billion mortgage-backed and asset-backed securities hedge fund. Prior to that, Dan was an Executive VP of UBS Investment Bank, and Senior VP of Paine Webber in their Capital Markets group. Dan holds a Bachelor of Science in Accounting from Syracuse University.

Paul A. Ullman, Founder and Co-Managing Partner (CIO)

Paul Ullman has for over 30 years evaluated and managed portfolios of real estate backed loans and securities. Co-founder of Asset Based Lending in 2010. From 1998-2009 he was President and CIO of Highland Financial Holdings Group, a New York City based hedge fund style investment management firm. Founded 1998, HFHG grew to over \$2 billion in capital under management and specialized in managing mortgage-backed and asset-backed securities portfolios for a global clientele. In 1992, he co-founded the asset-backed security specialty investment management group at Alliance Capital Management. Paul began his career in the mortgage-backed security group at Salomon Brothers in 1982. He holds a Bachelor of Science in Finance from Washington University in St. Louis.

Kevin Rodman, Partner

Kevin Rodman brings an extensive background in mortgage lending and real estate from his 30+ year career. He spent 25 years at Morgan Stanley where he directed their Global Securities Lending business with responsibility for over \$200 billion in assets. Kevin also built their mortgage loan lending business, with over \$15 billion in mortgage assets and over 100 mortgage originators and asset backed borrowers. In 2006, Kevin was named CEO of Saxon Mortgage, a Morgan Stanley subsidiary, and President of Morgan Stanley Home Loans. Since departing Morgan Stanley in 2008, Mr. Rodman served as head of Urban Financial, a reverse mortgage originator and servicer, and as a Managing Director at Maverick Funding, a New Jersey based mortgage originator and servicer. He graduated from Clark University with a BA in Government and the University of Pennsylvania with a MS in Energy Management and Policy.

Contact Information

Daniel A. Leyden

Cell Phone: 908-482-2233

Email: dal@abl1.net

Paul A. Ullman

Cell Phone: 917-365-2584

Email: pau@abl1.net

Kevin Rodman

Cell Phone: 914-588-5398

Email: kr@abl1.net

Office Phone: 201-942-9090

Office Fax: 201-604-5449

Office Email: info@abl1.net

Website: www.abl1.net

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