



Capital Placement – Overview



Typical process can range from 4-6 months.

Company Diligence (Weeks 1-3)

- Organizational meeting and information collection
- Business due diligence
- Financial due diligence
- Determine capital placement strategy

Process Preparation (Weeks 4-6)

- Prepare teaser and confidential information memorandum ("CIM")
- Prepare financial model
- Prepare list of lenders and/or investors
- Set up data room to include corporate, financial and operating documents

Marketing Process (Weeks 7-11)

- Contact lenders and/or investors
- Distribute teaser and execute NDAs
- Send CIM to interested parties
- Respond to high-level questions
- Prepare management presentation
- Request Term Sheets/Indications of Interest
- Select final round participants

Diligence / Final Selection (Weeks 12-16)

- Site visits
- Management presentations
- Detailed due diligence including data room
- Negotiate final terms and conditions for all potential options
- Covenant testing / liquidity analysis
- Select financing partner(s)

Transaction Closing (Weeks 17-21)

- Coordinate final due diligence
- Negotiate definitive documentation
- Obtain internal approvals
- Obtain any regulatory approvals
- Schedule closing

KEY DELIVERABLES AND RESPONSIBILITIES

Key Deliverables	WLP	Company	Legal Counsel	Summary
Financial Review/ Capital Structure				<ul style="list-style-type: none"> » Review financials/current financial position » Discuss use of proceeds, timing of capital allocation » Determine amount and type of capital needed
Pro Forma Financial Model				<ul style="list-style-type: none"> » Prepare three-statement model containing proposed financing » Evaluate assumptions, potential risks to structure » Analyze covenant coverage/liquidity
Confidential Information Memorandum				<ul style="list-style-type: none"> » Prepare comprehensive package containing strategic thesis » Present financing strategy for current/future use of capital » Provide key documents to supplement analysis
Lender/Investor List				<ul style="list-style-type: none"> » Leverage proprietary, global database of banks, non-bank lenders, private equity firms, family offices » Targeted list of qualified capital sources only
Lender/Investor Outreach				<ul style="list-style-type: none"> » Contact prospective lenders/investors with personal, direct outreach » Administer NDAs to ensure confidentiality » Distribute CIM to interested parties » Manage diligence/questions » Solicit term sheets/indications of interest
Data Room				<ul style="list-style-type: none"> » Load documents into data room and manage contents » Manage user authentication and usage for lenders/investors » Coordinate for legal, accounting and other advisors
Term Sheets/IOIs				<ul style="list-style-type: none"> » Review and make recommendations » Negotiate key deal terms with respective capital sources » Select finalists for final due diligence
Due Diligence				<ul style="list-style-type: none"> » Facilitate final due diligence process » Clarify and evaluate final offers with management » Assist with selection of winning bid
Documentation				<ul style="list-style-type: none"> » Negotiate final deal terms » Assist with preparation and execution of definitive documentation

CAPITAL OPTIONS

Several forms of capital are available today that provide options and flexibility around pricing, covenants, governance and other key features.

Senior Debt

- Ownership maintains operational and economic control
- Typical structure is secured term/revolver debt
- Offered by banks and private credit firms
- Pricing: Based off SOFR, 5-8% (banks) to 8-12% (private credit); lowest cost of capital
- Covenants can be restrictive, particularly from banks
- Typically requires some debt principal to be repaid over the course of the loan
- No day-to-day involvement from investors
- No board seats
- Debt can be tax advantageous
- Personal guarantees may be required by banks, not typically from private credit

Mezzanine Debt

- Ownership maintains operational and economic control
- 1% to 25% of equity is sold
- Typical structure is a term loan with preferred/convertible security or warrant
- Pricing: 12% to 18%
- Covenants are less restrictive than senior debt
- Typically has a 5-year term with no/minimal required debt principal amortization; balloon payment in year 5 is typical
- No day-to-day involvement from investors
- May provide limited strategic resources
- Board seat may be required
- Debt can be tax advantageous
- No personal guarantees

Structured Capital

- Ownership maintains operational and economic control
- 20% to 49% of equity is sold
- Typical structure is preferred/convertible equity, may also include debt/term loan
- Restrictions in operating agreement
- Debt may include loose covenants
- Board seat(s) required
- Provide strategic resources
- Preserves majority of financial upside
- No personal guarantees
- Valuation is likely discounted for minority control/liquidity

Majority Equity

- Ownership sells control
- 51% to 90% of equity is sold
- Preserves option for additional liquidity in 3-5 years with minority stake
- Majority owner will be active and drive major decisions
- Investor will bring expertise and resources to drive growth
- Maximizes valuation
- Board is controlled by investors
- Investor will likely utilize third-party debt; limited post-closing credit risk

CASE STUDY: WEALTH MANAGEMENT/RIA

Engagement Overview

- Retained to raise \$60-75 million to fund acquisition of RIA's and lift outs of teams from wirehouses
- Assisted with development of marketing materials including CIM, teaser, financial model
- Contacted over 150 potential sources of capital including private equity, mezzanine debt, structured capital and private credit firms
- WLP facilitated diligence process, solicited bids/term sheets and negotiated key terms and conditions

Company Overview

- Client company was formally launched by family office CEO and former Merrill Lynch executive in June 2024 with the acquisition of wealth management platform in Minneapolis
- Platform provided Outsourced Chief Investment Officer ("OCIO") services with \$3.4 billion assets under management across its network of advisors
- Buyer was founded to make strategic investments (primarily minority stakes) in RIAs and wirehouse advisors seeking independence and autonomy along with support for growth
- Executive had previously founded a hybrid RIA firm which grew to more than \$25 billion in assets before his exit in 2023

Summary of Results

- Received multiple indications of interest/term sheets to provide equity, structured capital (preferred, term debt), convertible notes and delayed draw term loans from family offices, PE firms and private credit lenders.
- Amounts ranged from straight equity of ~\$15M (to be paired with debt) to joint equity/debt facilities of \$100M+.
- Range of capital structures provided several options to consider with different features and conditions
- Considered three primary options that each has unique costs and benefits around pricing, ownership, governance
- Closed sale of minority equity to Family Office in May 2025 that also provided a debt facility.

CASE STUDY: ELECTRICAL CONTRACTOR

Engagement Overview

- Initially retained to raise \$20-30 million to fund acquisition of electrical contractors in Florida
- Client had executed letters of intent with two sellers and needed capital quickly in 2021
- Contacted over 250 potential sources of capital including private equity, mezzanine debt and structured capital firms, banks and private credit lenders
- Managed diligence process, solicited bids/term sheets and negotiated key terms and conditions

Company Overview

- Company was led by husband and wife who acquired platform in San Francisco after he worked as electrical contractor in Toronto
- The original company was relatively small with ~\$20M revenue and ~\$1M EBITDA
- The owners wanted to move to Florida so they pursued acquisitions throughout the state
- The platform business served municipal customers primarily while the targets worked in new construction

Summary of Results

- The investor was a fairly new structured capital firm that provided a debt facility at sound pricing and also took a minority stake. Total commitment was ~\$25M.
- Raised 100% of the financing; no equity check from owners and they retained ~75% of company
- Subsequently, another ~\$50M was raised from the same capital partner to acquire more companies which resulted in Company growing to \$180M+ in revenue and ~\$20M EBITDA
- The Company was recently recapitalized by a private equity firm at a large premium valuation compared to original platform business, owners remain involved and will have another chance at a liquidity event with new investor

CASE STUDY: GROWER/AGRICULTURE

Engagement Overview

- Engaged to explore strategic options including potential sale of the Company
- Client had hired a broker in the past to sell the business but was frustrated with process
- Contacted over 300 potential sources of capital including private equity, mezzanine debt and structured capital firms, banks and private credit lenders
- Worked closely with client to tailor a unique due diligence process due to extenuating circumstances with Company's business model and confidentiality

Company Overview

- Company was led by two brothers who had literally built the Company from the group up over the course of twenty years
- The business was extremely seasonal and generated relatively flat but stable revenue with consistent cash flow
- Customer concentration was 100% (1 customer)
- During busy season, non-U.S. labor played a major in production through government program
- The owners were tired and wanted to find an exit ramp

Summary of Results

- The capital placement produced several change of control offers but the best option was a minority recapitalization
- The investor was a \$1B+ public fund that needed to deploy a minimum amount of capital so it structured a facility that utilized debt primarily plus a minority equity stake.
- In addition to presenting an attractive structure, this investor place a strong valuation on the enterprise value of the Company
- As a result, the owners received a premium offer for the minority equity plus additional cash from the debt (leverage recap) which provided financial security for the owners and their families.
- They still owned control of the Company and were energized to build the business with their new financial partner, have a good chance for a second liquidity event at a higher valuation in 3-5 years.

SOURCES OF CAPITAL - EQUITY

WLP's investor reach includes private equity and structured equity firms and family offices.

Private Equity / Structured Equity / Family Offices

COPLEY | EQUITY | PARTNERS

Capitala

GRAYCLIFF
PARTNERS

PLEXUS
CAPITAL

Z2

Portage

FIVE POINT
CAPITAL PARTNERS

COMVEST
PARTNERS

GEMSPRING
CAPITAL

CANTILEVER GROUP

Riverside

MAINST
CAPITAL CORPORATION

AEA

Avante
mezzanine partners

MERIT
CAPITAL
PARTNERS

LNC | PARTNERS

GLADSTONE CAPITAL

CYPRUM
PARTNERS
Non-Controlling Capital for the Middle Market

ARES

RED IRON GROUP

ONEX

VSS

LLR

KEYSTONE
CAPITAL

FIFTH STREET

EVERBERG
CAPITAL

Morgan Stanley

RCP
REVERENCE
CAPITAL
PARTNERS

SUMMIT
PARTNERS

TĒCUM
CAPITAL

Crestline

Caltius
Capital Management

SOURCES OF CAPITAL - DEBT

WLP's lender reach includes banks, private credit firms, insurance companies and family offices.

Senior / Mezzanine Lenders



Results-Driven Investment Banking:

- Senior partner provides in-depth quantitative analysis of strategic options to meet and exceed client objectives
- Ability to run and manage a discreet process
- Broad banking and consulting experience including hundreds of closed transactions across many industries
- Global advisory and operating experience allows for unique, exhaustive approach to analyzing and developing ideas and solutions for clients
- Decades of experience providing guidance to management teams and financial and strategic recommendations to boards of directors, business owners, and shareholders
- Extensive network of transaction professionals including bankers, attorneys, private equity firms, family offices, structured capital funds, debt funds, accountants and consultants

Walnut
Lake
Partners



Jon C. Doehr
Managing Director
(M) 612.810.7311
jd@walnutlakepartners.com

