



IBS INSTITUTIONAL CAPITAL

Corporate Finance

www.myinstitutionalbanking.com
www.ibsinvestmentbank.com
www.ibsreico.com
www.pillarinvestmentbanking.com

IBS CORPORATE FINANCE

Corporate Lines Overview

Our family of companies (IBS) have been recognized for revolutionizing the trajectory of hundreds of small to middle-market-sized companies and real estate operators since 2011. In addition to their numerous internal divisions, the closely held companies strategically deploy across six ancillary sectors:

Institutional Banking Services, N.A. CORP (IBS, N.A.): Founded in 2011, IBS, N.A. is a private equity servicer provider delivering transaction management, fund administration, and human capital solutions to its sister companies (IBS Companies) and select institutional clients. Through IBS Institutional Capital, the IBS Companies provide commercial bank financing alternatives by placing direct investments in small to middle-market companies and real estate operators.

IBS Institutional Capital: National balance sheet lender specializing in placing direct investments into small to middle-market businesses and real estate companies with annual revenue of \$5 million to \$300 million. The company serves as the manager of its closely held funds, wholesale lines, and institutional investor syndications.

IBS Investment Bank: Privately held investment bank dedicated to performing the capital markets and risk management functions of its sister companies and select institutional investors. In 2014, the firm launched its fintech-based IBS Banker Portal™, a capital markets exchange between IBS Institutional Capital and over 150 FDIC depository banks.

Capital Funding Solutions (CFS): IBS, N.A. affiliate and direct lender of accounts receivable financing. As an ancillary function, CFS provides financial institutions with state-of-the-art commercial loan monitoring and reporting services.

IBS Real Estate Investment Co., LLC (IBS REICO): Institutionally backed real estate investment and asset management firm providing passive and active equity investments in value-added and opportunistic strategies throughout the Southeastern United States.

Pillar Capital Advisors, LLC (Pillar): Private investment banking firm providing institutional capital advisory, transaction opinions, and dispute resolution advisory to small and lower middle-market companies. The firm also provides creditor advisory support to a select group of financial institutions and institutional investors. In 2012, Pillar was founded to source and structure debt investment and acquisition opportunities for its sister companies.

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Financing Challenges for Small & Medium Businesses



"Many businesses seeking growth capital are strong companies who have simply fallen outside of the parameters for bank financing. Issues such as fluctuation in historical gross revenue, overly ambitious tax write-off strategies, or sudden extraordinary circumstances have often stood between a growing business and the capital that it needs. In addition, the regulatory nature of banks tends to restrict their underwriting capacity to be centered purely upon the numbers. In business, there are ups and downs. IBS strives to understand the story behind the numbers and partner with companies through all economic cycles. That is why we are entrepreneurs investing in entrepreneurs."

- J. Jackson, Chief Investment Officer
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IBS CORPORATE FINANCE

Leading The Way



Performance Guarantee, Receivables, Equipment, Real Estate, and Growth Financing

Scenario: In late 2022, through the IBS Banker Portal TM, a depository bank partner referred early-stage armed security services provider XpressGuards, LLC (Xpress). With most conventional lender being weary of their industry, Xpress resorted to high-interest MCA loans to finance the growing demand for the company's services.

Solution: By January 2023, IBS invested over \$5MM through several facilities to retire the company's higher interest and restrictive debt and provide capital for expansion. The IBS facilities included performance guarantees issued to client(s) of Xpress, an equipment facility to purchase security vehicles, bridge financing to float pre-invoice costs, OOCRE financing with Capex, and a receivables line to finance trade terms up to 90 days.

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Standby Letter of Credit & Supply Chain Financing

Scenario: In November 2018, start-up biofuel manufacturer Sunshine Biofuels (Sunshine) contacted IBS in hopes of finding a partner that would support a purchase order from one of the country's largest midstream diesel fuel providers. Being a new company with specialized equipment and specified inventory, Sunshine was not eligible for financing from depository banks and did not possess the trade credit to engage blue-chip companies.

Solution: By February 2019, IBS entered into an investment agreement with Sunshine to kickstart the supply chain. The IBS facilities include supplier guarantees to feedstock suppliers, performance guarantees to credit enhance vendor agreements, and a receivables line to finance trade terms up to 90 days.

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Equity/Supplier Financing

Scenario: In January 2016, a Florida-based manufacturer, Modal Manufacturing, sought a reliable investment partner to invest in their supply chain. With orders coming from some of the largest, most-respected hospitals globally, the company found itself in a supply chain gridlock. With specialized inventory, the company could not gain trade terms with suppliers or financings from depository banks.

Solution: By March 2016, IBS entered into an investment agreement with Modal Manufacturing, making a \$1MM investment to restore the supply chain. With IBS as a trusted partner, the company's supplier delivered over \$3MM of inventory with a 14-month payment term. Within seven months of the IBS investment, the company gained the interest of a large, publicly traded medical company that recapitalized IBS' equity position.

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Short Term Bridge & Equity Financing

Scenario: In May 2018, SOBE Builders, LLC sought a responsive lending partner to finance their project draws. Historically, the company received adverse feedback when applying for conventional financing as banks struggled to navigate the risk of financing progress-billing-orientated construction projects.

Solution: By June 2018, IBS entered into an investment agreement with SOBE, acquiring the supplies needed for the company to complete its outstanding projects. IBS provided additional bridge financing to SOBE within two months of the initial investment.

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Short-Term Bridge Financing- Master Facility

Scenario: In August 2011, IHOP's Blue Roof Franchise Association (BRFA) sought a responsive lending partner to finance a five-year remodel project for their franchisees. Historically, many franchise members had experienced undesirable feedback when applying for a loan with their local depository bank. Reasons for the loan declinations included the notation of the restrictive franchise agreement coupled with franchisees' limited assets and cash liquidity.

Solution: By September 2011, IBS entered into an agreement with IHOP's BRFA, making \$25MM in financing available to their members. With five-year remodel costs averaging \$75k to \$150k per store, franchisees could rest easy knowing that IBS was a trusted partner that understood their business model and could execute quickly.

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Equity Financing

Scenario: In January 2019, Wellington Energy Company, LLC (WEC) sought a responsive investment partner to finance opportunistic, asset-backed acquisitions. As an alternative energy holding company, WEC sought reliable capital and back-end support to navigate the risk of quick acquisitions.

Solution: By April 2019, IBS entered into an investment agreement with WEC, acquiring an interest in the company to expand its acquisitions platform. IBS provided \$10MM in additional trade financing to WEC within one month of completing the initial investment. IBS exited its investment in early 2021 profitably.

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Short Term Bridge Financing



Short Term Bridge Financing



Expansion Term Loan Financing



Asset-Based Line Financing Short-Term Bridge Financing



Letter of Credit Financing



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Letter of Credit/Equity Financing



Short Term Bridge Financing



Expansion Term Loan Financing



Expansion Term Loan Financing



Short Term Bridge Financing



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Corporate Finance Program Overview

Hundreds of businesses trust IBS as their sole capital provider throughout all economic cycles. Additionally, our wholesale division provides qualified financial participants and referral partners with a reliable source for corporate loan financing. Depending on the size and need of your business, our corporate finance division has the proven ability to provide you with the rate and terms you need so that you can fuel your ideas. A true corporate finance lender, IBS is an asset and cash-flow-focused versus credit-driven. Read more about our industry-leading corporate finance programs below.

1. **Short-Term Bridge:** from \$250k to \$2MM, rates starting at 12%. Secured strictly based on the company's gross revenue and ability to repay.
2. **Expansion Term Loan:** from \$1MM to \$7MM, rates starting at WSJ Prime plus 4%. Secured by the company's net operating income or tangible assets.
3. **Asset-Based Lines of Credit/Term Loan:** from \$3MM to \$50MM, rates starting at SOFR plus 3%. Secured by the value of equipment, inventory, real estate, purchase orders, and accounts receivable.
4. **Unitranche Term Facility:** from \$10MM to \$50MM, rates starting at SOFR plus 7% and a minimum MOIC of 1.80X. Secured by a combination of the company's current and future net operating profits.
5. **Intellectual Property Finance:** from \$10MM to \$30MM, minimum annual IRR of 15%. Secured by a combination of the company's current and future net operating profits and intellectual property portfolio.

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Short-Term Bridge Overview

IBS understands how frustrating it can be when business owners see opportunities but cannot act due to the unavailability of financing. Unfortunately, thousands of small business loan applications are rejected by depository banks every day. IBS propels growing businesses with reliable capital when it's needed most.

Program Overview

- Transaction sizes range from \$250,000 up to \$2,000,000
- Terms up to 36 months
- Rate starting at 12%
- Monthly or quarterly repayment options
- Pre-approval offers average within 2-4 days of complete submission.

Additional Parameters

- Maximum 15% of annualized revenue
- Minimum 4 years in business
- Minimum \$3MM in annual revenue
- Minimum business and personal credit scores apply.
- Tax liens must have a payment plan arrangement with the IRS.

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Expansion Term Loan Overview

IBS has made small business financing a fundamental part of our business. Since opening our doors, we have backed companies in all lines of business and industries. IBS is proud to partner with some of the most recognized brands, such as IHOP and Choice Hotels, as well as independent manufacturers, retailers, distributors, and healthcare professionals. Our Expansion Term Loan was designed to fuel entrepreneurship, whether purchasing new equipment, hiring staff, or adding locations.

Program Overview

- Transaction sizes range from \$1,000,000 to \$7,000,000.
- Fully amortizing terms between 5 to 15 years
- Fixed rates and floating starting at WSJ Prime plus a margin of 3.50%
- Closing occurs within 4-6 weeks
- Target industries include Distribution, Manufacturing, Retail, Professional Services, Technology, and Hospitality
- Unlike SBA or conventional bank financing, IBS does not require "additional collateral" in the form of C.D.s, personal residences, etc.

Additional Parameters

- Minimum gross revenue of \$3MM
- Minimum operating history of 3 years
- Bankruptcies must be dismissed/discharged for at least seven years
- Targeting A/B credit, all credits that do not conform to this program will be considered for the IBS Short Term Bridge Program

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Asset-Based Line of Credit/Term Loan Overview

IBS provides creative asset-based financing to small & middle-market-sized companies throughout the continental United States. IBS's Asset Based Lending (ABL) Program provides low-cost capital for acquisitions, dividend recapitalizations, growth, debt restructurings, debtor-in-possession, and turnarounds. General parameters include:

Loan Commitments:

- \$3,000,000 to \$50,000,000
- Dedicated syndication capabilities up to \$100,000,000

Revolver:

- Up to 80% of eligible accounts receivable (foreign receivables financed in over 30 countries)
- Up to 100% of eligible purchase orders
- Up to 60% of eligible inventory with higher advance rates available based upon appraisal.

Term Loans:

- Up to 80% of the liquidation value of equipment
- Up to 75% of the appraised fair market value of the real estate
- Capital expenditure facilities available to finance new equipment purchases

Amortization:

- Interest-only – inventory assets
- Up to 7 years – equipment assets
- Up to 30 years – real estate assets

Typical Uses:

- Refinancing/Working Capital
- Acquisition
- Growth

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Unitranche Term Facility Overview

The IBS Unitranche Term Facility (UTF) fuels American businesses with low-cost capital for acquisitions, dividend recapitalizations, and aggressive growth strategies. Lower-middle market companies choose the facility due to lower costs and favorable prepayment terms compared to other alternatives, such as mezzanine debt. IBS provides UTF financing to hyper-growth companies that require scalable credit term facilities based on their current and projected growth. General parameters include:

Loan Commitments:

- \$10,000,000 to \$50,000,000
- Dedicated syndication capabilities up to \$100,000,000

Structures:

- Unitranche Debt
- Second Lien
- Subordinate/Mezzanine Debt

Term:

- 3, 5, or 7 years

Amortization:

- Interest-only

Rate:

- Starting at LIBOR Plus 6.00%

Typical Uses:

- Recapitalizations/Refinancing
- Acquisitions
- Accelerated Growth

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Intellectual Property Finance Facility Overview

The IBS Intellectual Property Finance Facility (IPF) leverages the value of a company's intellectual property (IP) portfolio to provide non-dilutive, patient capital for commercialization and expansion. Our deep understanding of IP markets allows us to work in partnership to pursue value-creating opportunities. General parameters include:

Loan Commitments:

- \$10,000,000 to \$30,000,000
- Dedicated syndication capabilities up to \$100,000,000

Structures:

- Senior Loans
- I.P. Carveouts
- Warrants
- Royalty Acquisitions
- Patent Litigation and Judgement Monetization (on a select basis)

Term:

- 3 to 5 years

Amortization:

- Interest-only

Returns:

- Minimum IRR of 15.00% per annum
- MOIC 1.80x to 3.0x

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IBS Corporate Finance for the Community

Depending on the size and need of your business, our corporate finance division provides you with the rate and terms that you need to fuel your ideas! From financing manufacturers to distributors to retailers, we are a true corporate finance lender. Feel free to contact our relationship management team to learn more.

IBS RM Team
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