

Project or M&A Funding Process

What to expect when working with Concord Capital and their network of International Investment Banks.

The unknown can create uncertainty if not fear. Very few people deal with investment banks on an everyday day basis, therefore we want to explain the process thoroughly. We believe that understanding the process will not only take the fear out of transaction, but also will provide answers to many questions you may have. The knowledge of this process will allow you to trust more; and trust in turn, will allow you to move more quickly and smoothly with fewer issues to the funding of your project. We have broken down this process into three stages: Initial Vetting of the Client, Concord's Due Diligence, Client's Visit to Bank & Bank's Due Diligence.

Initial Vetting of Client



Concord Capital
7633 East 63rd Pl
Suite 300
Tulsa, OK 74133
USA

Phone:
918-806-2350
Fax:
918-615-0010

Concord must always speak directly with the principal(s)/client, no middleman, no mandates — only principals. Although in some cases a verifiable mandate maybe allowed to listen into this conversation. This is done either by phone, Skype, or in person. This is to determine whether or not you/Concord want to pursue the project or M&A being discussed. This is a great time to ask the hard questions about the project and principal(s). This is also the best time to talk about fees. We discuss them thoroughly. Our Clients know that Concord Capital does not charge upfront fees or any fees without delivering a valuable service. Our introduction/engagement fee is only required at the point the client signs the white papers. Until this point we have worked for the principal(s) for free, showing our good faith. The following are the steps required for Project/M&A Funding Process:

1. **Interview principal(s)**
 - a. Project parameters: who, what, when, where, why, how
 - b. Principals, experience, expectations, exit strategy, Ex. Sum. or BP
 - c. Concord Capital: who are we? Since 2004, consultant not lender, partnered with Consortium of Private Investment Banks, worldwide projects, most type projects considered, network our customers together, web site, member International Arbitration, discuss our articles
 - d. Set proper expectation for principal(s) regarding White Papers
 - e. Discuss the Letter of Invitation to the bank
2. **Discuss fees; full disclosure**
 - a. Banks origination fee up to 8 points is negotiable, depends on size of transaction & complexity of project
 - b. Banks Retainer & Due Diligence fee from \$120K to \$1M depends on size of transaction & complexity of project, is negotiable
 - c. Bank never charges any fee till after client has gone to bank and come to written signed terms by both parties. If client cannot come to terms he pays nothing to the bank
 - d. Set proper expectation for client regarding White Papers
 - e. Concord introduction/engagement fee \$10K to \$30K (*depending on the size of the project*)
 - f. Concord origination fee 1 to 4 points, depends on size of transaction, paid out of funding
 - g. Go over with principal(s) what we just learned to establish proper expectations
 - h. Prepare principal(s) for what is expected in due diligence stage



Concord's Due Diligence

Once we have properly vetted the client we then do our due diligence

- a. NDA, Eagle Form, Company Profile
- b. Business Plan or a **VERY GOOD** Executive summary
- c. Project proforma
- d. IRR and ROI ratios
- e. Exit strategy
- f. Bio's on management team



Concord Capital
7633 East 63rd Pl
Suite 300
Tulsa, OK 74133
USA

Phone:
918-806-2350
Fax:
918-615-0010

Clients Visit to Bank & Bank's Due Diligence

This stage begins with the client flying to the bank with his team to work out all the details (*it's all negotiable!* – you will be dealing with investment bank, not commercial bank) of the funding with the bank. If the banker and the client cannot come to terms they shake hands and walk away in a professional manner. The client has not paid the bank anything. However if they do come to terms then and only then does the bank ask to be hired by the client. We **MUST** make sure the client understands that he/she cannot ask the banker to loan them the cost of the retainer/due diligence. The client **MUST** know that they are expected to pay these fees if they come to terms at the bank.

This stage is very important to the success of the funding process. It is here that any and ALL flaws of the project will be seen. Make no mistake about it, our banks are very good at what they do and they will find anything that has not been fully disclosed or numbers that are not real!

1. Term Sheet will be agreed to and signed by both parties

- a. Terms may be JV (*equity*), Debt, or a Combination of the two
- b. Interest rates and terms to be negotiated
- c. If funding will be in the form of JV, trigger points will be established at which time the client can buy back their equity
- d. Bank due diligence begins, lender goes to project to view site of project and hires a top 4 international accounting firm
- e. Conditions for funding will be issued to client
- f. Bank may do a private placement with the banks investors, may sell bonds or may use their own money for the transaction

2. Closing/funding

- a. A closing is scheduled with the bank and borrower for the project once all conditions have been signed off on by the bank
- b. Fundings are always closed through an attorney with the bank.



www.concordcapitalonline.com