



# CEREBRO CAPITAL

Capital Sourcing · Lender Network · Loan Compliance

# Who is **Cerebro** Capital?



- FinTech launched in 2017
- Backed by Sterling Partners
- Founded by former banker who saw lack of transparency in middle market loan industry

## **Two Main Services:**

1. Debt Placement Platform
2. Loan Compliance Software

# Creditability Stats



- **650+ Lenders – 50% Non-banks**
- **~\$1B in loan requests in Q4 alone**
- **Top Security & Privacy Industry Standards**
  - 3<sup>rd</sup> Party Audits- A Rating
  - Leverages AWS infrastructure - certified SOC 1/2/3, PCI, ISO 9001, etc

## **Current clients include:**

Middle Market Companies, PE Firms & Lenders

# **Ideal Clients:**

## **Middle Market Companies & PE Firms**

### **Upcoming Financing Need:**

- **Acquisition, Refinancing, Growth Capital, etc**
- **Loan sizes: \$2MM to \$100MM+**

### **Existing Credit Agreements:**

- **Any size loans**
- **Greater need if multiple agreements in place**



# Debt Placement Value Props



## 1. Debt Capacity & Deal Viability Data

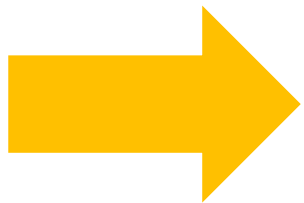
- Run complimentary analysis using comparable loan market data

## 2. Broad & Expansive Lender Network

- Run multiple scenarios side by side – Senior, Junior, Unitranche, etc.

## 3. Capital Markets Team

- Craft narrative, review materials & facilitate lender interactions



# Optimized Deal Terms

# Debt Placement for PE FIRMS



## 1. Timing the Market

- Run complimentary analysis to determine best quarter to launch deals

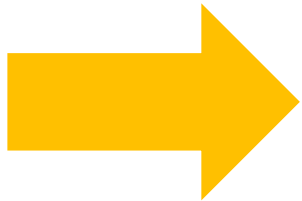
## 2. Increase Competitive Leverage

- Lenders incentivized to bid more aggressively on the platform

## 3. Expedite Closing

- Workflow tools and automated lender behavior shortens timelines

## 4. *Optional:* Outsourced Capital Markets Team



# Optimized Deal Terms

# Common Objections



## 1. I have lender relationships already.

- Include them! -> create competitive bid process
- Lenders are incentivized to bid more aggressively through Cerebro
- Still time consuming to qualify & negotiate
- Market fluctuations & bank mergers -> underwriting criteria changes

## 2. Lenders offer more or less the same rates/terms.

- Data shows wide fluctuations in term sheets within similar sized banks
- Lender appetites change with market fluctuations every quarter

## 3. PE Firms: Our Portfolio Managers can handle it.

- Lack loan market data & full view of underwriting criteria of lenders
- Lack of bandwidth & time to close deals

## Average loan terms improvement with Cerebro: 1st term sheet vs. winning term sheet



**51%**



**average reduction in commitment fees**

**29%**



**average reduction in interest rate**

**135%**



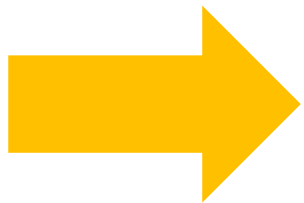
**average increase in loan size**



# Loan Compliance Value Props



- 1. Reduce Risk of Technical Loan Default**
  - Eliminate manual errors & lack of oversight
- 2. Eliminate Manual Processes & Save Time**
  - Automated SaaS platform & continuity of systems
- 3. Optimize Refinance Timing**
  - Loan market data helps determine optimal time to improve terms



## Risk Mitigation

# Loan Compliance For PE FIRMS



## 1. Two-way Portal

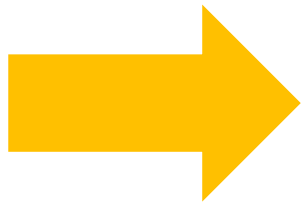
- Portcos report directly in platform with dashboard at PE level

## 2. Supplemental Tool for CFO

- Ensures continuity of systems if turnovers

## 3. Optimize Refinance Timing

- Loan market data helps determine optimal time to improve terms



# Portfolio Visibility

# Probing Questions?



- 1. Do any of your loan facilities mature in the next 18 months?**
- 2. Have you run a competitive process for your debt facilities in the past 3 years?**
- 3. Are you doing any equity raises in the next 12 months? If so, did you account for how much debt you could raise in the equity sizing?**
- 4. Does your company plan to grow in the next 24 months? If so do you have sufficient growth capital and working capital?**
- 5. Have you experienced any covenant defaults or issues over the past 24 months?**

# Pricing Model:

## Debt Placement Platform:

- **Mostly Success Fees**
- **% of the Loan Commitment**
- **PE Firms -> portcos can pay**

## Loan Compliance:

- **Based on # of credit agreements**
- **~\$100-\$200 per month**
- **PE Firms -> portcos can pay**



# Tatum Resources & Next Steps



[https://www.cerebrocapital.com/resources-for-tatum/?utm\\_source=channel-partner&utm\\_medium=tat](https://www.cerebrocapital.com/resources-for-tatum/?utm_source=channel-partner&utm_medium=tat)