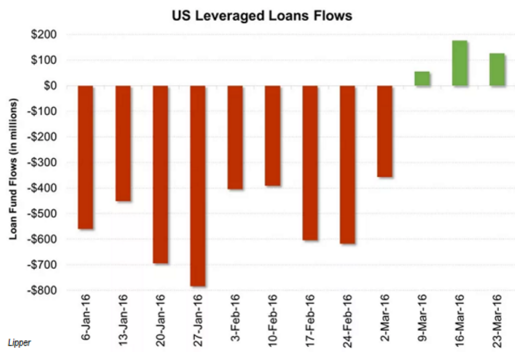
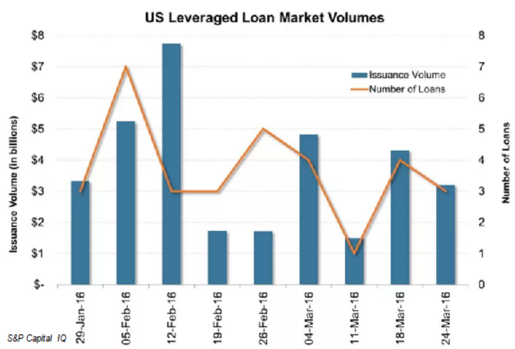
Monthly Capital Update

This publication is a compilation of monthly capital market-related news provided by Peridot Capital Advisors, dedicated to representing lower-middle-market clients in the B2B, Transportation and Logistics, Light Manufacturing, Real Estate, Aerospace, and Consumer Products. Summary of 1Q-16 Leverage Loans





1Q-16 Debt Financing Activity

Most Active Industries

Industry	Credit Facility	Revolver	Term Loan	Grand Total
Technology	10.30%	5.71%	7.61%	23.61%
Manufacturing	11.44%	6.12%	0.29%	17.85%
Energy	9.89%	5.96%	1.81%	17.65%
Retail	0.03%	3.49%	1.90%	5.42%
Automotive	1.18%	1.75%	0.00%	2.94%
Investor Services	0.08%	2.59%	0.00%	2.67%
Healthcare	0.28%	1.11%	1.09%	2.48%
Medical	0.50%	1.56%	0.41%	2.47%
Fuel & Petroleum	1.95%	0.00%	0.00%	1.95%
Entertainment	1.92%	0.00%	0.00%	1.92%

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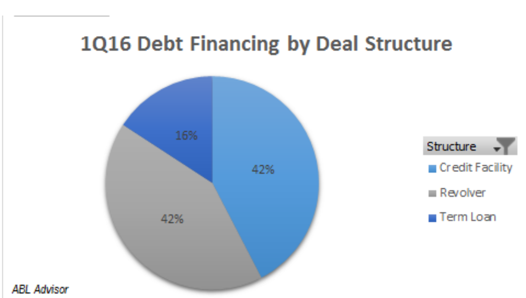

Financing Options of the Lower Middle Market The funding ecosystem is comprised of high quality products that if structured properly can create unlimited growth potential for many businesses. There are traditional loans (bank loans) which include: term loans, revolving credit, acquisition lines or equipment loans, and letter of credits. Although the majority of the deals announced involve large companies and deals originated, structured, and syndicated by the largest investment banking firms, these types of loans are also available to many lower middle market companies, with some differences in the covenants, maintenance, and some fees. Some might even change the name of the loan to capture the specific purpose of it. An example is the revolver credit facility, which can take the name of an asset based loan to reflect the financing of a specific collateral, like accounts receivable, nonetheless, it is important to recognize that the larger deals tend to set the tone for the deal flow across the industry.

In addition, there are non-traditional funding opportunities such as factoring, purchase order financing, merchant loans, and many more, which cater to certain industries such as transportation, staffing, construction, and startup companies. Other capital sources include private and public financing (equity or debt).

Here are some of the most asked about financing options. Make sure you contact Peridot Capital Advisors for these and other options to fund your project.

Revolving credits

A revolving credit line allows borrowers to draw down, repay, and reborrow. Think of it as a credit card, as you pay down the outstanding balance money becomes available again. The difference between the credit card and the revolver is that the revolver for the most part is secured by a collateral. Revolvers are generally used to help fund a company's working capital needs, so technically the business will repay the line when excess cash is available from the conversion of the collateral.

Revolvers are typically extended for a term of one year or on demand, with annual options to renew. Fees associated with the revolver are the interest rate charged on the amount drawn and in some lenders will charge an undrawn commitment fee and annual renewal fees.

Term Loan

A term loan is simply an installment loan, like a mortgage loan. The borrower pays a fixed monthly payment based on the interest rate charged and an amortization schedule. Typically, this type of loans, when originated by a traditional bank, has a term of five to ten years, with amortization of up to twenty-five years, which can make the payments more affordable. In addition, these loans originated by commercial banks may have more restricted set of financial covenants such as debt to net worth, and debt service coverage ratio.

Term loans can be used for several purposes, including the acquisition of equipment, other businesses However, for larger syndicated transactions, term loans can come in different forms or tranches, Term Loan A, Term Loan B, C, D, which may or may not have more covenants and limitations. For example, a Term Loan B usually involves nominal amortization over five to eight years, with large bullet payment in the last year. The interest rate charged on these loans is often a floating rate tied to LIBOR plus a margin.

Letter of Credit

A letter of credit is a promise by the issuer of the letter of credit, typically a bank (referred to as the issuing bank), to pay a specified amount to the recipient of the letter of credit (referred to as the beneficiary) when the beneficiary presents a document to the issuing bank stating the conditions (most commonly, an event of default on a loan or other obligation) specified in the letter of credit have been met. There are several types of Letter of Credits with the most common – documented letter of credit, stand by letter of credit.

Acquisition Loan

credits that may be drawn down for a given period to purchase specified assets or equipment, or to make acquisitions. For commercial banks these types of loan can take the form of term loan

Factoring

A type of financing on which the business sells its accounts receivable or invoices to a financing company. Startups which typically do not have established credit with their suppliers and other companies extending credit to its customers. For businesses extending credit of 30-60 days, factoring will allow them to free up a portion of that cash a lot sooner. In most cases factoring is more expensive than traditional financing, but, again, startups and other industries for which the cash conversion takes a lot longer, factoring can be an option.

Purchase Order Financing ('PO")

Like factoring, purchase order financing caters to startups and companies with cash flow constrain. There are several sub products of the PO, but typically a third party finance company will provide the funds a portion or the total cost of acquisition of the inventory based on the expected resale value of the inventory.

More News from the industries Summary of Commentary on Current Economic Conditions from the FED Lending activity appears to have improved on net. Loan demand grew on balance in the Philadelphia, St. Louis, and San Francisco Districts. Cleveland, Richmond, and Kansas City reported stable credit demand, on balance, while Dallas noted some recent softening. Philadelphia reported the strongest loan growth for autos, commercial real estate, and commercial and industrial deals, while residential lending was flat to down. San Francisco noted robust growth of automobile loans and mortgage origination. Atlanta reported an increase in residential mortgage lending and refinancing, while New York reported weaker demand from the household sector, but steady commercial demand. Chicago noted continued strength in auto lending and some slowing of loan demand from small and middle-market businesses, while most other household lending was little changed. The slumping energy sector was cited as a factor for lower loan demand by some contacts in the Cleveland, Richmond, and Atlanta Districts.

Credit conditions generally improved. New York, Philadelphia, Richmond, and San Francisco cited improved credit quality, declining delinquencies, or both, in all or part of their Districts. Cleveland reported no change in delinquencies. Dallas contacts noted increasing delinquencies of loans to oil and gas companies. New York, Cleveland, Richmond, and Kansas City reported little or no change in credit standards. Seven Districts described some competitive conditions, including competition from non-bank, online entities, whereas New York cited some narrowing of spreads in all loan categories. However, Chicago noted signs of slight tightening of credit supply.

Widely used interest rates

Interest Rate Instrument	As of 12/31/15	As of 3/31/16
1-month LIBOR	0.49	0.48
3-month LIBOR	0.70	0.56
5 Yr CMT	1.71	1.21
10 Yr CMT	2.24	1.78
Prime Rate	3.50	3.50

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Some Industries We Serve:

Transportation and Logistics

Manufacturing
Real Estate
Consumer Products
B2B Services
Food and Beverage

Capital Restructuring Senior Debt
Asset Based Lending
Subordinated Debt
Mezzanine Debt
Re-negotiation of outstanding Debt **Mergers and Acquisitions** Buy side engagements
Sell side engagements
Joint Ventures
Valuations
Arranging Equity and Debt Financing

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