

PREFERRED EQUITY

Prudent Capital has a fund available to provide preferred equity to later stage, profitable, operating companies. For those qualifying businesses, we are pleased to offer preferred equity with the following terms:

2% origination fees

No current dividend payments required; dividends accumulate at the rate of 12-15% per annum

Preferred equity is redeemable within 3 to 5 years with accumulated and unpaid dividends

Detachable warrants received to bring total annual internal rate of return to 25-35%

Preferred equity investments of between \$.5 and \$5 million

To qualify for this capital, companies will be required to satisfy the following criteria:

Minimum of \$5 million of annual revenue and \$500,000 of annual EBITDA

History of consistent profitability

Usually provided in conjunction with mezzanine debt, but not always

Significant junior common equity invested in the company

Please call for more information

c/o Prudent Management, LLC

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