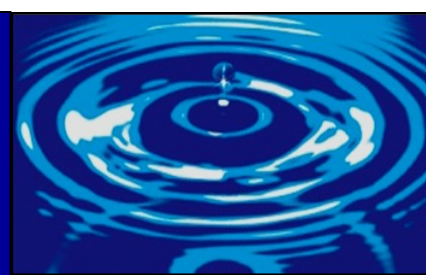


# Lazarus Resources Group LLC

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## 2010 Lender and Investor Survey

### Investment Banking

Mergers & Acquisitions

Restructurings

Workouts

Recapitalizations

Corporate Finance

Negotiations

Value Enhancement

Lazarus Resources Group, LLC recently conducted an informal survey of private equity firms and middle market lenders. The survey questionnaire was sent to 135 firms, and was not intended to be scientific in any way. The results of the survey should be enlightening for any company seeking capital or an acquisition in the coming year.

Some of the highlights of the survey are as follows:

Investors and lenders look at 200-700 companies a year, with the average being 467. Of this group, over 250 come unrepresented by an intermediary, and up to 125 companies approach these firms directly. On average, 187 deals come through intermediaries.

The typical investor or lender closed between one and ten deals last year, with the average closing only 3 deals in 2010. This means that the average firm looks at over 450 deals a year to close 3. More than twice as many deals were completed using an intermediary than those dealing directly.

When asked what the primary reason for turning a deal down, the most frequent answers given were a lack of fit with the

investors' criteria, poor management, inadequate cash flow, and an insufficient business plan and presentation materials.

Eighty-five percent of the respondents indicated that they often provide suggestions on how to improve, and sometimes provide a referral to another source. 15% indicated that they do not provide any suggestions or recommendations.

So what can a company do to improve the chances of successfully completing a sale of financing in the coming year? When asked this question, those surveyed unanimously responded that companies need to have realistic valuation expectations, realistic projections, strong management, and an achievable and complete business plan, along with professional presentation materials.

Over 60% of the firms rely on referrals from other professionals to find their deals, noting that the chances of finding a doable deal are increased when the deal is brought by a professional intermediary.

Funds look at over 450 deals to do 3.

More deals get done through professionals.

Being prepared improves your chances of success.

When asked about the biggest hurdle to completing transactions in the coming year, the most common answers were company performance, deal quality, and companies not far along enough in a turnaround, or unprepared.

Overall, it is clear that significant deal flow is necessary to create relatively few closed transactions. Prospective sellers and companies seeking financing would do well to retain professional advisors to develop strong presentation materials, provide realistic valuation expectations, and create an achievable business plan, with realistic projections.

### Management Advisory

Corporate Leadership

Turnaround Management

Exit Planning

Succession Planning

Strategic Planning

Interim Management

## Improving Your Chances (again)

Lazarus Real Estate Advisors, Inc.

REO Asset Management

Distressed Asset business plans

Debt and Equity Financing

Loan Workouts

Restructurings

1031 Exchanges

Syndications

Business Brokerage

If you are considering new financing, raising capital, or selling your business, here are some ideas that will improve your chances of success:

1. Prepare a pre-deal due diligence check list and assess your strengths and weaknesses. Make corrections early to avoid a deal falling apart at the last minute.
2. Hire a professional to review your documentation and assist in the preparation of presentation materials.
3. Prepare a strategic plan. If you are underperforming or under water, you will need a turn-

around plan, as well.

4. Determine whom you will approach, and what their criteria is, research recent deals they have completed.
5. Your presentation materials should tell your story in a way that creates interest and shows your opportunities.
6. Use a licensed professional to assist you in raising capital, or selling your company
7. If you need to extend or modify your current loans, begin the conversation early.

For more information about improving the performance, and therefore the value of your company, contact us at **Lazarus Resources Group LLC** today.