

CH Capital Partners LLC

Know who you are working with

*Striving to educate and consult Small
and Middle Markets Business' to help create jobs for our fellow Americans*

What we do for our Clients

By

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Each of our clients receives the following

- Credit Narrative – 25 to 80 page report submitted to Banks and Financial Institution
- Financial Plan – 150 Page Comprehensive Financial Plan
- Financial Model – Excel Spread Sheet Model
- Detailed Property Report
- Full Comprehensive Analysis
- *Don't you deserve better in this market place. You, your business and your family matters to us.*



Too Much Information

- **Problems with the current lending environment**
 - **Complete Confusion**
 - **Too much regulation**
 - **Too many new programs**
 - **Too many credit guideline changes**
 - **Too many uninformed brokers promising loans that are not possible in the current credit market**
 - **Too many emails from one department to another to communicate complex credit to one another, not enough time in the day to process 200 emails per day**
 - **Not enough accountability and no value of time**

Sources of Capital and Types of Loans

- **Sources of Commercial Loans**

- **CMBS**
- **Life Insurance**
- **Pension Plans**
- **Private Equity**
- **Hedge Funds**
- **Mutual Funds**
- **Commercial Banks**
- **Regional Banks**
- **Community Banks**
- **Credit Unions**

- **Types of Loans**

- **FHA Commercial**
- **CMBS**
- **Conduits**
- **Owner Occupied**
- **SBA Guarantee Loans**
- **USDA Loans**
- **Mezzanine Structures**
- **Structured Equity**
- **Hard Money**
- **NMTC**
- **LHITC**
- **Other Government Guaranteed Loans**

Confusion in the market place

- **Why is there so much confusion**
 - Regulation has changed
 - In 2000 through 2008, credit underwriting standards was at near low, since the asset prices were rising faster than any other time in history, the LTV worked itself out in the future through value increase of the underlying asset
 - After 2008 and 2009 crisis, the financial markets deleveraged capital and limited the amount of capital was available, therefore very few financial intermediaries has capital to lend.
 - Furthermore, Credit Underwriting guidelines changed, and the rubber stamp process of commercial loans was gone.
 - The problem areas were in the middle markets, both the CMBS market had limited capital. Community banks did not have the experience nor the expertise in underwriting 10 to 20 affiliates for global cash flow, global balance sheets, and global income statements, which caused disarray for commercial loans for the Small Business and Middle Markets
 - SBA changed the eligibility to try to release credit for the middle markets, but failed to inform the banks the new changes in the SBA loan guidelines. The SBA 504 FMLP program had 3.3Billion of guarantees available, but only used about 500MM.
 - CMBS Loan have also changed, Debt Constraints required on loan is near highest since the great depression and how the credit market is reacting to loans in the CMBS market creates nearly impossible loan environment for average borrowers

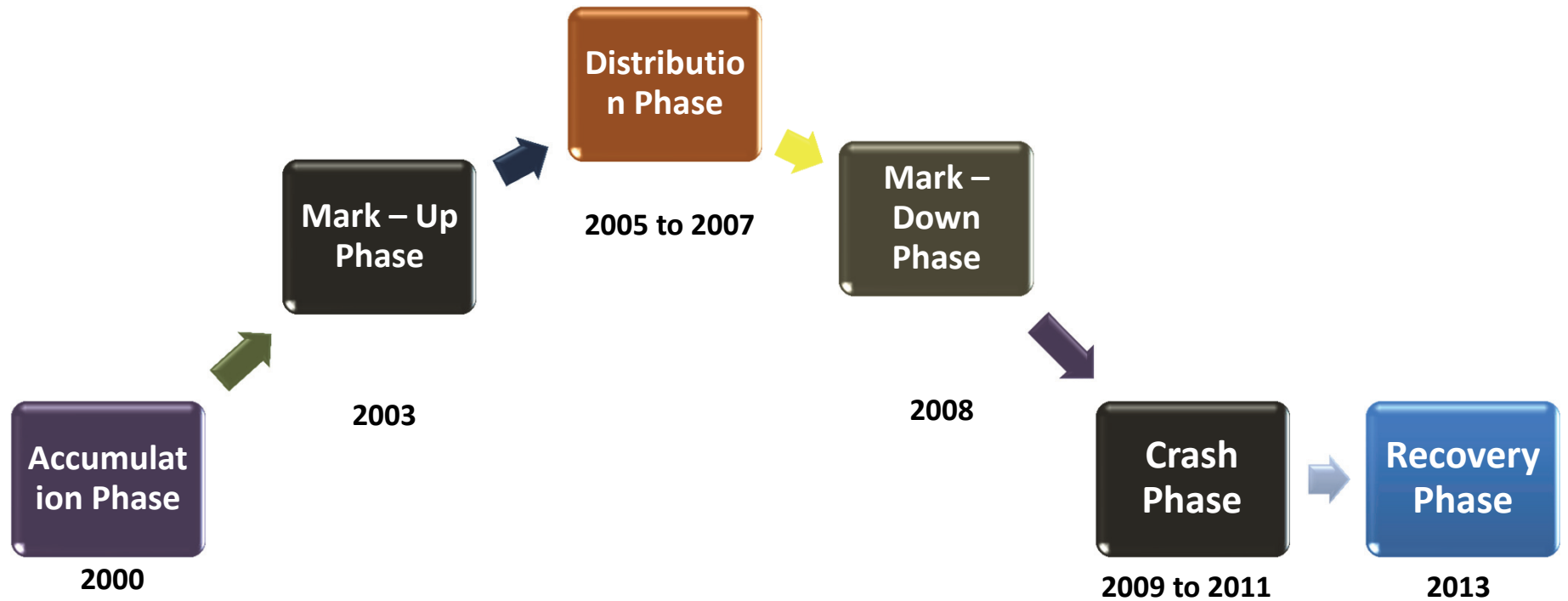
Who is lending in the market place & what is needed

- Today, the middle markets are coming alive to try to help the middle market finance
- There are many intermediaries from Private Equity, Hedge Funds, New type of Mutual Funds, Investment Banks and some Community Banks who are extending credit to various middle market businesses.
- Credit Underwriting Package is needed and furthermore extensive analysis needs to be done for lenders to deliver loans in an appropriate time
- Package should be accurate and error free
- Credit Package needs to be simple and clear, throwing tax returns on the email for lenders is the reason why most loans do not find lenders
- Today, since email has become the major choice of communications, many financial intermediaries cannot handle 100 to 200 emails, so by nature the financial intermediaries only deal with Credit packagers who do not waste time and send excellent credit packages.
- Problem is most brokers in the market place only send in tax returns and often don't even know the loan package
- Furthermore, the credit market is no longer the "throw the spaghetti on the wall and see what sticks", that market is no longer available and more likely will not be available in our life time.

Nature of Credit Cycle

- **Nature of Credit Cycles**
 - **Accumulation Phase**
 - Usually few in the market place knows the new products that are being introduced in the market
 - Credit is being extended, but with limited basis
 - **Mark – Up Phase**
 - Introductions to new credit products likes: Mezzanine, Structured Equity, Higher LTV, etc.
 - **Distribution Phase**
 - Credit is available for all, no guidelines, lower standards of credit, due diligence at minimal levels, and start of the bubble in the market place
 - **Mark-Down Phase**
 - Credit becomes extremely difficult, not many loans are approved, guideline for credit is unreasonable, and certain property types are becoming very difficult to finance
 - **Crash Phase**
 - Middle and small business market can't get credit, nearly all financial intermediaries are shut down, even the strongest credit worthy borrowers cannot receive credit
 - **Recovery Phase**
 - Finally new financial products are being introduced, strong credit worthy borrowers start to receive credit
 - Some or all financial intermediaries are starting to extend credit

Nature of Credit Cycle



CH Capital Partners LLC Difference

- CH Capital Partners LLC is a boutique Financial Firm which specializes in the middle market clients whom have net-worth of \$5MM or at least 3 properties in there portfolio
- CH Capital Partners LLC has correspondence line with various financial firms like: Life Insurance, Pension Funds, Private Equity, Hedge Funds, Private Investors, Mutual Funds, and other financial intermediaries
- CH Capital Partners LLC has partners whom have held Senior positions in Wells Fargo, Wachovia, UBS, Shearson Lehman, Smith Barney, Citi-Bank and other fortune 500 companies
- CH Capital Partners LLC has partners whom were former Investment Bankers with experience in Merger and Acquisition, Financial Modeling, Financial Consulting for Complex Financial Instruments, furthermore know more then the average mortgage brokers in the market place
- CH Capital Partners LLC provides significant value in the market place for Middle Market clients whom need to expand their business into a multi-property enterprise
- CH Capital Partners LLC creates, executes and monitors clients needs for financing, improving business process and eventually exit strategies in which takes into account the taxation, broad accounting principals to give our clients the best net profit available in the market place

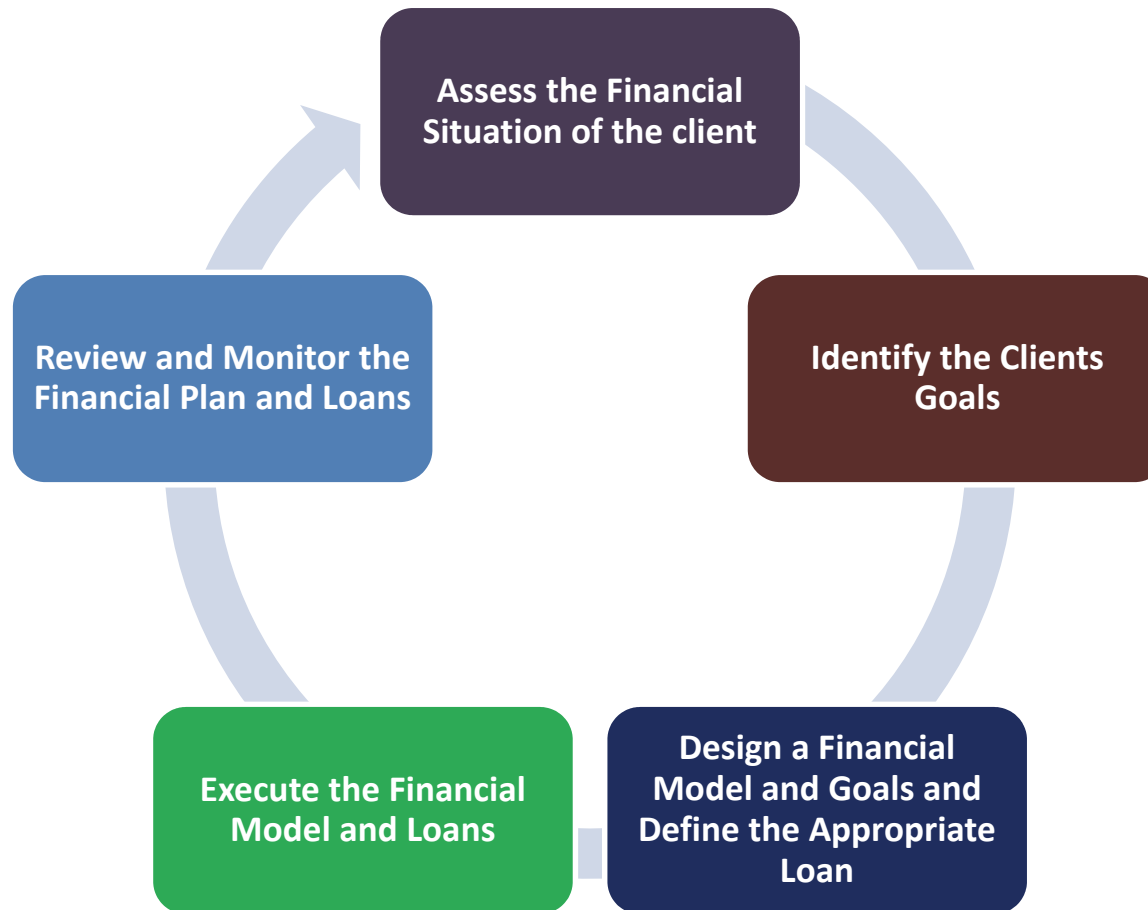
CH Capital's Unique Process for the Middle Market Clients

- **Assess the Financial Situation for the Client**
 - **Current Debt**
 - **Current Cash Flow**
 - **Current Profit**
 - **Current Strength and Weakness**
- **Identify the Clients Goals**
 - **Future Cash Flow**
 - **Future Debt – Refinance**
 - **Future Profit**
 - **Tax Analysis – Capital Gains Tax vs. Income Tax**
 - **Structures of LLC, C-Corp, S-Corp, and Partnerships**
- **Design a Financial Plan**
 - **Create Financial Model for Loans, Profit, Cash Flow**
 - **Use the GAAP Principals**
 - **Utilize Tax Credit from Federal, State and Local Governments**
 - **Create the Financial Models for Various Different Loan Programs**

CH Capital's Unique Process for the Middle Market Clients

- **Execute the Financial Plan and Loan**
 - **Execute and Receive the Letter of Interest (LOI)**
 - **Execute with Clients CPA a more comprehensive financial models which takes into account various tax breaks from Federal, State, and Local Governments**
 - **Use Tax Deferral Strategies and Structures for higher profits**
 - **Use Cost Segregation and various other depreciation models to increase future cash flow with reduction in taxation of the profits of the clients**
- **Review and Monitor the Financial Plan**
 - **Review Annually the Financial Plan and Model for clients**
 - **Execute changes needed to meet the clients goals**
 - **Review Credit Line Needs and review profitability of the clients goals**
 - **Structural changes needed for clients to best maintain the financial needs of the client**

CH Capital's Unique Process for the Middle Market Clients



CH Capital Partners LLC loan Products

- **Types of Loans Available in the Market Place**
 - **CMBS Middle Market Loans \$3MM to \$100MM**
 - **FHA Commercial Loans \$2.5MM to \$100MM**
 - **SBA 7a Loans \$2.5MM to \$6.66MM**
 - **SBA 504 Loans \$2.5MM to \$15MM**
 - **Community Banks Loans \$2.5MM to \$10MM**
 - **Credit Unions Loans \$2.5MM to \$12.5MM**
 - **New Market Tax Credit \$5MM to \$25MM**
 - **Low Income Housing Tax Credit \$7.5MM to \$25MM**
 - **Municipal Bond Finance \$10MM to \$100MM**
 - **Many other Special Purpose Loans \$2.5MM to \$25MM**

CH Capital Partners LLC Time Line

- **Client Meeting and Information Gathering – 1 week**
- **Financial Analysis and Plan for Borrowers and financial intermediaries – 1 week**
- **Financial Model and LOI (Letter of Interest Review) – 2 weeks depending on how many loans that the client is eligible for**
- **Time Line and Expectation of the Process**
 - **Depending on the type of loan and who the financial intermediaries are**
- **Execution of the LOI and Process of the Loan – 2 weeks**
- **Financial Review and Execution of the Loan – 2 weeks**
- **Monitoring the Goals of the Client – total combined time line is 8 weeks or 90 days**

Loan Closing Time Line



CAPITAL PARTNERS, LLC
COMMERCIAL MORTGAGE BANKERS
A Member of Cordell Financial Group

Items needed for Financial and Loan Review

- **Items Need for the Loan**
 - **Tax Returns**
 - **Interim Financial Profit and Loss and Balance Sheet**
 - **Explanation of the Financial Data from Tax Return**
 - **Personal Credit History and Explanation**
 - **Special Purpose Properties: Gas Stations, Hospitality, and Restaurants have unique requirements**
 - **Account Payable and Account Receivables**
 - **Inventory cycles Analysis**
 - **Title Review**
 - **Appraisal Review**
 - **Annual Financial Income Needs**
 - **Real Estate & Debt Schedule**
 - **History of the Business**
 - **Resume of the Principals/borrowers**
 - **Loans and previous loans on the subject property**
 - **All tax returns and financial explanations of the Affiliate Businesses/Properties**

What CH Capital Partners LLC creates in Financial Modeling

- The next few slides are what CH Capital Partners LLC creates for the lenders and the borrowers
 - Income Statement Analysis
 - Balance Sheet Analysis
 - Operational Cash Flow Analysis
 - Global Income Analysis
 - Global Balance Sheet Analysis
 - Global Cash Flow Statement
 - Horizontal Financial Analysis for Subject and Global
 - Universal Credit Analysis
 - Key Earnings Measure Analysis
 - RMA (Risk Management Association) Common Size Statement Analysis
 - RMA (Risk Management Association) Peer Review Analysis
 - Financial Growth Analysis
 - DuPont Analysis
 - Return on Assets and Return on total investments Analysis
 - Consolidated Financial Analysis
 - And many more

FINANCIAL MODELING FOR CLIENTS

Section

FINANCIAL STATEMENT

Income Statement

Type of Statement	Tax Return		Tax Return		Tax Return		Internally Prepared		Projection	
# of Months:	12		12		12		12		12	
Date of Statement:	12/31/2008		12/31/2009		12/31/2010		12/31/2011		12/31/2012	
(In Thousands)	\$	%	\$	%	\$	%	\$	%	\$	%
INCOME STATEMENT:										
Net Sales	8,304.0		7,454.0		7,725.0		7,528.0		8,304.0	
Cost of Sales	1,483.0	17.9%	1,630.0	21.9%	1,124.0	14.6%	1,104.0	14.7%	1,104.0	13.3%
Gross Profit	6,821.0	82.1%	5,824.0	78.1%	6,601.0	85.4%	6,424.0	85.3%	7,200.0	86.7%
Officer Compensation	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Wages	2,780.0	33.5%	2,998.0	40.2%	1,981.0	25.6%	2,009.0	26.7%	1,981.0	23.9%
Rent	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Depreciation	711.4	8.6%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Interest	538.0	6.5%	531.0	7.1%	524.0	6.8%	524.0	7.0%	524.0	6.3%
Other Operating Expenses	2,096.0	25.2%	1,936.0	26.0%	3,043.0	39.4%	2,680.0	35.6%	2,500.0	30.1%
Total Expenses	6,125.4	73.8%	5,465.0	73.3%	5,548.0	71.8%	5,213.0	69.2%	5,005.0	60.3%
Income from Nexus	363.5	4.4%	410.8	5.5%	326.6	4.2%	342.5	4.5%	359.6	4.3%
Management Fee 5%	349.0	4.2%	352.0	4.7%	306.0	4.0%	306.0	4.1%	306.0	3.7%
Income (Loss) Before Taxes	710.1	8.6%	417.8	5.6%	1,073.6	13.9%	1,247.5	16.6%	2,248.6	27.1%
Income Tax	516.0	6.2%	225.0	3.0%	224.0	2.9%	225.0	3.0%	225.0	2.7%
Net Income (Loss)	194.1	2.3%	192.8	2.6%	849.6	11.0%	1,022.5	13.6%	2,023.6	24.4%

- Income Statement

- Operations

- Should be Itemized to help determine if the company is profitable or not
 - The figure in the table does not categorize the expenses, so when adding it together, credit analyst may not full comprehend the nature of the business
 - Depreciation, interest rate expense, wages, and officers compensation may be applicable for one entity borrowers, but the income statement fails if you have to review multiple affiliates, because it is in the details of the break down, where credit analyst really need to do the work.

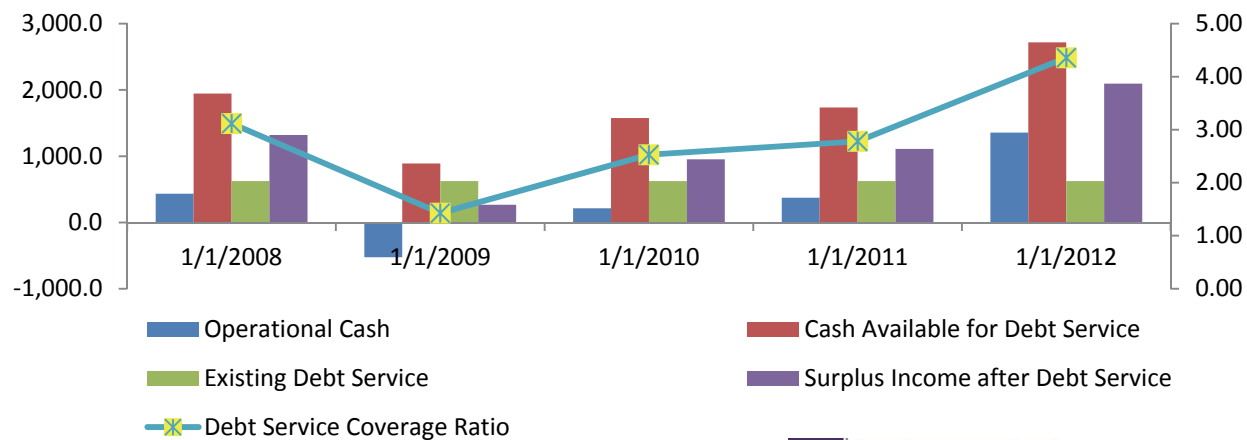
Operational Cash Flow

Type of Statement	Tax Return	Tax Return	Tax Return	Internally Prepared	Projection
# of Months:	12	12	12	12	12
Date of Statement:	12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012
Operational Cash	710.1	417.8	1,073.6	1,247.5	2,248.6
Depreciation/Amort.	711.4	0.0	0.0	0.0	0.0
+ Interest Expense	538.0	531.0	524.0	524.0	524.0
+ Rental Expense	0.0	0.0	0.0	0.0	0.0
+ Other: Owner's Draw	0.0	0.0	0.0	0.0	0.0
Management Fee 5%	349.0	352.0	306.0	306.0	306.0
= Available Cash	2,308.5	1,300.8	1,903.6	2,077.5	3,078.6
- Debt Service	624.0	624.0	624.0	624.0	624.0
- Interest on Line	0.0	0.0	0.0	0.0	0.0
- Principal on Line	0.0	0.0	0.0	0.0	0.0
- New Debt Service	0.0	0.0	0.0	0.0	0.0
- Other:	0.0	0.0	0.0	0.0	0.0
= Surplus	1,684.5	676.8	1,279.6	1,453.5	2,454.6
Coverage Ratio	3.70	2.08	3.05	3.33	4.93
Management Fee 5%	249.1	223.6	231.8	225.8	249.1
FFE Reserves	249.1	223.6	231.8	225.8	249.1
DSCR	2.9	1.4	2.3	2.6	4.1

Operational Cash Flow

- DSCR
- Add Back items to reflect true cash flow
- The new Debt Service
- Any other interest
- For bank loan, you need to add back management fee, and book factor 1.5 or 2 on the credit report. For CMBS credit, you need to use the 5% for management.
- Operational cash flow also determines which items are for tax deferral or tax minimization strategies for the subject business or property.
- In the case for SBA, operational cash flow is important to determine the true nature of cash flow

Operational Cash Flow for Debt Service

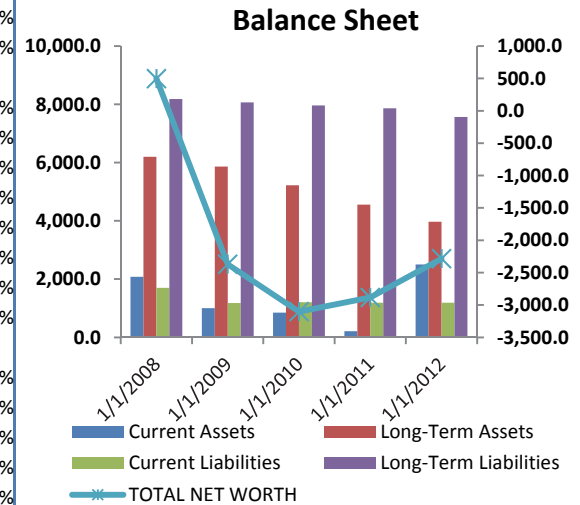


Balance Sheet

Type of Statement	Tax Return		Tax Return		Tax Return		Internally Prepared		Projection	
# of Months:	12		12		12		12		12	
Date of Statement:	12/31/2008		12/31/2009		12/31/2010		12/31/2011		12/31/2012	
(In Thousands)	\$	%	\$	%	\$	%	\$	%	\$	%
ASSETS										
Cash & Securities	1,400.0	16.9%	83.0	1.2%	212.0	3.5%	212.0	4.4%	2500.0	38.6%
Receivables	341.0	4.1%	498.0	7.2%	516.0	8.5%	0.0	0.0%	0.0	0.0%
Inventory	114.0	1.4%	107.0	1.6%	123.0	2.0%	0.0	0.0%	0.0	0.0%
Other	224.0	2.7%	316.0	4.6%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Current Assets	2,079.0	25.1%	1,004.0	14.6%	851.0	14.0%	212.0	4.4%	2,500.0	38.6%
Land	500.0	6.0%	500.0	7.3%	500.0	8.2%	500.0	10.5%	500.0	7.7%
Buildings	7,900.0	95.4%	8,056.0	117.3%	7,686.0	126.6%	7,342.0	154.0%	7124.0	110.1%
Less Depreciation	2,202.0	26.6%	2,690.0	39.2%	2,967.0	48.9%	3,287.0	69.0%	3654.0	56.5%
Net Fixed Assets	6,198.0	74.9%	5,866.0	85.4%	5,219.0	86.0%	4,555.0	95.6%	3,970.0	61.4%
Long-Term Assets	6,198.0	74.9%	5,866.0	85.4%	5,219.0	86.0%	4,555.0	95.6%	3,970.0	61.4%
TOTAL ASSETS	8,277.0	100.0%	6,870.0	100.0%	6,070.0	100.0%	4,767.0	100.0%	6,470.0	100.0%
LIABILITIES										
Notes Payable	625.0	6.0%	625.0	8.6%	625.0	9.2%	615.0	10.0%	615.0	9.5%
Accounts Payable	270.0	2.6%	327.0	4.5%	359.0	5.3%	350.0	5.7%	350.0	5.4%
Taxes	516.0	5.0%	224.0	3.1%	224.0	3.3%	224.0	3.6%	224.0	3.5%
Other	288.0	2.8%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Current Liabilities	1,699.0	16.4%	1,176.0	16.1%	1,208.0	17.8%	1,189.0	19.3%	1,189.0	18.4%
Long-term Debt	8,185.0	78.8%	8,065.0	110.4%	7,965.0	117.1%	7,865.0	127.5%	7565.0	116.9%
Long-Term Liabilities	8,185.0	78.8%	8,065.0	110.4%	7,965.0	117.1%	7,865.0	127.5%	7,565.0	116.9%
TOTAL LIABILITIES	9,884.0	95.2%	9,241.0	126.5%	9,173.0	134.9%	9,054.0	146.7%	8,754.0	135.3%
NET WORTH										
Partners Capital	109.0	1.0%	-1,284.0	-17.6%	-650.0	-9.6%	-350.0	-5.7%	250.0	3.9%
Capital Surplus	299.0	2.9%	0.0	0.0%	-1,723.0	-25.3%	-2,534.0	-41.1%	-2534.0	-39.2%
Retained Earnings	90.0	0.9%	-652.0	-8.9%	0.0	0.0%	0.0	0.0%	0.0	0.0%
(Treasury Stock)	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
TOTAL NET WORTH	498.0	4.8%	-1,936.0	-26.5%	-2,373.0	-34.9%	-2,884.0	-46.7%	-2,284.0	-35.3%
TOTAL LIAB & NET WORTH	10,382.0	100.0%	7,305.0	100.0%	6,800.0	100.0%	6,170.0	100.0%	6,470.0	100.0%

Balance Sheet

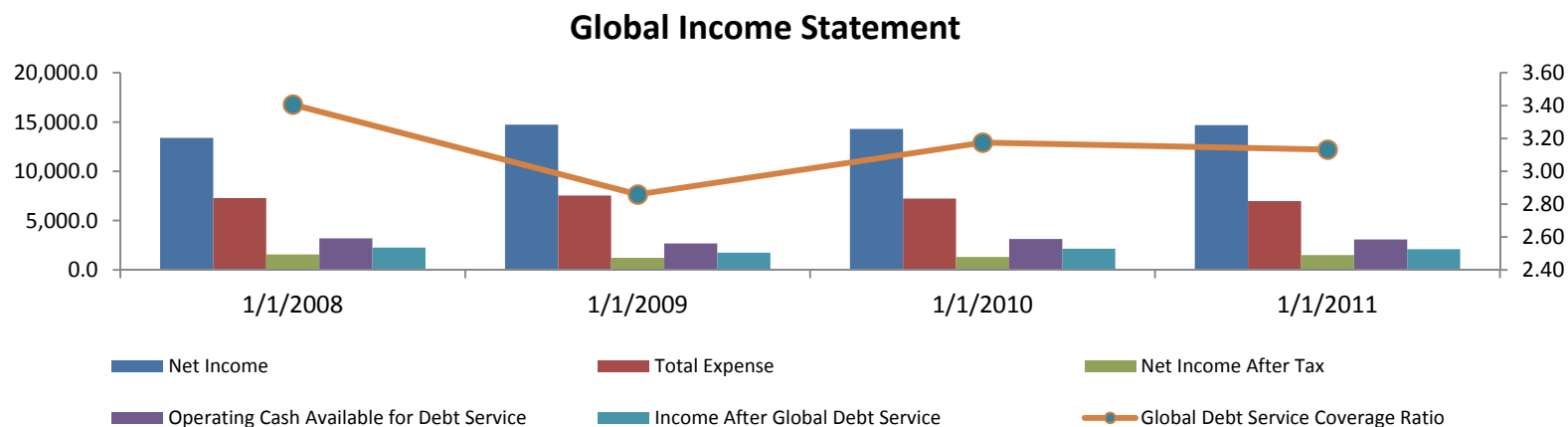
- Book Value
- Cost Basis
- Fair Market



Global Income Statement

Type of Statement	Tax Return	Tax Return	Tax Return	Tax Return
# of Months:	12	12	12	12
Date of Statement:	12/31/2008	12/31/2009	12/31/2010	12/31/2011
(In Thousands)	\$	\$	\$	\$
INCOME STATEMENT:				
Net Sales	13,395.0	14,742.0	14,299.0	14,683.0
Cost of Sales	4,495.0	5,790.0	5,549.0	5,976.0
Gross Profit	8,900.0	8,952.0	8,750.0	8,707.0
Officer Compensation	122.0	320.0	789.0	647.0
Wages	3,933.0	3,892.0	3,290.0	3,327.0
Rent	963.0	903.0	873.0	749.0
Depreciation	534.0	483.0	409.0	387.0
Interest	353.0	355.0	278.0	244.0
Other Operating Expenses	1,384.0	1,595.0	1,594.0	1,616.0
Total Expenses	7,289.0	7,548.0	7,233.0	6,970.0
Other Income	0.0	38.0	18.0	0.0
Other Expenses	58.0	215.0	235.0	235.0
Income (Loss) Before Taxes	1,553.0	1,227.0	1,300.0	1,502.0
Income Tax	0.0	0.0	0.0	0.0
Net Income (Loss)	1,553.0	1,227.0	1,300.0	1,502.0

- Net Income
- Cost of Goods or Cost of Sales
- Gross Profit
- Officers Compensation
- Wages
- Rent
- Interest Expense
- Income before tax
- Income after tax
- Dividend Paid
 - M1 and M2 Reconciliation on Book Earnings
- Other Expense
- Other Income

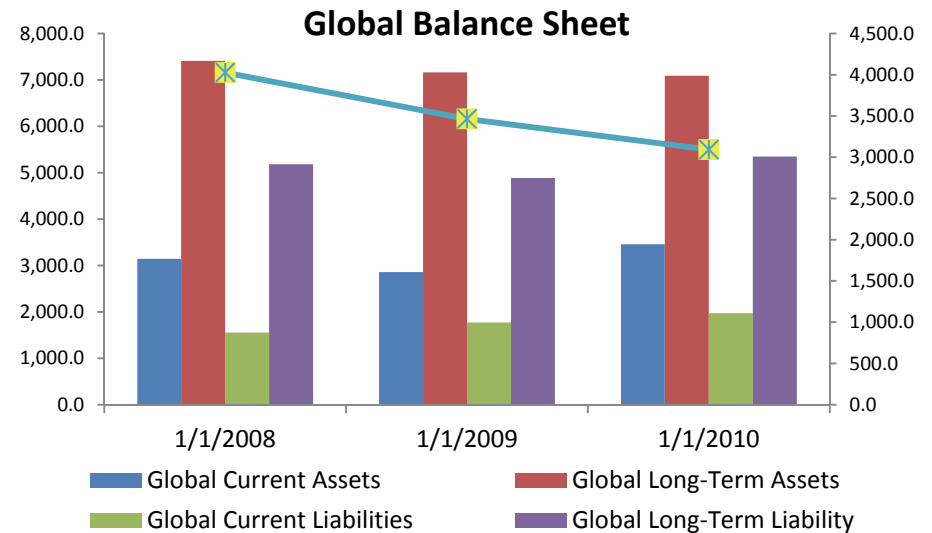


Global Balance Sheet

Type of Statement	Tax Return	Tax Return	Tax Return
# of Months:	12	12	12
Date of Statement:	12/31/2008	12/31/2009	12/31/2010
ASSETS			
Current Assets	3,146.0	2,856.4	3,458.5
Long-Term Assets		7,410.0	7,163.0
TOTAL ASSETS	10,556.0	10,019.4	10,547.5
LIABILITIES			
Current Liabilities		1,554.0	1,771.0
TOTAL LIABILITIES		6,736.0	6,656.0
NET WORTH			
Common Stock	2,607.0	2,077.0	2,015.0
Capital Surplus		-129.0	-236.6
Retained Earnings		1,023.0	763.0
(Treasury Stock)		526.0	861.0
TOTAL NET WORTH		4,027.0	3,464.4
TOTAL LIAB & NET WORTH		10,763.0	10,120.4

Global Balance Sheet

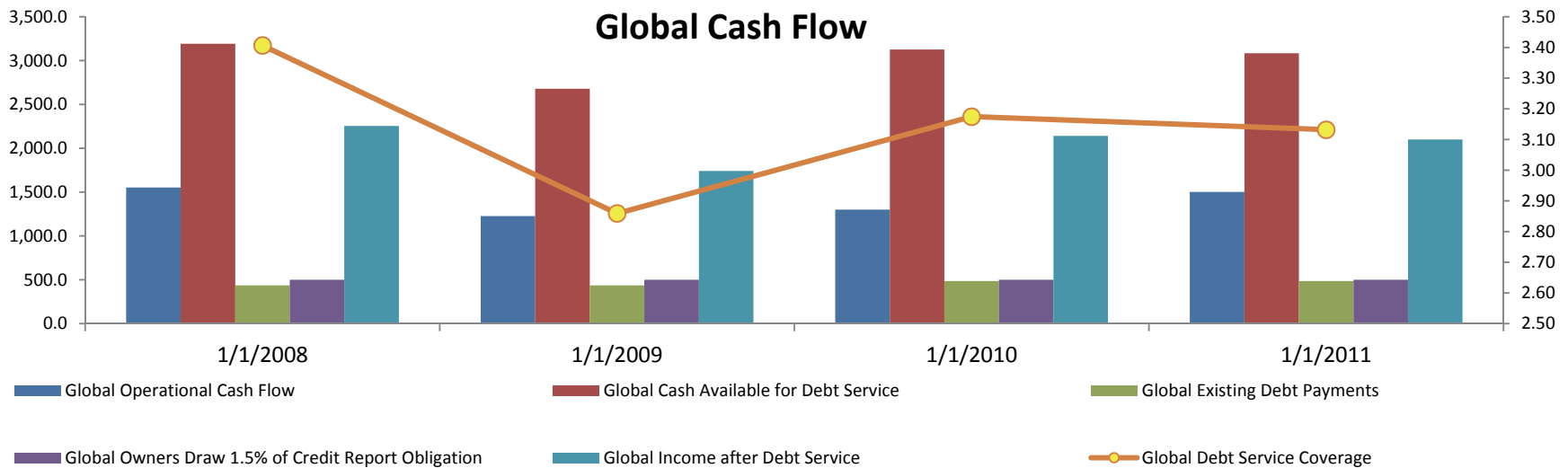
- Global Consolidated Financials should be analyzed the same way as the subject property
- Need to review the Net Worth
- Need to review global current liabilities and long term liabilities
- Loans from Inter-related companies



Global Operational Cash Flow

Type of Statement	Tax Return	Tax Return	Tax Return	Tax Return
# of Months:	12	12	12	12
Date of Statement:	12/31/2008	12/31/2009	12/31/2010	12/31/2011
Operational Cash	1,553.0	1,227.0	1,300.0	1,502.0
Depreciation/Amort.	534.0	483.0	409.0	387.0
+ Interest Expense	353.0	355.0	278.0	244.0
+ Rental Expense	144.0	355.0	144.0	0.0
+ Other: Owner's Draw	102.0	157.0	129.0	129.0
+ Other:	506.0	102.0	867.0	823.0
= Available Cash	3,192.0	2,679.0	3,127.0	3,085.0
- Existing Debt Service	437.0	437.0	485.0	485.0
- Interest on Line	0.0	0.0	0.0	0.0
- Principal on Line	0.0	0.0	0.0	0.0
- New Debt Service	0.0	0.0	0.0	0.0
- Other: Owners Draw 1.5 Factor	500.0	500.0	500.0	500.0
= Surplus	2,255.0	1,742.0	2,142.0	2,100.0
Coverage Ratio	3.41	2.86	3.17	3.13

- **Global Operational Cash Flow**
 - Major part of underwriting the combined risk exposor of the borrower
 - View relationships between one or many companies and how it may affect the ability of the borrowers to pay mortgage
 - Answers if the global is a positive or a negative to the subject loan

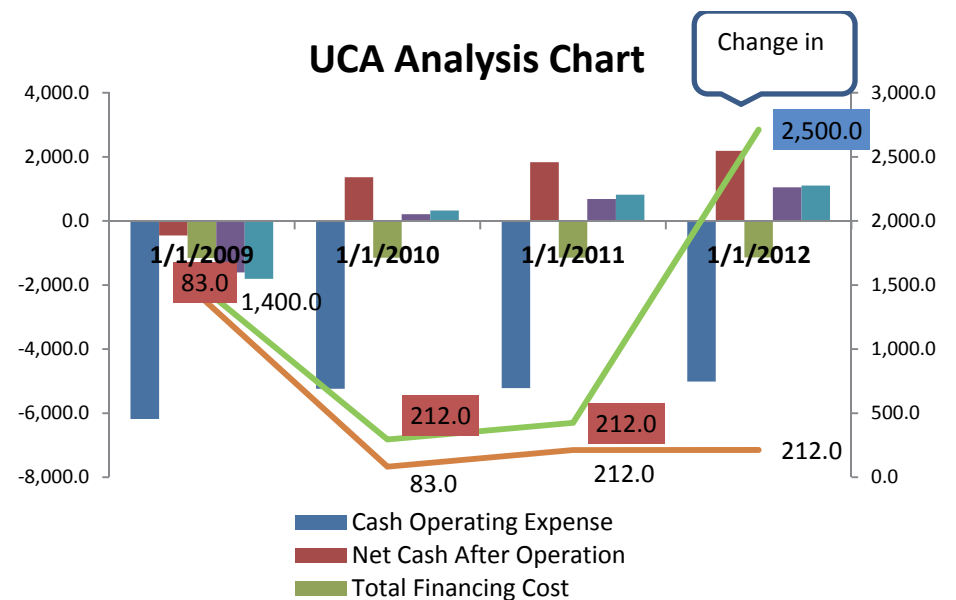


Universal Credit Analysis

Type of Statement	Tax Return	Tax Return	Internally Prepared	Projection
	12/31/2009	12/31/2010	12/31/2011	12/31/2012
Operating Flows				
Net Sales	7,454.0	7,725.0	7,528.0	8,304.0
Change in Receivables	-157.0	-18.0	516.0	0.0
Cash from Sales	7,297.0	7,707.0	8,044.0	8,304.0
Cost of Goods	-1,630.0	-1,124.0	-1,104.0	-1,104.0
Change in Inventory	7.0	-16.0	123.0	0.0
Change in Accounts Payable	57.0	32.0	-9.0	0.0
Cash Production Costs	-1,566.0	-1,108.0	-990.0	-1,104.0
Gross Cash Income	5,731.0	6,599.0	7,054.0	7,200.0
G & A Expense	-4,934.0	-5,024.0	-4,689.0	-4,481.0
Change in Accruals	0.0	0.0	0.0	0.0
Other Income or Expense	-352.0	-306.0	-306.0	-306.0
Change in Other Current Assets	-92.0	316.0	0.0	0.0
Change in Other Current Liabilities	-288.0	0.0	0.0	0.0
Change in Other Noncurrent Assets	0.0	0.0	0.0	0.0
Change in Other Noncurrent Liabilities	0.0	0.0	0.0	0.0
Change in Deferred Tax	-292.0	0.0	0.0	0.0
Income Taxes Paid	-225.0	-224.0	-225.0	-225.0
Cash Operating Expenses	-6,183.0	-5,238.0	-5,220.0	-5,012.0
Net Cash after Operations	-452.0	1,361.0	1,834.0	2,188.0
Interest Expense	-531.0	-524.0	-524.0	-524.0
Dividends Paid	0.0	0.0	0.0	0.0
Current Portion Long Term Debt	-625.0	-625.0	-625.0	-615.0
Total Financing Costs	-1,156.0	-1,149.0	-1,149.0	-1,139.0
Cash Flow After Financing Costs	-1,608.0	212.0	685.0	1,049.0
Capital Expenditures	-200.0	115.0	132.0	53.0
Financing Surplus (Shortfall)	-1,808.0	327.0	817.0	1,102.0
Change in Short Term Debt	0.0	0.0	-10.0	0.0
Change in Long Term Debt	-120.0	-100.0	-100.0	-300.0
Change in Officer or Stockholder Debt	0.0	0.0	0.0	0.0
Change in Equity	-1,692.0	-1,089.0	-511.0	600.0
Total External Financing	-1,812.0	-1,189.0	-621.0	300.0
Net Cash Flow After Financing	-3,620.0	-862.0	196.0	1,402.0
Beginning Cash Position	1,400.0	83.0	212.0	212.0
Ending Cash Position	83.0	212.0	212.0	2,500.0

UCA (Universal Credit Analysis) Cash Flow

- Starts with Cash Flow from Sales
- Less Cash Paid to Cost of Sales or Cost of Goods
- Less Cash Paid for Operating Expense
- Accounts for Cash Inflow and Outflow
- Net Cash from Operations



Key Earnings Measure

Key Earnings Measures and Cash Flow Summary	2008	2009	2010	2011	2012
Historic Net Income	\$407	-\$242	\$175	\$446	\$604
Plus: Income taxes	\$516	\$225	\$224	\$225	\$225
Earnings Before Taxes (EBT)	\$923	-\$17	\$399	\$671	\$829
Plus: Interest Expense	\$538	\$538	\$538	\$538	\$538
Earnings Before Interest & Taxes (EBIT)	\$1,461	\$521	\$937	\$1,209	\$1,367
Plus: Depreciation & Amortization	\$0	\$0	\$0	\$0	\$0
Earnings Before Interest, Depr. & Amort. (EBITDA)	\$1,461	\$521	\$937	\$1,209	\$1,367
Historic Net cash flow		-\$1,900	\$1,392	\$1,092	\$1,648
Historic income from operations		\$521	\$937	\$1,209	\$1,367
Less: Tax based on selected tax rate		\$130	\$234	\$302	\$342
Plus: Depr. & amort. from oper. (net of tax)		\$0	\$0	\$0	\$0
Less: Fixed asset purchases		-\$332	-\$667	-\$644	-\$585
Less: Changes in net working capital		\$477	-\$16	-\$13	-\$48
Free Cash Flow available to Total Invested Capital (FCF-TIC)		\$246	\$1,386	\$1,564	\$1,658
Historic Net Income		-\$242	\$175	\$446	\$604
Plus: Depreciation & amortization		\$0	\$0	\$0	\$0
Less: Fixed asset purchases		-\$332	-\$667	-\$644	-\$585
Less: Changes in net working capital		\$477	-\$16	-\$13	-\$48
Plus: Changes in short-term notes payable		\$0	\$0	\$0	\$0
Plus: Changes in current long-term notes payable		\$0	\$0	\$0	\$0
Plus: Changes in long-term notes payable		-\$120	-\$100	-\$311	-\$289
Less: Preferred Dividends		\$0	\$0	\$0	\$0
Free Cash Flow available to Equity (FCF-E)		-\$507	\$758	\$792	\$948

Key Earnings

- Enterprise Value/EBITDA
- Enterprise Value
- Enterprise Value/Revenue
- Levered Free Cash Flow
- Operating Cash Flow
- Operating Margins
- Free Cash Flow to Equity



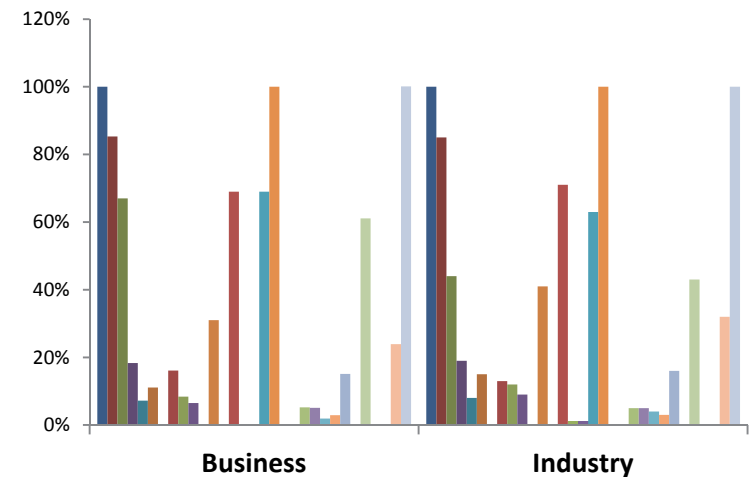
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COMMERCIAL MORTGAGE BANKERS
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RMA Analysis Common Size Statement

	Business	Industry	Difference	Variance	Variance
Income Data:	2012	2012			
Net sales	100%	100%	0%	3%	100%
Gross profit	85%	85%	0%	5%	83%
Operating expenses	67%	44%	23%	11%	66%
Operating profit	18%	19%	-1%	16%	17%
All other expenses (net)	7%	8%	-1%	2%	5%
Profit Before Tax	11%	15%	-4%	3%	12%
Assets:					
Cash & equivalents	16%	13%	3%	22%	17%
Trade receivables (net)	8%	12%	-4%	11%	9%
Inventory	7%	9%	-3%	4%	2%
All other current	0%	0%	0%	3%	4%
Total Current Assets	31%	41%	-10%	6%	14%
Fixed assets (net)	69%	71%	-2%	7%	72%
Intangibles (net)	0%	1%	-1%	3%	0%
All other noncurrent	0%	1%	-1%	7%	0%
Total Noncurrent Assets	69%	63%	6%	5%	77%
Total Assets	100%	100%	0%		
Liabilities & Net Worth:					
Notes payable short-term	0%	0%	0%	0%	0%
Current maturity of long-term Debt	5%	5%	0%	0%	5%
Trade payables	5%	5%	0%	11%	6%
Income taxes payable	2%	4%	-2%	3%	6%
All other current liabilities	3%	3%	0%	8%	3%
Total Current Liabilities	15%	16%	-1%	2%	2%
Long-term debt	61%	43%	18%	19%	66%
Deferred taxes	0%	0%	0%	22%	0%
All other noncurrent liabilities	0%	0%	0%	2%	0%
Net worth	24%	32%	-8%	8%	29%
Total Liabilities & Net Worth	100%	100%	0%		

Common Size Statement

- RMA (Risk Management Association) Statement Studies
- Compare Industry verses the subject loan
- Difference
- Variance
- 4 year average variance



Financial Growth Evaluation

Sustainable Growth Components	2008	2009	2010	2011	2012
Net Sales Revenue	8445	7710	7617	7534	7485
Net Income	407	-242	175	446	604
Total Assets	8277	6870	6348	5672	5752
Total Equity	498	-1936	-2373	-2884	2884
Preferred Dividends	0	0	0	0	0
Common Dividends	0	0	0	0	0
Sustainable Growth Ratios					
Profit Margin (Net Income / Total Revenue) a	4.82%	-3.14%	2.30%	5.92%	8.07%
Earnings Retention (1-[Total Dividends] / NI) b	100.00%	100.00%	100.00%	100.00%	100.00%
Asset Turnover (Total Revenue / Total Assets) c	102.03%	112.23%	119.99%	132.83%	130.13%
Financial Leverage (Total Assets / Total Equity) d	1662.05%	-354.86%	-267.51%	-196.67%	199.45%
Maximum Sustainable Growth in Revenue (a*b*c*d)	81.77%	12.50%	-7.37%	-15.46%	20.94%
Historic Growth in Total Revenue		-8.71%	-1.21%	-1.09%	-0.65%
Difference from Maximum		21.21%	-6.17%	-14.37%	21.59%
Historic Growth in Total Revenue (Rolling Average)		-8.71%	-4.96%	-3.67%	-2.91%

- Sustainable Growth Component**

- Net Income
- Asset Turn Over
- Historical Growth

Total Assets

Financial Leverage

Historical Growth in Total Revenue



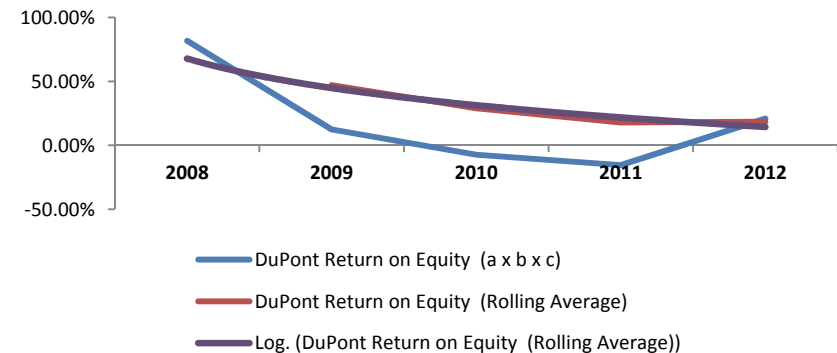
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DuPont Analysis

DuPont Analysis	2008	2009	2010	2011	2012
Net Sales Revenue	8445	7710	7617	7534	7485
Divided by: Total Assets	8277	6870	6348	5672	5752
Asset Turnover Ratio a	1.02	1.12	1.2	1.33	1.3
Net Income	407	-242	175	446	604
Divided by: Net Sales	8445	7710	7617	7534	7485
Return on Sales Ratio b	4.82%	-3.14%	2.30%	5.92%	8.07%
DuPont Return on Assets (a x b)	4.92%	-3.52%	2.76%	7.86%	10.50%
Total Assets	8277	6870	6348	5672	5752
Divided by: Total Equity	498	-1936	-2373	-2884	2884
Financial Leverage Ratio c	16.62	-3.55	-2.68	-1.97	1.99
DuPont Return on Equity (a x b x c)	81.77%	12.50%	-7.37%	-15.46%	20.94%
DuPont Return on Equity (Rolling Average)		47.13%	28.96%	17.86%	18.47%

- **DuPont Analysis**
 - DuPont Asset Turn over
 - Financial Leverage
 - DuPont Return on Equity
 - Asset Turn Over Ratio

DuPont Analysis Return on Equity

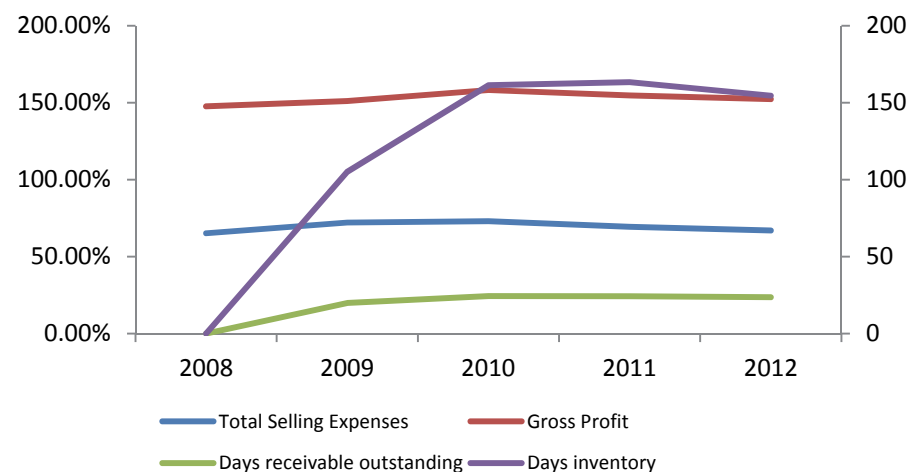


Sales Related Metrics

Sales-Related Metrics	2008	2009	2010	2011	2012
Less: Sales returns and allowances	11	14	15	22	32
Less: Sales discounts	32%	28%	19%	22%	21%
Total Selling Expenses	65.14%	72.10%	72.94%	69.30%	66.99%
Gross Profit	82.44%	78.86%	85.24%	85.35%	85.25%
Days receivable outstanding		19.86	24.29	24.25	23.65
Days inventory		85.2	137.04	139.02	130.92

- Return and Allowance
- Sales Discount if applicable
- Selling Expense
- Gross Margins
- AR and AP Analysis

Sales Related Metrics

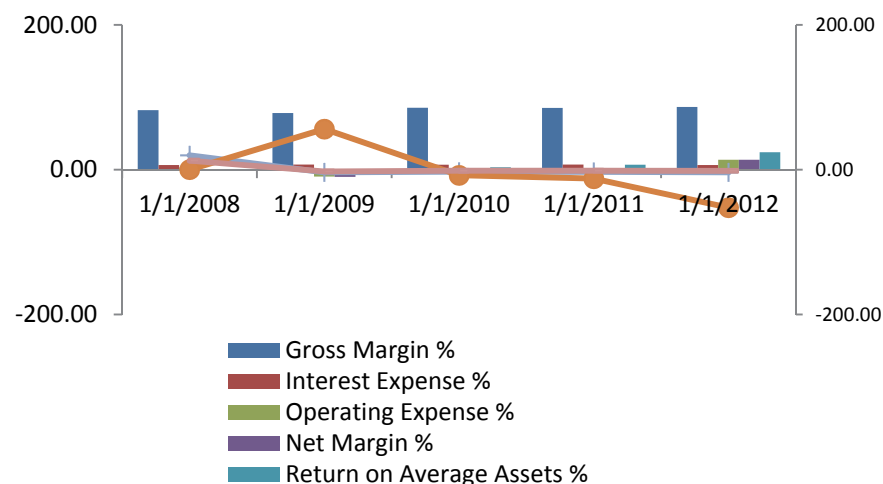


Return on Assets

	2008	2009	2010	2011	2012
Gross Profit to Sales	82.44%	78.86%	85.24%	85.35%	85.25%
Net Income After Tax to Sales	4.82%	-3.14%	2.30%	5.92%	8.07%
Net Operating Income to Sales	17.30%	6.76%	12.30%	16.05%	18.26%
EBT to Sales	10.93%	-0.22%	5.24%	8.91%	11.08%
EBIT to Sales	17.30%	6.76%	12.30%	16.05%	18.26%
EBITDA to Sales	17.30%	6.76%	12.30%	16.05%	18.26%
Net Income to FCF-E		47.73%	23.09%	56.31%	63.71%
EBT to FCF-E		3.35%	52.64%	84.72%	87.45%
EBIT to FCF-TIC		212.00%	67.62%	77.31%	82.44%
EBITDA to FCF-TIC		212.00%	67.62%	77.31%	82.44%
Cash from Operations to Net Cash Flow		37.84%	13.72%	42.03%	39.56%

- Return on Assets
- Return on Equity
- Return on Total Invested Capital
 - EBT to FCF
 - EBIT to FCF
- Cash From Operations
- Velocity of Cash Flow

Profitability Analysis

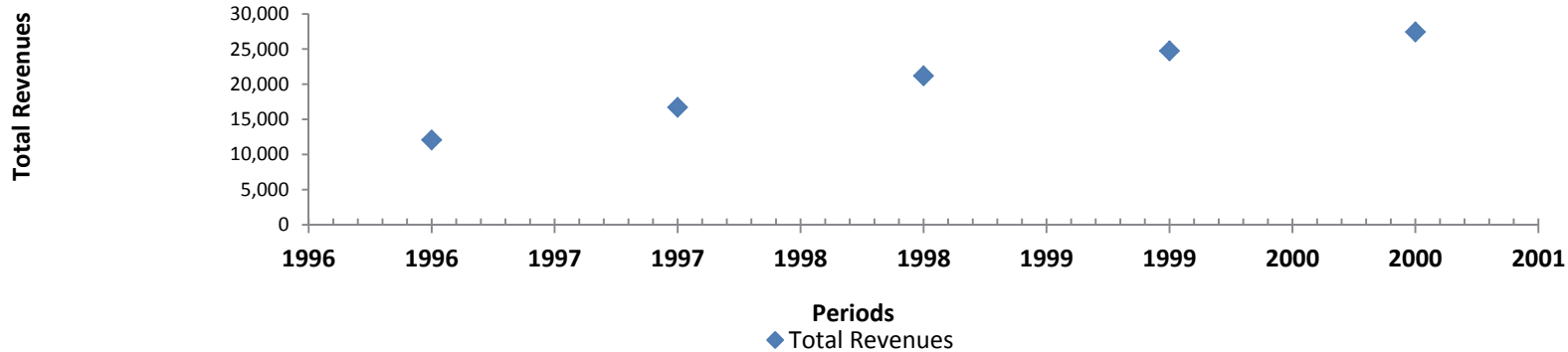


Financial Forecast Linear

Formula for Linear Trendline:						
	Year	variable x	actual y	Value y	m factor	b factor
y = (m * x) + b	2006	1	12,076	12,683	3876.20	8806.60
	2007	2	16,719	16,559		
	2008	3	21,196	20,435		
m: slope of line	2009	4	24,737	24,311		
x: independent variable	2010	5	27,448	28,188		
b: y intercept	2011	6		32,064		
	2012	7		35,940		
	2013	8		39,816		
	2014	9		43,692		
	2015	10		47,569		

Linear Forecasting

$$y = MX + B$$



Financial Forecast Non-Linear Exponential

Years =>	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Total Revenues - Historical	12,076	16,719	21,196	24,737	27,448					
Total Revenues - Exponential	12,076	12,076	16,719	21,196	24,737					
Total Revenues - Wt Moving Avg	11,105	15,230	18,890	21,605	22,965	26,070	26,413	26,316	26,355	26,340

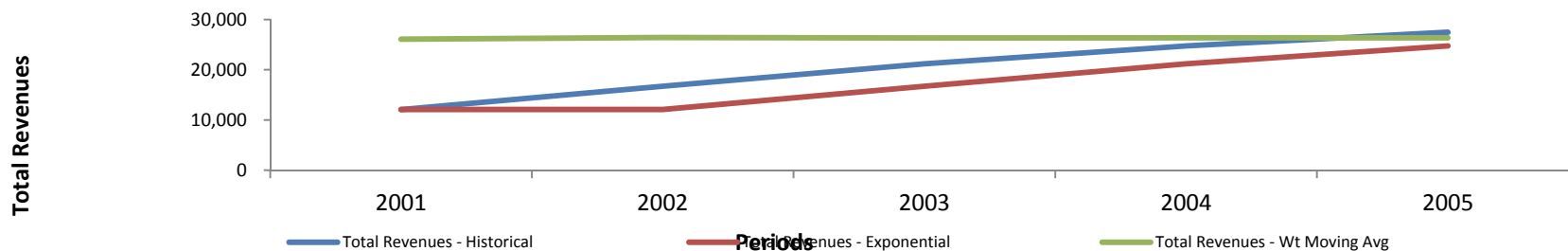
Find the Optimal Smoothing Factor:

Total Revenues	Exponent Amounts	Difference	Square
12,076	12,076	0	0
16,719	12,076	4,643	21,557,449
21,196	16,719	4,477	20,043,529
24,737	21,196	3,541	12,538,681
27,448	24,737	2,711	7,349,521
Mean Squared Error			12,297,836

Find the Optimal Moving Weights:

Total Revenues	Weighted Amounts	Difference	Square
12,076	11,105	971	942,841
16,719	15,230	1,489	2,217,121
21,196	18,890	2,306	5,317,636
24,737	21,605	3,132	9,809,424
27,448	22,965	4,483	20,100,607
Mean Squared Error			7,677,526

Exponential Comparison

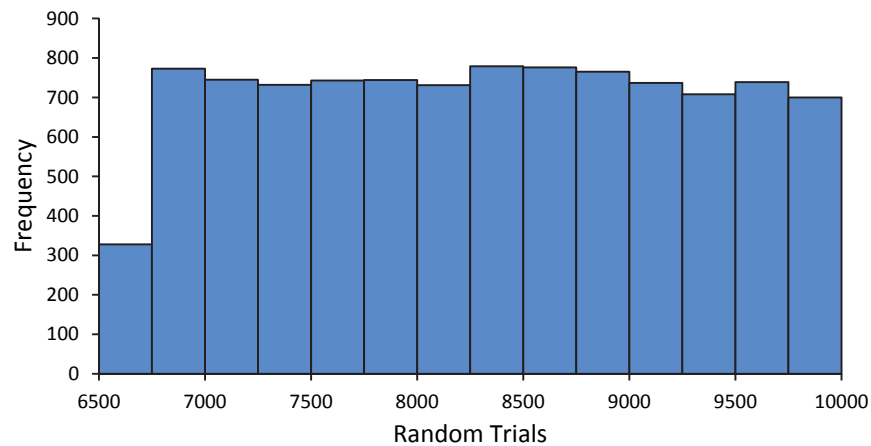


Risk Analysis – Monte Carlo Simulation

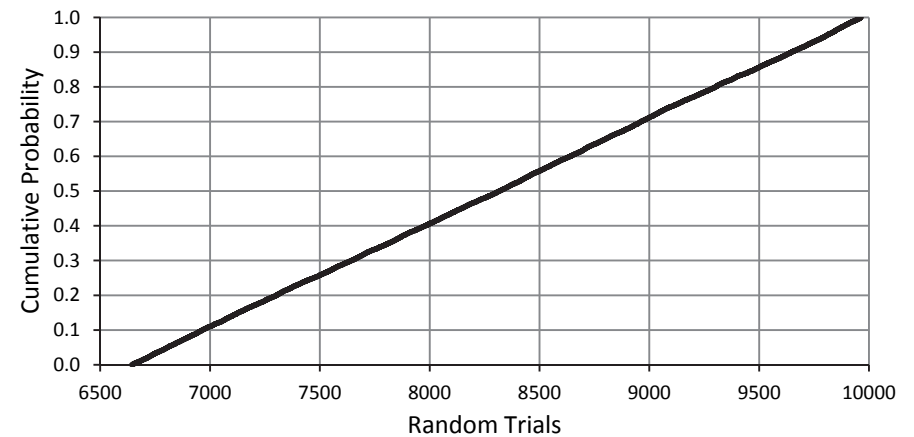
- Run a Random Income Trial based on 20% increase and 20% decrease in income
- Trials determines the possibility of Default. What the trial allows no bias on data
- The effects of the economic situation on the default rate and how it effects the credit quality for Banks
- Observe the frequency of Data and record that data

		<i>Random Trials</i>					<i>cumulative</i>	
<i>lower</i>		<i>upper</i>	<i>midpoint</i>	<i>width</i>	<i>frequency</i>	<i>percent</i>	<i>frequency</i>	<i>percent</i>
6,500	<	6,750	6,625	250	326	3.3	326	3.3
6,750	<	7,000	6,875	250	773	7.7	1099	11.0
7,000	<	7,250	7,125	250	744	7.4	1843	18.4
7,250	<	7,500	7,375	250	735	7.4	2578	25.8
7,500	<	7,750	7,625	250	741	7.4	3319	33.2
7,750	<	8,000	7,875	250	743	7.4	4062	40.6
8,000	<	8,250	8,125	250	730	7.3	4792	47.9
8,250	<	8,500	8,375	250	780	7.8	5572	55.7
8,500	<	8,750	8,625	250	777	7.8	6349	63.5
8,750	<	9,000	8,875	250	764	7.6	7113	71.1
9,000	<	9,250	9,125	250	731	7.3	7844	78.4
9,250	<	9,500	9,375	250	717	7.2	8561	85.6
9,500	<	9,750	9,625	250	733	7.3	9294	92.9
9,750	<	10,000	9,875	250	706	7.1	10000	100.0

Random Trial Simulation - Histogram



Random Trial Simulation - Cumulative Chart

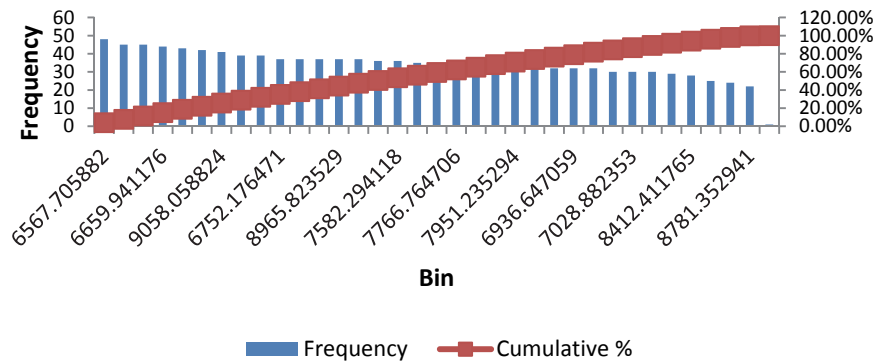


Risk Analysis – Monte Carlo Simulation II

	2008	2009	2010	2011	2012
Gross Income	\$8,304.00	\$7,454.00	\$7,725.00	\$7,528.00	\$8,304.00
COG	\$1,483.00	\$1,630.00	\$1,124.00	\$1,104.00	\$1,104.00
Net Income	\$6,821.00	\$5,824.00	\$6,601.00	\$6,424.00	\$7,200.00
Expense	\$6,125.38	\$5,465.00	\$5,548.00	\$5,213.00	\$5,005.00
Profit	\$695.62	\$359.00	\$1,053.00	\$1,211.00	\$2,195.00
Add Backs	\$2,308.51	\$1,300.77	\$1,903.56	\$2,077.50	\$3,078.63
Debt	\$624.00	\$624.00	\$624.00	\$624.00	\$624.00
DSCR	3.70	2.08	3.05	3.33	4.93

Income Mean	\$7,863.00	Standard Dev.	414.58172
COG Mean	\$1,289.00	Standard Dev.	249.79592
NOI	\$6,574.00	Standard Dev.	509.56207
Expense Mean	\$5,471.28	Standard Dev.	423.64425
Profit	\$1,102.72	Standard Dev.	693.924
Add back Mean	\$2,133.79	Standard Dev.	646.78682
Mean	\$624.00	Standard Dev.	0
DSCR	3.419541		

**Histogram Simulation of Income
Random Trials**



Bin	Frequency	Cumulative %	Bin	Frequency	Cumulative %
6291	1	0.08%	6567.706	48	4.00%
6383.235	35	3.00%	7121.118	45	7.74%
6475.471	32	5.66%	7490.059	45	11.49%
6567.706	48	9.66%	6659.941	44	15.15%
6659.941	44	13.32%	9242.529	43	18.73%
6752.176	37	16.40%	8320.176	42	22.23%
6844.412	30	18.90%	9058.059	41	25.65%
6936.647	32	21.57%	7397.824	39	28.89%
7028.882	30	24.06%	8689.118	39	32.14%
7121.118	45	27.81%	6752.176	37	35.22%
7213.353	36	30.81%	8135.706	37	38.30%
7305.588	29	33.22%	8504.647	37	41.38%
7397.824	39	36.47%	8965.824	37	44.46%
7490.059	45	40.22%	9150.294	37	47.54%
7582.294	36	43.21%	7213.353	36	50.54%
7674.529	35	46.13%	7582.294	36	53.54%
7766.765	35	49.04%	6383.235	35	56.45%
7859	35	51.96%	7674.529	35	59.37%
7951.235	34	54.79%	7766.765	35	62.28%
8043.471	32	57.45%	7859	35	65.20%

Why we are different type of lenders

- **CH Capital Partners LLC purpose is to create and consult business relationships**
- **We are not looking for a loan, but clients whom we can consult, advise and execute the best possible loans and business plans to help grow the small business and middle markets**
- **Our objectives are long-term relationships where our expertise will be valued and our business plans can help enhance the business owners bottom line: Profits**
- **We thrive in a complex financial markets where we inform, educate and empower our clients to know what, when and how a grow their business/businesses. We create business plans from Wall Street prospective and increase the valuation of the business owner.**
- **When exit strategies are needed, CH Capital Partners LLC creates the best method of valuation for the business client.**
- **CH Capital Partners LLC appreciates each and every client, and you will know our commitment by our actions.**
- **Accountability is the most important part of the business, and often many companies do not take responsibility for their actions.**
- **CH Capital Partners LLC looks to you the client for direction and any special needs that may require for us to retain a great relationship for the long term.**

- **Thank you**
- **Our goal is to create \$150MM in new financing and 50 new relationships a year.**
- **Our mission is to help Small and Middle Market Businesses thrive in this complex financial world**
- **Our Partners have held Senior positions in various fortune 500 companies and CH Capital Partners LLC believes that our client relationships are unmatched in the market place**
- **You the client and our relationship is the most important part of our business, and we believe that the market place has forgotten who the client is**
- **CH Capital Partners LLC provides Financial Planning, Commercial Mortgage Lending, Business Insurance, Personal Insurance, Investment Advisory, and Business relationships to our 300 clients.**