BLACKLEAF

2026 EDITION

BLACKLEAF CAPITAL & FINANCE

Capital Raising *Readiness Guide*

How to prepare a business to raise debt, mezzanine or equity: what financiers assess, what to assemble, and how to avoid a decline.

INTRODUCTION

Raise on *your terms*, not theirs.

Capital is raised on the strength of a file as much as on the strength of a business. A complete, consistent file shortens the process, widens the list of willing financiers and improves the terms offered.

This guide is for owners, boards and finance leads preparing a raise of senior debt, mezzanine, structured funding or equity. It sets out what financiers assess, what to assemble, and the order in which a raise should run.

Define

The amount, the purpose and the repayment source.

Prepare

Structure, records, financials and a clear story.

Raise

Match, present, negotiate and close.

CONTENTS

03	Define the raise	DEFINE
04	What financiers assess	ASSESS
05	The capital stack	OPTIONS
06	Readiness checklist	PREPARE
07	The financial information pack	PREPARE
08	Structure and security	DESIGN
09	The five stages of a raise	EXECUTE
10	Reasons for decline	AVOID
11	Readiness self-score	TEST

Define *the raise*.

Financiers fund a purpose with a repayment source. Be able to state both in two sentences before approaching anyone.

QUESTIONS TO SETTLE FIRST

- ✓ How much is needed, and by when?
- ✓ What exactly will the money do?
- ✓ What will repay it: cash flow, an asset sale, a refinance?
- ✓ How much of the need is certain, and how much is a buffer?
- ✓ What is the business prepared to give up: security, equity, control?

> *Amount, purpose and repayment source. If any of the three is vague, the file is not ready.*

COMMON PURPOSES AND HOW FINANCIERS READ THEM

PURPOSE	HOW IT IS USUALLY VIEWED
Working capital	Short-term, tested against the cash cycle and debtor quality.
Asset purchase	The asset often supports the security and the repayment story.
Expansion	Tested against the plan, the market and management capacity.
Acquisition	Tested against the target, the price and the integration plan.
Refinance or restructure	Tested against why the current facilities no longer fit.
Shareholder buy-out	Tested against the valuation and the remaining cash flow.

Do not blur purposes. A raise that mixes growth, debt clean-up and shareholder liquidity in one request is hard to credit-approve. Separate them, or sequence them.

What financiers *assess*.

Credit and investment committees differ in detail, but most questions fall under six headings.

People
Track record, depth of management and integrity of the owners.

Capacity
Cash flow available to service the funding, in good and bad cases.

Capital
What the owners have invested and are prepared to leave in.

Collateral
Security, its value, and the ability to enforce it.

Structure
Which entity borrows, who guarantees, and who owns what.

Conditions
Sector, market, regulation and timing risks.

WHAT EACH FINANCIER TYPE TENDS TO WEIGH MOST

FINANCIER	TENDS TO WEIGH	USUALLY EXPECTS
Commercial bank	Security, track record, covenants	Audited or reviewed statements
Alternative lender	Cash flow, speed, specific assets	Current management accounts
Private debt or mezzanine	Cash generation, equity cushion	A full plan and a model
Equity investor	Growth, governance, exit route	A story, a model and a data room
Development funder	Impact, compliance, governance	Policies and complete records

The table describes tendencies, not rules. Each financier sets its own criteria and changes them over time.

The capital *stack*.

Most raises combine instruments. Each sits at a different level of risk, and each financier prices that risk differently.

LAYER	WHAT IT IS	CONSIDERATIONS
Senior debt	Secured lending that ranks first for repayment.	Security, covenants, repayment profile
Asset-based and trade finance	Funding against debtors, stock, equipment or contracts.	Quality and legal title of the asset
Mezzanine	Subordinated debt, sometimes with an equity feature.	Ranking, intercreditor terms, cost
Preference or structured equity	Equity with fixed or priority rights.	Rights, exit terms, governance
Ordinary equity	Ownership capital from new or existing shareholders.	Dilution, control, valuation
Grants and development funding	Programme funding with conditions.	Eligibility, reporting, timing

CHOOSING A MIX

- ✓ Match the tenor of the funding to the life of what it funds
- ✓ Do not use short-term funding for long-term assets
- ✓ Keep the cost of the stack inside the cash the business actually generates
- ✓ Leave headroom: plan for the case where the first year is slower than the model
- ✓ Know which existing facilities contain change-of-control or consent clauses

Terms move. Pricing, appetite and structure change with the market and with each financier. BlackLeaf tests the market at the time of the raise and does not rely on past terms.

Readiness *checklist*.

Twelve items financiers ask for early. A raise is faster when each is ready before the first approach.

- [ ] **Purpose paper:** amount, use of funds and repayment source on one page
- [ ] **Corporate records:** registrations, directors, share registers, resolutions
- [ ] **Group chart:** every entity and who owns it, with beneficial owners
- [ ] **Financial statements:** recent annual statements, and management accounts to date
- [ ] **Forecast:** a monthly model with stated assumptions and a downside case
- [ ] **Debt schedule:** every facility, lender, balance, security and covenant
- [ ] **Tax and compliance:** returns, registrations and good-standing evidence
- [ ] **Asset register:** what is owned, by which entity, and what is pledged
- [ ] **Key contracts:** customer, supplier, lease and licence agreements
- [ ] **Management profiles:** track record of the people running the business
- [ ] **Open matters:** disputes, claims and any unresolved filings, disclosed
- [ ] **Information memorandum:** a clear story that a stranger can follow

CONSISTENCY IS TESTED

Reviewers compare documents against each other. The same figure should appear the same way in the statements, the model and the memorandum. Names, addresses and dates should match across filings. Every unexplained difference becomes a question, and a pattern of them becomes a concern.

Before the first approach

Reconcile the numbers, correct the records, and agree one version of the story.

Before the data room opens

Index documents, remove drafts, and decide who may see what, and when.

The financial *information pack*.

The pack is the core of the file. It should let a credit analyst understand the business without a meeting.

COMPONENT	WHAT GOOD LOOKS LIKE
Historical statements	Three years where available, in a consistent format, with notes.
Management accounts	Current year to date, with a comparison and a short commentary.
Cash flow forecast	Monthly for at least twelve months, tied to the funding request.
Financial model	Three statements, clear inputs, and base and downside cases.
Debtors and creditors	Ageing, concentration, and the largest names.
Debt and security	Schedule of all facilities, with covenant calculations.
Bridge from profit to cash	Plain explanation of why cash differs from reported profit.

QUESTIONS A MODEL MUST ANSWER

- ✓ How much cash does the business generate before funding costs?
- ✓ How much of that is already committed to existing debt?
- ✓ What happens to repayment capacity if revenue falls or costs rise?
- ✓ When does the funding start to repay itself?
- ✓ What assumption would break the case, and how likely is it?

Show the downside. A forecast with only one case invites the reviewer to build their own, usually a harsher one.

Structure *and security*.

The borrowing structure should be simple enough to explain on one page, and sound enough to enforce.

Which entity borrows

The entity that generates the cash, or holds the asset, is the natural borrower. A borrower with no assets and no cash is difficult to credit-approve.

Who supports it

Guarantees, cessions and subordinations from related entities or owners. Understand the personal exposure before agreeing to it.

SECURITY: WHAT IS COMMONLY CONSIDERED

TYPE	POINTS TO CHECK
Mortgage bond over property	Title, valuation, and whether the owner is the borrower.
General or special notarial bond	What movables are covered, and what is already pledged.
Cession of debtors or contracts	Quality, concentration and any restraint on cession.
Suretyships and guarantees	Who gives them, and the effect on their own affairs.
Pledge of shares	Shareholder agreement consents and change-of-control clauses.

Take legal advice on security. Security documents have specific legal formalities and consequences. Instruct your attorney before signing any facility or security agreement.

Where structural defects exist, the Capital Readiness Protocol corrects them before the file goes to market.

The five stages *of a raise*.

Nothing is presented to a financier until the file is ready. A rushed first approach is hard to repair.

01

Define and assess

The purpose, amount and repayment source are set, and a readiness review identifies gaps.

OUTPUT: PURPOSE PAPER AND GAP LIST

02

Prepare

Structure, records and financials are corrected, and the pack and memorandum are written.

OUTPUT: COMPLETE, CONSISTENT FILE

03

Match

The right financiers are selected for the amount, purpose and sector, and approached discreetly.

OUTPUT: SHORTLIST AND FIRST CONVERSATIONS

04

Present and negotiate

The file is presented, questions answered, and terms compared and negotiated.

OUTPUT: TERM SHEET OR OFFER LETTER

05

Verify and close

Conditions precedent are satisfied, documents signed and funds drawn.

OUTPUT: FUNDED FACILITY

Run it as a process. Approach financiers in a planned window, so that offers arrive together and can be compared, rather than one at a time over months.

Reasons *for decline*.

Most declines trace back to a short list of causes. Each is avoidable with preparation.

01
Vague purpose
The request mixes purposes or cannot state a repayment source.

02
Inconsistent numbers
The statements, model and memorandum disagree.

03
Structural defects
Ownership, entity or record problems surface in the credit review.

04
Thin downside
There is no case showing how the business behaves under stress.

05
Unrealistic security
The collateral offered is already pledged, or cannot be enforced.

06
Late disclosure
Disputes or tax matters emerge after the first approach.

> *A decline is information. Find out why before approaching the next financier.*

Readiness *self-score*.

Score one point for each statement that is true today.

- [ ] I can state the amount, purpose and repayment source in two sentences
- [ ] Our entity chart and beneficial owners are documented
- [ ] Statutory records and filings are up to date
- [ ] Annual statements are recent and reconciled
- [ ] We have a monthly cash flow forecast
- [ ] The forecast includes a downside case
- [ ] Every facility and its security is on one schedule
- [ ] Tax returns and registrations are in good standing
- [ ] We know which entity holds each key asset
- [ ] Disputes and open matters are listed
- [ ] Management profiles are written
- [ ] Our information memorandum exists, and a stranger could follow it

11 to 12
Ready to approach.

8 to 10
Close. Close the gaps first.

5 to 7
Gaps. Prepare before raising.

0 to 4
Not ready. Start with structure.

The score is a guide to where to start. It does not predict a financier's decision.

Next step. If the score shows gaps, the Capital Readiness Protocol is the way to find and fix them before you approach the market.

ABOUT BLACKLEAF

Begin with a *private conversation*.

BlackLeaf is a family-owned group offering corporate advisory, capital solutions, mergers and acquisitions, fiduciary services and family office support. Every mandate is led by a principal.

Capital Readiness Protocol

Finds and fixes structural defects before a financier or buyer does.

Capital & finance

Debt, equity and structured funding, placed with the right financiers.

Fiduciary & statutory

Compliance, trusts and company secretarial work, kept in order.

OUR COMMITMENTS

- Absolute discretion: mutual non-disclosure before any detail is shared
- One integrated team across advisory, capital and fiduciary work
- Led by a principal from first conversation to completion

WEBSITE

www.blackleaf.co.za

EMAIL

info@blackleaf.co.za

© 2026 BlackLeaf Group Holdings (Pty) Ltd. This guide is general information for business owners and is not legal, tax or financial advice. Confirm the current law and your own facts with a qualified professional before acting.