## **Atlas Fund III Recapitalization – Private Equity Investment Summary**

**Document Type:** *Investor Presentation (Deck Transcript + Analyst Notes)*

**Slide 1: Overview** Atlas Capital Partners seeks a $400 MM recapitalization of **Fund III**, an existing portfolio comprising 11 lower-middle-market industrial and logistics companies.  
 The transaction recapitalizes legacy LPs (vintage 2017) and funds follow-on investments across three platforms: precision components, packaging, and light manufacturing.

**Slide 2: Capital Structure**

| **Layer** | **Amount (MM)** | **Terms** | **Notes** |
| --- | --- | --- | --- |
| Senior Credit (avg.) | 510 | 6.5 % blended | secured at portfolio level |
| New Pref Equity | 200 | 10 % pref + 2× exit cap | from incoming LPs |
| Sponsor Rollover | 90 | 100 % reinvest | GP remains 15 % commit |
| Total Enterprise | **800** |  |  |

**Slide 3: Portfolio Financials**

* **EBITDA (2025 est.):** 78.0 MM
* **Leverage:** 6.5× (gross) / 5.3× (net)
* **IRR (fund level):** 10.4 % modeled (base)
* **TVPI:** 1.45× (target)
* **MOIC (gross):** 1.62×

**Slide 4: Key Issues (as flagged by diligence)**

1. Portfolio EBITDA “run-rate” inflated by pro forma add-backs (~$9 MM non-recurring).
2. Three of eleven companies on covenant waiver; one recently sold below carrying value.
3. GP proposing to retain 2× carry on recap proceeds.
4. New pref equity structure heavily senior to rollover equity, compressing residual IRR to 8–9 %.

**Slide 5: Market Context & Peer Comparison**

Fund IRR Range (%)

20 | \*

15 | \*

10 | \* (Atlas Fund III)

5 | \* \*

2016 2017 2018 2019 2020

**Analyst Commentary:** While fund-level diversification provides downside mitigation, legacy asset fatigue limits upside. The recap primarily monetizes older holdings rather than funding new alpha. Effective yield on new capital < 9 %.

**Committee Discussion:** Proposal misaligns GP incentive; economics favor fee preservation over performance. Recommend *observe only*; no new commitment.