Equity Bridge

An equity bridge, also known as an equity bridge loan or bridge equity, is a short-term loan provided by investment banks to sponsors (typically private equity firms) in leveraged buyouts (LBOs) to finance the equity portion of the deal.

The purpose of an equity bridge is to allow the sponsor to contribute a smaller amount of equity upfront when acquiring a company. The sponsor can then repay the equity bridge loan later, usually after the acquisition closes, using the proceeds from the sale of high-yield bonds, or from the cash flows of the acquired company.

This financing structure allows the sponsor to increase the internal rate of return (IRR) on the investment by reducing the amount of time that the equity is invested in the deal. It’s important to note that while an equity bridge can enhance returns, it also increases the financial risk of the transaction, as it introduces additional leverage.

Venture Capital

Venture capital is a form of private equity investment provided to early-stage or high-growth companies with significant growth potential. Venture capitalists invest in exchange for equity ownership and typically provide expertise, mentorship, and support to the company.

Secondary Offering

A secondary offering is the sale of additional shares by a publicly traded company after its initial public offering (IPO). It can involve the issuance of new shares by the company or the sale of existing shares by insiders or existing shareholders.

Private Equity

Private equity is a type of investment in privately held companies or public companies that will be taken private. Private equity firms pool capital from investors, acquire ownership stakes in companies, and actively manage and grow their investments before seeking a profitable exit.

Mezzanine Financing

Mezzanine financing is a hybrid form of financing that combines elements of debt and equity. It typically involves subordinated debt with equity-based features, such as warrants or convertible securities. Mezzanine financing provides a flexible capital structure and can be used to support growth, acquisitions, or buyouts.

Initial Public Offering (IPO)

An initial public offering (IPO) is the process of offering shares of a private company to the public for the first time, allowing it to become a publicly traded company. It involves the issuance and sale of shares to investors in the primary market.

Equity Financing

Equity financing is a method of raising capital by selling ownership shares in a company to investors, such as individuals, venture capitalists, or private equity firms. It provides capital in exchange for an ownership stake and potential future returns on investment.

Debt Financing

Debt financing is a method of raising capital by borrowing funds from lenders, such as banks, financial institutions, or bondholders. It involves repayment of the borrowed amount along with interest over a specified period, and the lender may require collateral or other forms of security.

Bridge Financing

Bridge financing, also known as bridge loans or gap financing, is a short-term financing option used to bridge the gap between immediate financial needs and a more permanent or long-term financing solution. It provides temporary funding until a more comprehensive funding source is secured.

Angel Investor

An angel investor is an individual who provides capital to startups or early-stage companies in exchange for equity ownership. Angel investors often have experience in the industry and can provide not only financial support but also mentorship and industry connections.