

# Alternative Capital Raising

## Case Study: Sitio Royalties Operating Partnership, LP

June 2022



**\$425,000,000**  
**364-Day Interim Term Loan**

*The undersigned acted as  
 Joint Lead Arranger*



September 2022



**\$450,000,000**  
**S+650 bps Privately Placed Senior Notes  
 due 2026**

*The undersigned acted as Debt Advisor*



### Transaction Summary

On June 24, 2022, KeyBanc Capital Markets (“KBCM”) as Joint Lead Arranger closed an unsecured 364-Day Interim Term Loan Agreement (“Original Interim Term Loan”) for Sitio Royalties Operating Partnership, LP (“Sitio” or the “Company”) to facilitate Sitio’s acquisition of royalty assets from Foundation Minerals, LLC (“Foundation”). On July 8, 2022, the Original Interim Term Loan was amended to provide additional delayed draw commitments of up to \$175.0 million to facilitate Sitio’s acquisition of royalty assets from Momentum Minerals, LLC (“Momentum”). Sitio took out the Interim Term Loan on September 21, 2022 with \$450.0 million of privately placed 4nc1 Senior Unsecured Notes that priced at a spread of S+650 bps. The deal was placed with three investors.

Size	\$450 million	
Pricing	S+650 bps	
Structure	4nc1	
Stepdown	Stepdown to S+575 bps following the closure of the Brigham	
Amortization	2.5% quarterly amortization or coupon stepup to S+950 bps	
	Date	Price
Call Schedule	September 21, 2023	103.000
	September 21, 2024	101.000
	September 21, 2025	100.000
Covenants	Maximum leverage of 3.5x	
	Restricted Payments permitted so long as pro forma liquidity >10%	
	a) If leverage is between 1.0x and 3.0x, up to 65% of DCF b) If leverage is <1.0x, up to 100% of DCF	

Lender	Commitment
KeyBank	\$102,500,000
Credit Suisse	102,500,000
Bank of America	100,000,000
Barclays Bank	75,000,000
Citibank	45,000,000
<b>Total Financing</b>	<b>\$425,000,000</b>

### The Acquisitions

On June 27, 2022, Sitio announced it had entered into an agreement to acquire Permian Basin royalty assets from Foundation and Momentum (the “Acquisitions”) for \$547.0 million. The acquired assets included net production of ~3.5 MBoe/d from ~3,114 gross producing wells and ~31,900 net royalty acres.

### About Sitio Royalties

Sitio is a pure-play mineral and royalty company that was formed via reverse merger of entities owned by affiliates of Kimmeridge, Blackstone, Chambers and Oaktree into a publicly traded company formerly known as Falcon Minerals. Pro forma for the Acquisitions, the Company’s 2H22E net production increased ~23% to ~18.5 MBoe/d.

