

GFA Guidance/Recommendations-2020

- Unsolicited offer to acquire business from a highly regarded European fund administrator and strategic investor
- Client engaged in several direct conversations with the target. GFA retained and lead the process.
- GFA team with client's assistance compiled financial data, key employee information, and created a baseline for valuation, income tax analysis and mitigation as well as key employee retention.
- GFA entered into negotiations with the principals in the key areas of:
 - Valuation multiple, Payout terms (cash and deferred), Rollover equity, Seller protections, Managerial control and Overhead and transfer pricing
- A third party entered, PE investor with an aggressive roll up strategy and visions of high-multiple exits (The "Stalking Horse"). Received immediate offer less than that promised and lower cash up front
- Client informed daily of developments. Acquirer presented a "Head of Terms", or "Term Sheet"
- Reviewed and discussed with client, returned with our needs, continued negotiations.
- Signed term sheet approximately one month after initial discussions commenced.
- Transaction completed December 28th 2020.

Impact

- Multiple increase by 14%
- EBITDA revalue Total Sales Price increase 35%
- Potential to defer taxes on 30% of sales price for decades
- Retention of "old co" for significant tax planning opportunities
- Recommended counsel to acquirer to facilitate sale, decrease fees and time
- Sought counsel for seller, resulted in \$25k savings and time due to experience with buyer's counsel

New Client: President and Managing Director
Real Estate PE Fund Administrator