

Buy-Side Engagements

ACQUISITION PROCESS OVERVIEW

In a buy-side engagement where the client is acquiring a company, Grand Avenue Capital conducts a comprehensive transaction process for the Company, which will include the steps below. The time required to conduct the sales of a corporate entity will vary, but can exceed six months, depending on the complexity of the assignment and the need for financing and due diligence on the part of the buyer. Our experience shows that where the client is very laser-focused on its growth and acquisition criteria, the success of the process is greatly enhanced.

Phase 1: Establish Acquisition Criteria

In this first critical phase, Grand Avenue Capital will develop a thorough understanding of the client's Corporate Strategy and possibilities of growth through acquisition. Grand Avenue will review or assist the client in the development of a long range financial plan and strategy generally covering the next 3-5 years. Grand Avenue Capital will:

- Assessment of client's growth strategy, and prospects for growth through acquisition
- Review of industry, client's position and analysis of client's strengths, weaknesses, opportunities and threats
- Assess client's financial capability to undertake a growth through acquisition campaign
- Explore market and product extension scenarios
- Work with client on prioritization of acquisition solutions to achieve goals and objectives

Phase 2: Target(s) Identification

Grand Avenue Capital will prepare specific synergies for individual prospective acquisition targets. Working with the client, Grand Avenue will assist in:

- Assembles comprehensive database for potential acquisition candidates
- Reviews public and private sources of target data, research calls to assemble data
- Assessment of preliminary fit with target: size, geography, management, profitability, probability of success

Phase 3: Candidate Marketing

Grand Avenue Capital will contact specific, client approved acquisition candidates from a very narrowed target list. Confidentiality will be maintained not only for the acquisition candidate, but also for the client. Grand Avenue Capital will approach the principal shareholder of the candidate in order to:

- Typically, target companies are "not for sale" and dismiss almost all overtures that they receive; However, the more "homework" that is done by Grand Avenue's process, the greater the likelihood of a favorably response by the target. How to do this:
 - Extol the fit with the client and identify possible synergies that exist
 - Establish relationship with the candidate with detailed knowledge of the industry and the candidate, knowing that companies are deluged by unsolicited acquisition inquiries
 - Effectively communicates the client's vision, operating and financial capabilities, and answers to questions to key decision makers
- Obtain financials and information on a confidential basis.
- Establish facility visits for Grand Avenue Capital and ultimately the client

Phase 4: Candidate Introduction to Client

Grand Avenue Capital will arrange reciprocal facility visits between the client and the acquisition candidate, as well as further sharing of confidential information. Grand Avenue will develop rapport between the parties in order to:

- Refine integration scenarios and affirmation of acquisition strategy
- Facilitate the flow of information on a confidential basis
- Assist in financial modeling to assess the financial feasibility of the proposed acquisition
- Development and proposal of LOI to candidate, negotiate major terms and conditions

Phase 5: Oversee/Manage Client's Due Diligence, continued Negotiation

Grand Avenue Capital will coordinate and participate in all substantive due diligence meetings with the selected candidate. The key role is to maintain momentum, solve problems that invariably arise during the due diligence process. During this time, Definitive Agreements are being drafted, reviewed, and additional negotiation occurs with respect to legal details, indemnifications, representations and warranties, etc. Grand Avenue Capital will remain involved during these negotiations working with legal counsel from both sides, and with financial advisers of the acquirer. Grand Avenue Capital shall manage this process to ensure adherence to a strict timetable in order to keep all parties focused on closing the transaction.

- If separately required, Grand Avenue can be engaged to obtain financing to close the transaction, either debt or equity or a combination of both.
- Provide oversight of definitive documentation of the transaction

Closing the transaction

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