

Entertainment & Recreational Services Industry

Case Study

Mandate

Beacon was engaged by a niche sports and recreational brand with multiple state-of-the-art complexes across Ontario. The business had experienced strong revenue growth and cash flow generation since inception. Due to its niche offering the business very little competition and was able to establish itself as the industry leader in its region. The owners, at the time, had decided divest a portion of their business due to resource constraints. Due to Beacon's strong outreach across North America, Beacon was chosen as the exclusive broker and provided sell-side transaction advisory services through the entire sale process.

Implementation

Beacon began by compiling a fairness opinion to determine the business' true fair market value and proceeded to compile deliverables and confidentially market the mandate to potential buyers. As a cash cow with a wide economic moat, the business was an excellent acquisition opportunity for an investor or a private buyer. Moreover, the business' state-of-the-art facility was strategically located in an affluent neighborhood in Brampton. Beacon was confident that we could successfully attract a strong pool of buyers for the business. Based on the seller's criteria and vision, as well as our financial acumen, we were able to pre-screen buyers and solicit offers from serious buyers.

Outcome

Beacon's team assisted our client through every step of the sale process, and successfully completed the transaction. Beacon effectively negotiated an asset transaction with a private buyer who had the financial means to successfully grow the business. The deal was structured with a 3% deposit placed in trust upon execution of the asset purchase transaction. Our client ('the vendor') received 90% of the total payment at close. The remaining balance was structured as a vendor take-back at 5% interest, pursuant to the fulfillment of all closing terms. Beacon's involvement allowed a successful transition completion ensuring that business value was not diminished in any way.