

THAT'S AMORE CASE STUDY

Amore Financial Planning is a four partner financial planning business located in the northern suburbs of Melbourne. The business also has an institutional shareholder.

Three of the partners felt that the fourth equity partner was inhibiting the growth of the business however he held the largest shareholding of the four partners and was the CEO which made any new growth strategies difficult to implement. The other partner was not seeking to exit the business.

The three partners, with the backing of the institutional shareholder, wanted to explore their options for funding a buyout of the largest shareholder prior to commencing negotiations with the other partner.

The business was introduced to Lexington Advocates by the institutional shareholder due to an existing business relationship.

Lexington built a financial model based on the financial performance of the business to determine the partners' capacity to buy out the largest shareholder. The model built referenced the lenders guidelines which enable the partners to have an informed view of their capacity to buy out the partner prior to negotiating price and terms with him.

Upon completion of the financial modelling the next step in the Lexington process was to prepare a comprehensive funding proposal for the buyout and engage the three lenders whose lending guidelines best suited the financial performance of the business, both historical and forecast.

Indicative proposals were sought, with all three lenders submitting competitive indicative proposals demonstrating their eagerness to lend to this business to fund the proposed buyout. This gave the partners confidence that funding was achievable and enabled them to be in a strong negotiating position with the other partner.

The partners were able to negotiate a deal that worked in their favour whilst delivering perceived fair value to the other partner given they understood in advance their financial capacity to acquire his shareholding.

NOTE: AMORE FINANCIAL PLANNING IS NOT THE REAL NAME OF THE BUSINESS THAT IS THE SUBJECT OF THIS CASE STUDY