



THE M&A FIVE STAGE BUYING PROCESS

Pacific Mergers and Acquisitions

GENERAL OVERVIEW



Passive M&A Program

This is a no fee program and passive in nature exposing potential business opportunities that may be of interest to strategic, synergistic, industry or financial interest acquiring parties with no specific required time line. If you are an M&A buyer, please discuss your required criteria and desired options with your Pacific M&A Advisor and whether you wish to be exposed only to lower middle market opportunities in a specific criteria range including EBITDA, industry, geographic, platform, and/or add-ons etc.

Pro-Active Program

Subject to the specific judgement of the M&A Advisor, this may be a fee-based program and is not limited to passive matches.

Under the pro-active program, the Pacific M&A Advisor takes the time to determine in great detail the specifics of your strategic, synergistic, or financial criteria, succinctly articulates it, and develops a specific target list of companies whose characteristics may potentially match your criteria and are not listed for sale. The M&A Advisor will then solicit the targets to determine their desire to potentially sell and the possibility of a criteria match.

In addition, using their proprietary Client Relations Management system, they will create a confidential mass mail broadcast to expose the specifics of your criteria to thousands in their internal contact pool and that of their affiliates as one never knows where the opportunity may be directed from.

This program is laser focused in its search for quality acquisition targets. Pacific's pro-active program searches locally, regionally, nationally, or globally based on your geographical criteria of companies who are not actively engaged in the M&A marketplace, and in turn, opening doors to unique and valuable opportunities that are effective in both criteria match and accuracy, whilst minimizing the time it takes to find the right business to acquire. This applies to both platform add-on opportunities.

THE FIVE STAGES



Stage 1

Qualification & Understanding

The process will vary somewhat depending on the selected search strategy of passive vs. pro-active.

Due to the sensitive nature of the information, during this very initial contact with you, whether in person or otherwise, we seek to ensure your interest is serious and qualified. Serious damage to a business could result if premature disclosure is made that a business is for sale where employees, suppliers, competitors, or customers of the business find out. For this reason, and as a requirement of our contractual obligation with any seller, we are required to maintain full and absolute confidentiality. You will therefore be expected to execute a Non-Disclosure and Non Interference Agreement (NINDA).

With the exception of specific fund searches or private equity groups with specific funds, and as the Pacific M&A Advisor is obligated to ensure that you have the financial capacity to acquire a considered specific business, you may be requested to provide some financial capacity confirmation in order to satisfy such obligation. It is important to know that when provided, such information is not disclosed to anyone, not even the seller of the business, prior to and without your explicit written consent. The information is used strictly internally for the specific qualifying purpose.

As part of this initial first stage, the Pacific M&A Advisor will also provide you with any known disclosures, including disclosing the type of "Agency" he or she, and Pacific would have with you. In many business purchases and sale transactions, it is not uncommon for the M&A Advisor to be in a Dual Agency or Limited Dual Agency relationship with both buyer and seller. Though often seen as a potential conflict, if and when such relationship is professionally maintained, and where the Law of Agency is strictly adhered to, it actually affords one a greater level of professional competency, ethics, openness, and responsibility, resulting in a true win-win transaction for both buyer and seller. That said, in specific pro-active program searches it is common to have a dedicated agency relationship. The Pacific M&A Advisor will discuss the specifics of available agency options, and if and where required in Dual or Limited Dual Agency, he or she will be sure to have such a conversation with you to ensure that the relationship is disclosed, and that you clearly understand the meaning of the engaged, and or implied Agency Relationship. An open "Agency" discussion resulting in a clear understanding of such relationships will form part of Stage One.

THE FIVE STAGES



Stage 2

Business Search Criteria

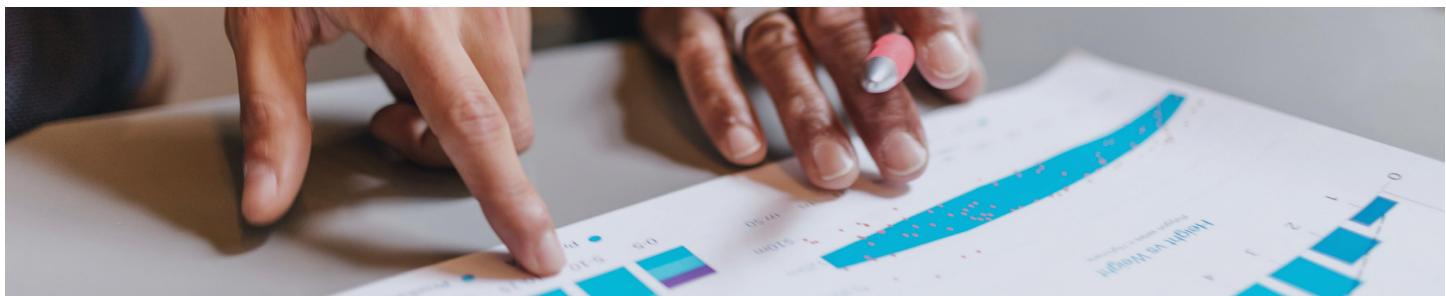
This stage will vary based on whether the search program is passive or pro-active, however in order for us to successfully match a business of your desired criteria, it is important that we are clear in our interpretation and understanding of your search criteria.

A realistic and candid search criteria discussion will take place between you and the M&A Advisor in order to clearly articulate your criteria, goals and expectations. Once clear, Pacific will review available business opportunities within their inventory that match your expressed criteria and where each is presented with the appropriate overview, or detailed Confidential Information Memorandum (CIM).

The search process will vary here if engaged in the pro-active program, where such search will be based upon the development and direct solicitation of a specific businesses targets with characteristics that could potentially meet with your specific search criteria. A mass mailing to Pacific's vast pool of contacts including, professionals such as lawyers, accountants, bankers, and affiliates, confidentially outlining the specific search criteria will also form part of the proactive program search.

Upon satisfactory review of the information, or found opportunities, and assuming your interest level remains high enough to proceed further and learn more about the business, and assuming a CIM has already been reviewed, a meeting or call is arranged with the seller to learn more before considering an Expression of Interest (EOI) or Indication of Interest (IOI).

THE FIVE STAGES



Stage 3

Preparing an Offer

Upon a satisfactory review of the information and/or visit/call with the seller, an EOI or IOI is drafted and presented to the seller for consideration and preliminary due diligence review.

A seller may restrict some of the information they are willing to provide to you until such time as they determine the seriousness of your interest through the presentation of an EOI or IOI. Your Pacific M&A Advisor will be in a position to best determine the conditions of honouring any additional information requests.

Under the pro-active program, an additional assessment of value step may be desired prior to an EOI or IOI presented and the M&A Advisor will be happy to go through Pacific's valuation process for consideration.

THE FIVE STAGES



Stage 4

Formal Due Diligence & Negotiations

Again, this process will vary based on the selected passive or pro-active program.

During this stage, the negotiations as well as the due diligence can be exclusive or non-exclusive subject to an agreed negotiated arrangement with the seller.

Confidential access to Pacific's proprietary systematic due diligence process within its secure virtual data room is provided and such will vary in depth depending if the due diligence is preliminary, formal, and where exclusive or non-exclusive. This may include operational site visits, meetings with management, key staff and owners, negotiations, etc.

The potential buyer's intent in this stage is to determine if the business/company fits either as a platform company or in their portfolio as an "add-on", etc. Once determined, interested buyers will now provide an EOI or IOI, or possibly even a Letter of Intent (LOI) in order to continue in the process.

Typically, an LOI follows an EOI or IOI and is a more formal document that will detail such things as timing, structuring, price, inclusions and exclusions including working capital, expected training and transition or participation, sources of funds, and much more. This is generally non-binding, and subject to negotiations.

Pacific's systematic preparation of the due diligence process will typically include but not limited to the following due diligence categories:

1. Corporate	7. Personal Property
2. Material Agreements	8. Intellectual Property
3. Litigations	9. Taxation
4. Human Resources and Related Parties	10. Insurance and Liability
5. Financial	11. Environmental
6. Real Property	12. Other

Subject to the due diligence findings, once the due diligence is cleared, negotiations may continue with the purpose of articulating and refining the elements of a Definitive Agreement of Purchase and Sale.

THE FIVE STAGES



Stage 5

Closing

Where inventories are included, an inventory count is typically performed prior to closing and is coordinated and facilitated by the M&A Advisor as well as collecting and providing such information as pro-forma working capital and other information required for the closing.

The closing of the transaction takes place once the agreement of purchase and sale as well as any other required ancillary agreement and instruments are ready and agreed to by the parties. Once again, the M&A Advisor is there every step of the way to ensure a successful acquisition and close.

Post-closing, the Pacific M&A Advisor will also coordinate and facilitate such post-closing activities as closing financial statements, release of hold back funds, progress monitoring, earn outs, etc. in order to ensure a smooth transition to the new business ownership.

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