



ARADA CAPITAL PARTNERS

Search Fund Investor and Partner



We support, guide, mentor and invest in Search Funds through
a small and tailormade Investment Fund





ARADA CAPITAL PARTNERS

Searching the maximum benefit for all parties

Bring maximum value

- **Small and tailor-made Investment Fund (target size ca. 10€M)** focused on adding value to Search Funds and maximizing returns to everyone
- **Arada Capital Partners consolidates a multidisciplinary management and advisory team devoted to bringing the maximum value to the Search Funds:**
 - ✓ **Historical Search Funds and current managers**
 - ✓ **Successful entrepreneurs/businessman** with extensive experience
 - ✓ **Lawyers** of recognized prestige
 - ✓ **Financial experts** of both investment banking and private equity
 - ✓ **Several Family Office** as main investors with different profiles and experience in different sectors

Target/ Selected Search Funds

- **Arada Capital Partners invests globally, with a special focus on Europe and the UK**
- **Sector agnostic:** potential investments will be analyzed objectively and in isolation, regardless of the sectors or countries already active in the portfolio of Arada Capital Partners – deal by deal
- The **selection and investment in the Search Funds** are mainly based on:
 - ✓ The detailed **analysis of the Private Placement Memorandum (or “PPM”)** and motivation letter
 - ✓ **Meeting the Search Fund to deepen in their strategy, understand the search organization of the investment opportunities and the differentiating factors** in relation to other Search Funds
 - ✓ **Understanding how Arada Capital Partners can help during the whole process – we want to bring value to our Search Funds**
 - ✓ **Profile, education, and experience of the Search Fund managers**
- **Search investment range per unit: 30,000 € - 90.000 €**

Co – investing

- **Arada Capital Partners will offer, when approved by the Search Fund, to its investors the opportunity to co-invest** in the event of an equity gap during the purchase of the target
- The opportunity will be presented to those Family Offices familiar with the target sector
 - ✓ **Search Funds will be able to cover a potential equity gap with investors who know the target sector or who have other interesting synergies**
 - ✓ **Arada Capital Partners only contacts potential investors previously approved by the Search Fund**

Arada Capital Partners wants to add value to the Search Funds in which it invests during all stages



We want to add value to the Search Funds
We invest willing to help and support during all stages



Arada Capital brings maximum value to the Search Fund at all stages

(1/4) Search and financing



Search and Financing

Acquisition of a Company

Management and Growth

Exit and returns

Arada Capital Partners aims to help young entrepreneurs in the search and management of the company by providing the necessary tools, contacts and framework to maximize their potential

- Arada Capital Partners wants to **add value to the Search Funds** in which it invests **during all stages**
- **During the search of the investment opportunity:**
 - ✓ Arada Capital Partners maintains a very close and fluid relationship with the **Search Fund**, helping to value not only the different opportunities presented by the Searcher, but also **getting involved in everything that the Search Fund may need help and putting a multidisciplinary team to its service, in order to maximize the success probability**
 - ✓ Arada Capital Partners strongly believes in the need of a correct alignment between the Search Fund managers and the investors to ensure a 'win-win' exit



Arada Capital brings maximum value to the Search Fund at all stages

(2/4) Acquisition of a company



Search and
Financing

Acquisition of a Company

Management
and Growth

Exit and
returns

Arada Capital Partners is completely devoted to help the Search Funds in this important phase

- **Due to its financial expertise, Arada Capital Partners gives advice and active support to the Search Fund during the acquisition process:** valuation model, due diligence organization and validation, VDR, structuring of the process, site visits and in the preparation of every legal document (NDA, SHA, etc.)
- Arada Capital Partners ensures through the acquisition model a **100% alignment of the interests of both the Searchers and its investors**
- ✓ Once acquired, the Search Fund will spend the next 4 – 7 years operating the acquired company; the **interest of Arada Capital Partners and the Search Fund to efficiently acquire a company with a great growth potential and with a structure that maximizes the high returns for everyone is evident**



Arada Capital brings maximum value to the Search Fund at all stages

(3/4) Management and growth



Search and
Financing

Acquisition of
a Company

Management and Growth

Exit and
returns

During this phase, Arada Capital Partners provides, through its multidisciplinary management and advisory team, support, guidance and mentoring to the Searchers and the company

Arada Capital Partners will actively support the Searchers in any aspects they may need in order to exploit growth and create value to the solid company acquired

- ✓ **Smart, prepared, humble and ambitious entrepreneur**
- ✓ **Solid and experienced board of directors** of which Arada Capital Partners will seek to form part, seeking to advise and bring the maximum value to the new management through a **multidisciplinary and a very well-connected team**
- ✓ **Agreements with international headhunters** to find talent and locate individuals who meet specific job requirements, ensuring an accurate and successful process
- **Professionalization of companies and the sector always focused on sustainability and generating a positive impact on society:**
 - ✓ Investing with responsible criteria is necessary to ensure long-term success



Arada Capital brings maximum value to the Search Fund at all stages

(4/4) Exit and investment returns



Search and
Financing

Acquisition of
a Company

Management
and Growth

Exit and returns

Arada Capital Partners gives advice and active support to the Search Fund during the entire sell process

- **Arada Capital Partners**, with its M&A expertise, **strongly helps Search Funds during the sell-process**: helping within the structuring of the bilateral or competitive process, preparing a valuation model, due diligence organization, VDR preparation, site visits organization, preparation of management presentations, preparation of legal documents, and in any other tasks that the Searchers might need help with
- **Arada Capital Partners** maintains a fluid relationship both with Private Equities and Family Offices, **providing very interesting exits opportunities for its portfolio companies**



Arada Capital Partners valuation matrix of investment opportunities

In addition to assessing the skills of the Search Fund during the search for investment opportunities, Arada Capital Partners analyzes each of the potential acquisitions individually following a common valuation process according to their financial interest, industry/ sector and company

	Objective	Criteria	Target	Score	Total
Financial Analysis	Focus on those companies that have the size, growth and historical viability aligned with Arada Capital's portfolio target	<ul style="list-style-type: none"> A. EBITDA B. EBITDA margin C. Revenue growth D. Revenue volatility 	<ul style="list-style-type: none"> A. [800.000 – 3.000.000] € B. > 10% C. > CAGR 2x GDP (gross domestic product variation) D. Analysis of the sales structure 	<ul style="list-style-type: none"> A. [1 – 4] B. ... C. ... D. ... 	Financial punctuation [min 10pts]
Industry and geography analysis	Identify the most attractive industries for each geography	<ul style="list-style-type: none"> A. Social and environmental impact B. Historical and future growth C. Cyclicity D. Exogenous risks E. Concentration of players F. Entry barriers G. Operational complexity H. Geographies I. Fiscal feasibility 	<ul style="list-style-type: none"> A. Investment with responsible criteria B. > CAGR 2x GDP (variation of gross domestic product) C. Non-cyclical industries D. Low risk - detailed analysis ⁽¹⁾ E. Fragmented / atomized industries ⁽²⁾ F. High entry barriers G. Simple sectors H. Future growth; limited risk I. Optimize the taxation of Arada Capital Partners 	<ul style="list-style-type: none"> A. [1 – 4] B. ... C. ... D. ... E. ... F. ... G. ... H. ... I. ... 	Industry and geography punctuation [min 26pts]
Company analysis	Independent valuation of the company and fit with the Arada Capital Partners portfolio	<ul style="list-style-type: none"> A. Recurring income B. Cash generation C. Growth opportunities D. Customer concentration E. Profitability in complex situations F. Input multiple G. Financing of the acquisition H. CAPEX I. Management J. Seller motivation 	<ul style="list-style-type: none"> A. 60% - 70% B. 60% - 70% ⁽³⁾ C. Opportunities identification D. Stable and diversified client portfolio E. Analysis of complex situations overcome ⁽⁴⁾ F. Low multiple (depending on industry) G. Interesting structure (earn-out, bank, etc.) H. CAPEX levels (maintenance and investment) I. Strength and experience J. Aligned with Search Fund model 	<ul style="list-style-type: none"> A. [1 – 4] B. ... C. ... D. ... E. ... F. ... G. ... H. ... I. ... J. ... 	Company punctuation [min 32pts]

Arada Capital Partners will seek to form part of the board of directors of its investees

Wide acquisition ticket: 250.000€ - 1.000.000 €

(1) Analysis of all associated risks (impact, environment, regulatory, legal, technological, etc.). (2) The sum of the top 5 players <35% of the industry. (3) [EBITDA-CAPEX] / EBITDA. (4) Analysis of specific complex situations (ex. financial crisis or COVID crisis)



Contact – ARADA CAPITAL PARTNERS



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Arada Capital Partners is a small fund (target size € 10 M) with the main objective of getting involved and add value in everything that is necessary for the Search Funds. Our goal is to have a limited number of exceled Search Funds in our portfolio, allowing us to provide the maximum added value to each of them in a personalized way

