

### Initial situation

Our client intended the acquisition of two companies who manage wind farms in Germany by way of a share deal from a foreign investor. Transaction advice provided by us included not only financial due diligence services but also covered the subsequent stages of the acquisition process. Advice in later stages was in particular provided with respect to post merger integration issues and included specific topics regarding initial consolidation of the acquired operations under IFRS as well as the purchase price allocation (“PPA”).

### Challenges

Prior to the envisaged share deal, specific operations not belonging to the transaction perimeter were transferred by way of an asset deal (carve out) to an affiliate of the vendor. Consequently, historical financial information did not reflect the transaction perimeter.

The audited statutory accounts of the target entities were prepared under German GAAP, interim financial information was only available under IFRS. The transaction had to be recorded under IFRS in the acquirer’s accounts.

The non-German shareholder of the target entities provided assistance preparing the financial projections of the target operations. Shareholder’s assumptions, amongst others regarding future trends in the German wind farm industry, were included in the budgets.

### Approach

On the basis of our industry expertise, the scope of our financial due diligence was defined to adequately address those industry specific issues which are of great importance and thus relevance in determining the purchase price as well as negotiating and drafting the share purchase agreement.

We addressed the transaction-specific peculiarities by preparing pro-forma carve out financials reflecting operations belonging to the transaction perimeter only. Also, we analysed reconciliations between IFRS and German GAAP and discussed in detail with management the planning assumptions underpinning the financial projections.

Opening balance sheet forecasts under IFRS were prepared which served as a basis for an initial PPA prior to signing. After closing, we performed the final PPA.

### Outcome

Due to a close co-operation and a continuous exchange between the I-ADVISE Transaction Services and Valuation Services teams performing the due diligence and the PPA, respectively, each team member was well informed about issues critical to the transaction at any time. This approach did not only notably increase the project’s efficiency but also had a significant positive impact on the communication with our client, which was very focussed and promptly.

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