



assignment | challenge

Ventura Distribution

Ventura Entertainment Enterprises, LLC (“Ventura” or the “Company”) is a leading independent home video entertainment company focused on the acquisition, production and distribution of content primarily on DVD. Founded in 1993 by Larry Hayes, the Company has grown over the last twelve years to become one of the largest distributors of home video products outside of the major studios, with gross revenue in excess of \$178 million in 2006.

Ventura engaged IRES to assist with sale/leaseback advisory services regarding its 77,172 SF headquarters and primary distribution facility located in Thousand Oaks, CA. The specific challenges for this assignment included the following:

- Ventura required a specific time frame in which to act on the purchase option clause in the Lease with the developer
- Ventura had recently experienced operational events which negatively affected earnings and cash flow
- The company was well underway with its corporate recapitalization plan. This required the proper structuring of any sale/leaseback strategy to align with the recapitalization plan
- The transaction required a detailed understanding of the environmental conditions that existed prior to the development of the local business park
- There was existing financing on the facility in-place, which required either the assumption of a 1% transfer fee or a 4% penalty to prepay

outcome | results

IRES developed and implemented a sale/leaseback transaction for Ventura that resulted in the following benefits:

- Successful completion of the sale/leaseback transaction which adhered to the timeline stipulated by the purchase option provisions, including simultaneous dual escrow closings
- IRES carefully evaluated and delivered upfront all of the existing physical and environmental documentation prior to active marketing of the facility
- Market conditions and the condition of the facility were leveraged to realize over \$10.7MM in proceeds for Ventura at a CAP rate of 7.6%
- The lease was structured as an operating lease pursuant to SFAS 13 and 98
- An immediate infusion of cash, subsequently reinvested into higher-yielding core business activities

QUICK FACTS

STRUCTURED FINANCE Sale/Leaseback Financing

77,100 square feet
Office & Warehouse Distribution
Facility
\$10,700,000
Thousand Oaks, CA

IRES CONTACT

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CLIENT REFERENCE

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