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Dear Jeffrey,
here's a few bullet points on model investment optionality

OPTION A: BUY LARGE NETWORK

- + Brand name recognition
- + Trophy company on day one
- + Top models on day one
- Large investment on day one (20-60M for big names)
- Difficult to finance with debt because they have very limited profitability
- Low IRR, even with a great manager (not necessarily me but whoever you think will be at level) profitability will be 2-5% of the investment if they do a great job. Many of them have negative returns at present once you scratch the surface
- High risk profile because you buy overpaid agents. When/if they leave the franchise loses value

OPTION B: ORGANIC GROWTH, BUY A MEDIUM COMPANY AND INVEST IN GROWTH

- + Much lower starting investment (3-5M and 1-2M investment for a few years that can in part be financed with profits after initial years)
- + Optionality, when IRR increases also investments can increase
- + Higher IRR
- + History tells us that who created companies and networks made money, not who bought the existing network
- + We have connections with mother agencies and agents since 20 years, know who to hire (not to buyout) or partner (minority stakes in mother agencies)
- + A disruptive business model similar to what I was doing with John Casablancas in Starsystem can change the rules of the game
- Brand name needs to be created or grown to a strong global basis
- Trophy company needs to be created, not present in day 1

Just a few thoughts, you have the luxury to have way more money than what you can spend in this life so for sure have a different point of view.

Best
G