

FirstCity Financial Corporation (NASDAQ: FCFC) has agreed to be acquired by certain funds managed by Värde Partners, Inc.

Deal Value: Approximately \$225.0 million

Sandler O'Neill served as financial advisor to Värde Partners, Inc. in this transaction. This transaction is Sandler O'Neill's 113th financial services transaction since January 1, 2010. Sandler O'Neill has served as a financial advisor on more financial services transactions than any other investment bank during that time period.⁽¹⁾

FirstCity Financial Corporation (NASDAQ: FCFC) and Värde Partners, Inc. announced today that they have entered into a definitive merger agreement under which certain funds managed by Värde will acquire FirstCity. Under the terms of the merger agreement, FirstCity stockholders will receive \$10.00 per share in cash for each share of FirstCity stock they own. The transaction is valued at approximately \$225 million, including debt.

FirstCity Financial Corporation is a diversified financial services company with operations dedicated primarily to distressed asset acquisitions and special situations investments. FirstCity has offices in the U.S. and affiliate organizations in Europe and Latin America.

Founded in 1993, Värde is a leading alternative investment fund manager with over \$7.5 billion in assets under management. Värde's expertise is in credit, distressed and special situation investing in a wide range of assets, including corporate securities, consumer loans, structured securities, real estate, and capital equipment.

Värde and certain of its affiliates have worked with FirstCity since 1993 and have co-invested in a substantial majority of FirstCity's U.S. distressed asset acquisitions since 2009. Over the past several years, Värde and FirstCity have jointly invested over \$800 million to purchase distressed assets with an unpaid principal balance of over \$1.4 billion.

The transaction is subject to the approval of FirstCity stockholders, completion of the sale of FirstCity's operations in France, antitrust clearances and other customary closing conditions. The transaction involves no debt financing and is expected to close during the first quarter of 2013.

(1) Includes all financial services transactions in the United States since 2010; excludes terminated transactions and self-advisory roles.
Source: SNL Financial

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