



PLAYBOOK

# The LOI & Deal Terms Playbook

Compare price, payment, financing, conditions and execution risk in one coherent term architecture.

LANGUAGE

**EN**

STATUS

**RELEASE CANDIDATE**

EVIDENCE CUTOFF

**24 September 2026**

REFERENCE

**P05**

# The LOI & Deal Terms Playbook

## Outcome

Turn a price discussion into a **verifiable term architecture** before final diligence and definitive documentation.

An LOI can contain non-binding and potentially binding provisions depending on drafting and applicable law.

**Always have legal effect reviewed by competent counsel.**

## 1. Term blocks

| Block           | Questions to document                                          |
|-----------------|----------------------------------------------------------------|
| Perimeter       | shares/assets, percentage, entities included                   |
| Price           | headline price, currency, basis of value                       |
| Debt/cash       | definition, measurement date, debt-like items                  |
| Working capital | target, seasonality, adjustment mechanism                      |
| Payment         | cash at close, deferred, earn-out, seller financing            |
| Financing       | equity, debt, guarantees, lender conditions                    |
| Diligence       | scope, timing, access, confirmatory items                      |
| Exclusivity     | duration, carve-outs, process obligations                      |
| Conditions      | approvals, consents, financing, remediation                    |
| Governance      | management, rollover, transition, non-compete where applicable |
| Documents       | SPA/APA, schedules, disclosure, closing deliverables           |

## 2. Do not compare offers on headline price alone

Use an Offer Comparison Grid that separates certain cash at closing, contingent value, timing, financing risk, conditions, warranties, exclusivity and post-close role.

The playbook does not select the “best” buyer. It makes offer structures comparable.

## 3. Enterprise value, equity value and adjustments

Define the terms for the transaction. Never assume both sides use identical definitions of cash, debt, working capital or debt-like items.

## 4. Deferred consideration / earn-out / seller financing

For each contingent element define formula, period, data source, control rights, exceptional events, acceleration, security if any, and dispute treatment.

Complex formulas increase disagreement risk.

## 5. Exclusivity

Document duration, start date, covered persons, prohibited actions, carve-outs, buyer obligations, consequences of delay and exit process.

## 6. Conditions to closing

Create a register: CP / owner / evidence / due date / status . Closing should not depend on a condition that lives only in email.

## 7. LOI and diligence

Define diligence scope sufficiently to avoid both unlimited review and an inability to test the assumptions supporting price.

## 8. Stop conditions

- price not connected to a defined basis of value;
- financing to be “found later” despite being deal-critical;
- earn-out without controllable metrics;
- disproportionate exclusivity with no timetable;
- legally sensitive terms not reviewed;
- undefined working-capital/debt assumptions.

## 9. DealPME mapping

P14 structures offers, counter-offers and LOIs. Offer and acceptance remain decisions of the parties. LegalTech may assist drafting; it does not create automatic legal validity.

## 10. Offer comparison architecture

Compare each offer across base price, certain cash at closing, deferred consideration, earn-out, seller financing, buyer financing, conditions, timetable, exclusivity, warranties requested, rollover, seller post-close role and execution risk to be assessed. Produce **no automatic winning score**.

## 11. Price bridge

Build a readable bridge:

Enterprise value

+/- cash under agreed definition

- debt and debt-like items under agreed definition

+/- working-capital adjustment

+/- other negotiated adjustments

= equity consideration

-> timing and form of payment

Terms are useful only when defined. The same label can cover different items from one transaction to another.

## 12. Earn-out design checklist

- exact metric;
- accounting policies;
- period;
- governance during period;
- investment/decisions that affect the metric;
- information rights;
- calculation/validation;
- cap/floor;
- exceptional events;
- change of control;
- dispute procedure.

An earn-out turns part of price into a post-close relationship. Governance matters as much as formula design.

## 13. Seller financing checklist

Document amount, rank, maturity, interest, amortization, security, covenants, default events, possible bank subordination and information rights. The seller becomes a creditor as well as former owner; credit risk requires appropriate advice.

## 14. Exclusivity decision map

Before granting exclusivity test buyer credibility, financing progress, diligence scope, timetable, resources, internal approvals and milestones. Define what happens if the buyer slows down, materially changes terms or fails to secure funding.

## 15. Conditions register

| ID    | Condition           | Owner | Expected evidence | Date | Dependency | Status |
|-------|---------------------|-------|-------------------|------|------------|--------|
| CP-01 | example to complete | -     | -                 | -    | -          | OPEN   |

This is a control template, not real deal data.

## 16. Diligence feedback loop

Every material diligence issue should map to a decision: no change; price adjustment; warranty; indemnity; condition; retention/escrow through an authorized partner; insurance; integration action; or walk-away. The appropriate mechanism requires professional review.

## 17. Negotiate mechanisms, not only positions

A seller may seek a higher price because future growth is expected; a buyer may seek protection because that growth is not yet realized. Instead of arguing only about amount, identify mechanisms: deferred consideration, earn-out, rollover, warranty, condition, information right or transition governance.

## 18. LOI control sheet

Before signing: correct parties; defined perimeter; explicit valuation assumptions; funding described; credible timetable; diligence scope; bounded exclusivity; confidentiality aligned; binding/non-binding provisions identified by counsel; costs/taxes allocated; approvals/CPs listed; law/jurisdiction and dispute mechanism reviewed.

## 19. DealPME perimeter

DealPME may structure the offer workflow, preserve versions and support document preparation. Offer, acceptance and legal effect belong to the parties and their advisers. Any fund routing or escrow remains subject to authorized partners and applicable gates; DealPME does not hold client funds in the governed baseline.

# Working tool — Conditions Register

Print or complete this table during the process. Blank fields are intentional and should be completed using deal-specific evidence or decisions.

| condition_id | condition | owner | evidence | due_date | status |
|--------------|-----------|-------|----------|----------|--------|
|              |           |       |          |          | OPEN   |

# Working tool — Offer Comparison

Print or complete this table during the process. Blank fields are intentional and should be completed using deal-specific evidence or decisions.

| dimension           | offer_A | offer_B | evidence/notes |
|---------------------|---------|---------|----------------|
| Headline price      |         |         |                |
| Cash at close       |         |         |                |
| Deferred/earn-out   |         |         |                |
| Financing certainty |         |         |                |
| Exclusivity         |         |         |                |
| Conditions          |         |         |                |

# Sources, methodology and limitations

The sources below support the rules, methods or context used in this playbook. They do not turn the document into transaction-specific legal, tax, financing, valuation or investment advice.

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## **DealPME governed product baseline - Core Build Pack and P04-P25 process reference**

Publisher: DealPME · Tier: Governed internal source

Use: Product rules for RPS, T0/T1/T2, buyer qualification, NDA, VDR, LOI, diligence and human decision ownership.

Source interne gouvernée / Governed internal source

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## **Acte uniforme relatif au droit des sociétés commerciales et du GIE (AUSCGIE)**

Publisher: OHADA · Tier: Tier 1

Use: Corporate forms, governance, transformations, formalities and the legal framework relevant to transfers of interests.

<https://www.ohada.org/droit-des-societes-commerciales-et-du-gie/>