

TEMRIK

Hybrid Acquisition Facility

Technical and legal brief

A governed transaction architecture combining senior debt, preferred equity and seller rollover, orchestrated through a human-controlled TEMRIK project.

Educational concept · Version 1.0 · 1 October 2026

Important: This document is not an offer, credit approval, financial product advice, legal advice or tax advice. Any implementation requires independent professional advice and definitive agreements.

Technical and legal brief

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Executive summary

The TEMRIK Hybrid Acquisition Facility is a governed transaction architecture for acquiring a company with more than one source of capital. A typical implementation may combine:

1. a HoldCo or acquisition SPV;
2. a senior debt facility, which may be committed, term or revolving;
3. preferred equity with negotiated priority, redemption, conversion or participation rights; and
4. seller rollover, deferred consideration or an earn-out.

The facility is not a promise that funding is available. It is a repeatable way to prepare, compare, approve, document and monitor a transaction. The final legal instruments, economics and approvals must be prepared and accepted by the relevant parties and qualified advisers.

1. Why a hybrid facility exists

Acquisitions often fail when one instrument is asked to carry every requirement: maximum price certainty for a seller, downside protection for a lender, upside for an investor and enough working capital for the operator. Separating the layers can make the trade-offs visible.

The senior facility can provide predictable capital within a borrowing base and covenant package. Preferred equity can absorb more risk and receive priority economics without being described as debt. Seller rollover can keep the former owner aligned through transition. Ordinary equity retains the residual upside and downside.

No one layer removes risk. The purpose is to make the risk allocation, conditions and decision rights explicit.

2. Illustrative legal and economic stack

Investor / lender capital

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Acquisition HoldCo or SPV — Seller rollover / earn-out

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Target company and operating cash flows

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Operating costs → senior debt → reserves → preferred → ordinary equity

Acquisition vehicle

The vehicle owns the acquisition or the shares in the target, enters the senior facility, issues any preferred shares and receives the seller rollover. Its constitution, shareholders agreement and financing documents should state the rights of each class and the limits of authority.

Senior debt

The senior facility can be a term loan, revolving facility, acquisition line or combination. Typical documents address permitted use of proceeds, conditions precedent, security, guarantees, financial covenants, reporting, mandatory prepayment, events of default and enforcement. The size and availability of the facility must be determined by a qualified lender or arranger, not by TEMRIK.

Preferred equity

Preferred equity is equity, not a credit line. Terms may include a liquidation preference, priority dividend, cumulative or non-cumulative treatment, redemption, conversion, voting rights, protective provisions and participation in an exit. The instrument must not be presented as a guaranteed return. In some jurisdictions a distribution is only lawful if statutory tests and the governing documents permit it.

Seller rollover

The seller may retain shares, receive deferred consideration, participate in an earn-out or combine these. The agreement must define measurement, information rights, leaver or bad-leaver treatment, dispute resolution and what happens if the buyer changes the business or capital structure.

3. Illustrative cash waterfall

The following is an example, not a term sheet:

1. operating costs, payroll, tax and statutory obligations;
2. senior interest, principal and required amortisation;
3. working-capital, capex and maintenance reserves;
4. any preferred return that is legally payable under the documents;
5. a variable preferred distribution within an agreed cap and only from distributable cash;
6. ordinary equity distributions or retained growth capital.

The actual order may differ. A reserve may be funded before debt service, a cash sweep may be required, or a preferred distribution may be prohibited until a covenant is met. Every deviation should be recorded as an approved amendment rather than hidden in a model.

4. Illustrative preferred economics

An example formula could be:

variable distribution = $\max(0, \text{distributable cash after reserves and senior obligations}) \times \text{agreed participation rate}$

The formula is subject to a cap, priority rules, solvency and dividend law, tax, accounting and the definitive documents. It is not a promise to pay. The model should show downside cases, zero-distribution cases, delayed distributions and the effect of default or refinancing.

5. Acquisition lifecycle in TEMRIK

Intake

Create a project brain with the target, ownership, timetable, intended structure, responsible people, conflicts, confidentiality classification and permitted integrations.

Diligence

Run evidence-linked playbooks for corporate structure, financial quality, tax, legal claims, employees, customers, suppliers, data, IP, property, insurance, regulatory matters and cyber risk. Agents may organise evidence and propose questions; a human reviewer owns conclusions.

Structuring

Capture sources and uses, capital stack, ownership, proposed securities, covenants, reserves, distributions, conditions precedent and approval thresholds. Keep assumptions versioned and traceable to evidence.

Approval

Route the term sheet, investment committee paper, board paper, lender approval, seller consent, draw request and material exception to the authorised human decision-maker. TEMRI records the decision, actor, timestamp, context and supporting evidence.

Closing

Track signed documents, funds flow, notices, filings, change-of-control consents, completion accounts and the post-close handover. A close cannot be marked complete while required conditions remain unresolved.

Monitoring

Maintain a covenant calendar, reserve tests, reporting packs, board actions, distribution approvals and amendment history. The project remains the source of truth for the transaction.

6. Governance and human control

TEMRI is an orchestration and record layer. It should not autonomously:

- approve credit or an investment;
- release funds or change a bank mandate;
- send a binding offer, notice or investor communication;
- make a legal conclusion or tax position;
- waive a covenant or alter a security document; or
- publish an external statement without an authorised human approval.

Agents can classify documents, compare versions, identify missing evidence, draft questions, calculate scenarios and prepare decision packs. Each output should retain source links, confidence, model and playbook identity, reviewer, disposition and correction history.

7. TEMRIK data and technical model

The recommended implementation separates personal and project contexts. A deal workspace is project-scoped; personal notes and unrelated records remain unavailable to project agents. Every action binds a user, tenant, project, session, agent, playbook, tool call, input, output, approval state and receipt.

Core records include:

- opportunity and target profile;
- parties, roles, authorities and conflicts;
- data-room index and evidence links;
- sources-and-uses model and scenario versions;
- capital instruments and term-sheet versions;
- covenants, reserves, conditions and approvals;
- decisions, receipts, corrections and audit events; and
- post-close monitoring tasks.

Credentials should remain in a secrets system. Responses to agents and users should never expose tokens, Vault identifiers, connection strings or unscoped personal data. Integrations should be least-privilege, revocable and project-authorised.

8. Jurisdiction checklist

The product must be reviewed in the jurisdiction where the issuer, target, investors, lender and promotion occur. At minimum, counsel should consider:

Australia

- Corporations Act rules governing share issues, preference rights and dividends;
- ASIC fundraising and disclosure requirements;
- AFSL and financial-services licensing or exemptions;
- takeover, related-party, foreign-investment and competition rules;
- AML/CTF, privacy, tax and accounting treatment; and
- insolvency, security and PPSA consequences.

United Kingdom

- Companies Act rules for share classes, distributions and capital maintenance;
- FCA financial-promotion and regulated-activity boundaries;
- prospectus or securities-offer requirements where relevant;
- takeover, National Security and Investment, competition, AML and privacy requirements; and
- tax, accounting, security and insolvency treatment.

United States

- Securities Act registration or exemption analysis;
- private-placement and accredited-investor rules where relevant;
- lender licensing, usury, UCC security and state-law issues;
- tax, accounting, antitrust, foreign-investment and insolvency treatment; and
- investment-adviser, broker-dealer and financial-promotion boundaries.

This list is not exhaustive. It is a scoping checklist for professional advice.

9. Risk register

10. How to use this through TEMRIK

1. Create a project for the acquisition and invite only authorised participants.
2. Select the Hybrid Acquisition Facility playbook.
3. Import or create the opportunity record and evidence index.
4. Assign agents to prepare diligence, financial, legal and closing work items.
5. Review the sources-and-uses model and capital-stack scenarios.
6. Generate a draft term-sheet pack for counsel, lender and investment committee review.
7. Record approvals and exceptions in Human Control.
8. Keep signed documents, funds-flow receipts and post-close monitoring in the same project brain.

11. Boundaries and disclaimer

Risk	Example control
Overstated valuation	Independent diligence, downside cases and human sign-off
Insufficient cash	Reserve policy, liquidity forecast and covenant alerts
Illegal or unavailable distribution	Legal solvency/distribution test before approval
Conflicted agent or reviewer	Role separation, conflict declaration and audit receipt
Data leakage	Project RLS, least privilege, secret isolation and export controls
Model error	Source-linked outputs, deterministic calculations and reviewer acceptance
Misleading promotion	Jurisdictional review, eligibility gates and clear disclaimers
Default or dispute	Notice, cure, enforcement and dispute procedures in definitive documents

This brief describes a product concept and an illustrative transaction architecture. It is not legal, financial, tax, accounting or investment advice; it is not a prospectus, offer, solicitation, credit approval or commitment to fund. No return, dividend, valuation, liquidity or closing is guaranteed. Any implementation requires independent professional advice, appropriate licensing and definitive agreements. TEMRIK may provide workflow software and governed records; it is not a lender, broker, fund manager, issuer, solicitor or accountant unless separately authorised and documented.

References

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