JTW ADVISORS

JTW Advises Crescent Homes on Sale to Dream Finders Homes

CRESCENT HOMES

DREAM FINDERS HOMES

JTW Mandate: **M&A Sell-Side**

Client: **Crescent Homes**
Client Type: **Private Company**
Industry: **Homebuilding**
MSAs: **Charleston, Nashville, Greenville**
Revenue: **$350+MM**
Closings: **700+**
Owned + Controlled: **6200+ Units**

Counterparty: **Dream Finders Homes [NYSE: DFH]**
Counterparty Type: **Public Company**

Deal Type: **Asset Sale + Profits Interest in NewCo**
Deal Size: **Confidential**
Date Closed: **February 2024**
Included: **Homebuilding Operation, Land Development Operation, WIP, Small Supply of Finished Lots**

"This transaction demonstrates our commitment to finding creative solutions that go beyond traditional M&A approaches. We are delighted to have exceeded Ted's objectives and are confident this partnership will yield significant benefits for both parties involved."

Chris Jasinski
CEO of JTW Advisors

CLIENT PROFILE

Crescent Homes was founded in 2009 in Charleston, SC by Ted Terry, a 5th generation homebuilder. It was known for design-forward product, premium community locations, and a strong customer experience focus. The company operated 25+ active communities supported by an experienced leadership team.

OBJECTIVES

The owner created significant retained earnings in the business and sought a liquidity event for diversification and estate planning purposes. The owner was young [mid-40s] and wanted to continue working. He targeted a transaction that would allow him to maintain a minority ownership interest and continue operating and growing the business.

PROCESS

JTW Advisors highlighted Crescent's strong financial track record, experienced management team, and significant community pipeline in difficult-to-entitle markets. We engaged multiple strategic buyers, negotiated competitive proposals, and coordinated diligence covering operations, land positions, and community performance. Dream Finders Homes was selected as the acquirer and long-term partner. Since Dream Finders employs a land-light business model they ran a simultaneous process to identify a land bank partner to acquire the bulk of the 6,200+ lot pipeline.

OUTCOME

Ted's desire to retain an ownership interest and to have operational involvement in the business required JTW Advisors to find a bespoke solution that allowed a win-win for both Crescent and Dream Finders' land light business model. Dream Finders paid the seller an up-front cash component plus a long-term profits interest in NewCo which was formed to house operations in these three markets. In addition, Ted retained 100% ownership interest in his semi-custom home division and was allowed to continue operating it as a stand-alone business in the Charleston market. Dream Finders secured operations in three new markets in the southeast including: Charleston, SC; Greenville, SC; and Nashville, TN. Dream Finders, through NewCo, acquired a backlog of 460 homes totaling over $265 million in 25 actively selling communities, an experienced team, and a pipeline of 6,200 owned and controlled lots. NewCo entered into a contractual agreement to purchase the bulk of the 6,200+ lots as finished lots from the land bank.