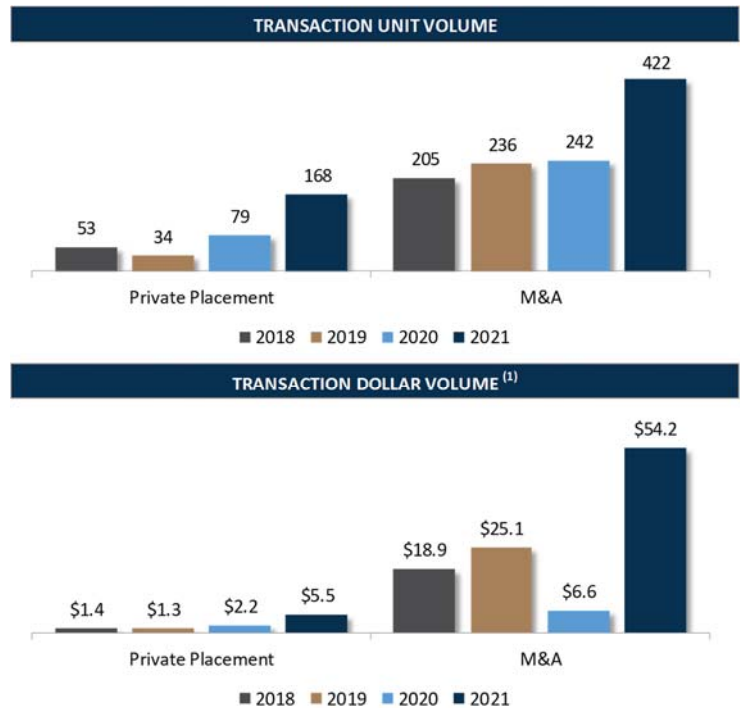


## 2021 Annual Arizona Deal Review

*The Annual Arizona Deal Review is prepared as a courtesy to the Arizona business community based on our research and analysis of data from various sources on disclosed deals for Arizona-based companies.*

Deal activity rebounded in 2021 from the COVID-19 induced slowdown and blew past previous records. Strong public equity markets supported the resurgence, reflecting high business confidence and swelling the ranks of cash-rich public companies with increased buying power. Disclosed M&A transactions for Arizona-based companies increased from 242 units in 2020 to 422 in 2021, an increase of 74.4%. Transaction dollar volume in 2021 increased from \$6.6 billion to \$54.2 billion. This staggering 725.7% increase reflects several outsized transactions in 2021 including the acquisitions of VEREIT, Inc. and Blue Yonder Group, Inc., which together contributed over \$24 billion. Realty Income Corporation's acquisition of VEREIT, Inc. accounted for 32.0% of the year's total M&A volume. Given dollar volume perceptions can be skewed by a few large but inconsistent acquisitions, we calculated the volume excluding each year's top five transactions and found 2021 increased by almost 20x over 2020. Given that volatility, we believe unit volume is a better indicator of activity. Regardless, both measures show M&A momentum surged throughout the year. The median M&A deal size on disclosed transactions was \$113.2 million, compared to 2020's median of \$73.6 million.



(1) \$ in billions. Excludes Real Estate, Mining, Energy Exploration, Project Finance, 144a placements and transactions under \$5 million. Transaction dollar volume includes only disclosed transactions.

Private placement dollar volume experienced an increase of 151.6% to approximately \$5.5 billion in 2021, compared to \$2.2 billion in 2020. Arizona also saw 112.7% more transactions at 168 compared to 79 in 2020. The top ten 2021 private placement transactions accounted for 57.4% of total dollar volume, as compared to 76.4% in 2020. The median private placement on disclosed transactions above \$5.0 million increased to \$21.9 million, compared to 2020's median of \$15.0 million.

Real Estate Services led Arizona's deal activity at 30.1% of total dollar volume of M&A and capital raising transactions, followed by Technology/Software/Services at 16.2%. The top three most active industries by unit volume during the past year were Business Services, Medical/Healthcare/Biotech, and Consumer Retail. Of the thirteen industries analyzed, all illustrated an increase in combined M&A and private placement transaction volume. By units, twelve of the thirteen industries saw an increase in number of transactions.

Regional M&A in Arizona was well correlated with the national M&A growth trends and public equity volumes in 2021. The Fed was reluctant to raise interest rates throughout 2021 given the continued supply chain disruption and the belief that inflation was transitory, leading to both aggressive capital markets activity in 2021 and heightened inflation concerns in early 2022, exacerbated by the Ukraine invasion. With the Fed no longer pumping liquidity into the market, bank and



corporate profits have fallen in 2022 and many large cap transactions, especially the inevitably doomed SPACs, have been postponed amid the volatility. That said, corporations and institutional investors are still sitting on a large amount of unallocated capital that they are looking to deploy. Lower middle market PEG transactions will continue given the historically high L.P. capital commitments and AUM but will not be perfectly insulated from public market volatility or supply chain challenges. We expect greater selectivity among private investors consciously moving more capital into growth industries and growth regions.

Columbia West forecasts continued Arizona deal flow given its population growth (3rd highest in U.S.), regional leadership in technology, and desirable business environment. Expect near-term growth in capital infusions associated with companies fleeing higher tax states, insourcing, and activity spurred by new facilities of outside corporations (e.g., TSMC, Intel, etc.).

#### ARIZONA DEAL SUMMARY BY INDUSTRY

(\$ in millions)

	2021			2020			Variance		% Growth	
	\$ <sup>(1)</sup>	%	#	\$ <sup>(1)</sup>	%	#	\$	#	\$	#
Medical / Healthcare / Biotech	\$7,898	13.2%	84	\$489	5.6%	55	\$7,409	29	1516.0%	52.7%
Business Services	3,652	6.1%	110	2,606	29.8%	84	1,046	26	40.1%	31.0%
Technology / Software / Services	9,684	16.2%	83	828	9.5%	45	8,856	38	1069.7%	84.4%
Electronics / Semiconductors	6,958	11.7%	27	154	1.8%	9	6,804	18	4406.9%	200.0%
Consumer / Retail	1,129	1.9%	86	278	3.2%	41	851	45	305.7%	109.8%
Manufacturing	3,106	5.2%	39	744	8.5%	20	2,362	19	317.5%	95.0%
Construction Services/ Homebuilding	2,725	4.6%	51	2,452	28.0%	26	274	25	11.2%	96.2%
Financial Services	3,616	6.1%	40	638	7.3%	14	2,979	26	467.2%	185.7%
Gaming / Leisure / Lodging	149	0.2%	30	109	1.2%	7	40	23	36.8%	328.6%
Energy/Utilities	110	0.2%	9	-	-	2	110	7	N/A	350.0%
Telecom	2,585	4.3%	8	47	0.5%	8	2,539	-	5438.3%	-
Natural Resources	100	0.2%	6	-	-	1	100	5	N/A	500.0%
Real Estate Services	18,002	30.1%	17	400	4.6%	9	17,602	8	4400.5%	88.9%
<b>TOTALS</b>	<b>\$ 59,715</b>	<b>100.0%</b>	<b>590</b>	<b>\$ 8,744</b>	<b>100.0%</b>	<b>321</b>	<b>\$ 50,971</b>	<b>269</b>	<b>582.9%</b>	<b>83.8%</b>

\* Excludes Real Estate, Mining, Energy Exploration, Project Finance, 144a placements and transactions smaller than \$5.0 million.

(1) Only includes transactions with disclosed values.

#### TOP 10 2021 M&A DEALS<sup>(1) (2)</sup>

(\$ in millions)

1	VEREIT, Inc.	\$17,367
2	Blue Yonder Group, Inc.	7,100
3	Magellan Health, Inc. (NasdaqGS:MGLN)	3,234
4	Harvest Health & Recreation Inc.	2,359
5	Hargray Communications Group, Inc.	2,118
6	Henry Company LLC	1,575
7	Encora Digital Inc.	1,500
8	AAA Cooper Transportation, Inc.	1,350
9	Aris Mortgage Holding Company, LLC	1,220
10	Riggs Distler & Company, Inc.	855

**TOTAL** **\$38,678**

\* Excludes Real Estate, Mining, Energy Exploration, Project Finance, PIPES, 144a placements.

(1) Only includes transactions with disclosed values.

(2) Includes deals subsequent to moving headquarters to Arizona.

#### TOP 10 2021 PRIVATE PLACEMENTS<sup>(1) (2)</sup>

(\$ in millions)

1	Biomat USA, Inc.	\$1,000
2	TPI Composites, Inc. (NasdaqGM:TPIC)	350
3	Nikola Corporation (NasdaqGS:NKLA)	300
4	Cebu Air, Inc. (PSE:CEB)	253
5	Paradox, Inc.	250
6	Garagepreneurs Internet Private Limited	220
7	Nextiva, Inc.	200
8	Embark Technology, Inc. (NasdaqGM:EMBK)	200
9	Offerpad Solutions Inc. (NYSE:OPAD)	200
10	Footprint International Holdco, Inc.	171

**TOTAL** **\$3,144**

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