

Trevor Slack



B.Bus, CPA, GDip, MRICS
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Forensic Accounting & Valuation

*Graduate Diploma
Applied Finance & Investment
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(3 subjects)*

Trevor is a forensic accounting and valuation partner at Griffins. He is a RICS registered valuer and has over 20 years' experience as an accountant, specialising as an expert witness in valuation, forensic accounting and international arbitration. He has prepared nearly 200 expert witness reports involving insolvency wrongful and/or fraudulent trading, serious and/or complex fraud, money laundering and regulatory & oversight investigations, business valuations, derivatives, shareholder disputes, loss of profits, breach of contract, professional negligence, divorce, person injury, CGT and inheritance tax disputes.

In addition to litigation, Trevor has prepared valuations for a wide range of purposes including expert determinations, fairness opinions, mergers and acquisitions, restructuring, taxation (capital gains, thin capitalisation, inheritance), corporate governance and accounting standards. He has experience in valuing a wide range of financial assets including shares, intangible assets, corporate debt and hybrid instruments. His derivative asset valuations include hedging contracts, futures, forward rate agreements, swaps, and vanilla and exotic options.

Trevor was a principal at a major US consultancy and a director in the valuations team at major international accounting firm. Previously he was a senior forensic accountant at two other international accounting firms. He has also worked as an accountant in the technology, construction, and manufacturing industries.

Trevor is a CPA qualified accountant and has a Bachelor of Business, a Graduate Diploma in Applied Finance & Investment, an Associate Diploma in Electrical Engineering and has studied real estate valuation at master's level.

Breach of contract / warranty disputes

- Expert witness report in respect of the value of an option to redevelop a £150m central London luxury hotel as well as advise on the net present value of a leaseback.
- Expert report on various aspects of a US\$20m claim for breach of contract brought by an online casino operator against a one of the leading software platform providers to the online gambling industry.

Compulsory Purchase of Land Orders (“CPO”)

- Expert witness valuation in a business extinguishment claim arising from a CPO by the London Development Agency to obtain the site of a waste management business for the 2012 Olympics.
- Expert witness report in respect of business extinguishment following a CPO in the Liverpool ONE property development. The assignment involved analysis of turnover, profitability, future viability and business interruption.

Corporate Governance Valuations

- Corporate governance valuations for a private equity fund with circa \$8bn of assets under management. Specifically, the valuations were of structured loan notes secured over a Welsh coalmine, a German bio-fuel operation, an aircraft fleet, an Italian solar farm, a French waste-to-power plant, a Scottish Combined Heat & Power operation and a US plastic recycling plant.
- Portfolio valuation for corporate governance purposes of a multinational Fortune 500 company specialising in textiles, metals/minerals, food, machinery, energy/chemicals and ICT/general products.

Debt, Derivatives & Hybrid Instrument valuation

- Valuation of the embedded derivative elements of a convertible loan note issued by a £56m AIM listed bauxite exploration and development company with significant interests in Guinea.
- Valuation of an employee incentive scheme of a FTSE 100 company involving awards of restricted shares based on the growth of total shareholder returns. The illiquidity specific to the circumstances was valued using put option pricing theory. Other approaches that are available are average discounts from sales of restricted stock and pre-IPO sales of shares.

Expert Determinations

- Expert Determination in respect of the disputing parties’ positions over the fair value of a \$1.6bn transaction between an engineering multinational and a global nuclear reactor manufacturer. The issues centred on the appropriate cost of capital inputs such as the risk-free rate, beta estimation, equity risk premium, equity duration and size premiums.
- Expert Determination based on a Net Assets Valuation approach in respect of the breakup valuation of £20m family property portfolio.

Fairness Opinions

- Fairness opinion, corporate finance advice and negotiation assistance in respect of a \$200m MBO of a UK subsidiary of a \$15bn Japanese conglomerate that produces electronic & industrial products. Specifically, the subsidiary manufactured semiconductor capital equipment and the fairness opinion was required as a price had been agreed in principle.
- Fairness opinion in respect of the valuation of the Ordinary Shares of a joint venture property company used to redevelop a £470m high end central London residential complex. The valuation was required by one of the partners in connection with a buyout of the other partner.

Hedge Effectiveness Testing

- Hedge effectiveness testing for £620m of loans by a £500m Malaysian pension fund used to finance UK property investments. Inception, prospective and retrospective tests were done using the Dollar Offset Method (“DOM”) and regressions of changes in the hedged items and the hedging instruments.
- Hedge effectiveness testing of interest rate swaps for £435m of loans of a public services infrastructure provider with revenues of £1.8bn

Impairment Testing

- Impairment testing valuation of a quoted plantations company producing palm oil and rubber from plantations in Indonesia and Malaysia. The company had a market cap of c. £140m with revenues of £120m, profit before tax of £54m and controlled nearly 40,000 hectares of planted area and employ 8,600 people. The review required consideration of the reasonableness of using a residual approach to valuing the biological assets as well as pre and post-tax discount rates with 20 years of cash flow forecasts together with the trends in palm oil prices.
- Impairment testing of a £900m portfolio valuation of freehold reversionary interests in sheltered housing properties. The cash flows were risk adjusted and the nature of the income aligned in several respects to a risk-free bond, so consideration was given to discounting the cash flows using a duration matched risk-free rate.

Independent Accountant Reports

- Independent expert report to the Winding up Board of a failed Icelandic bank in respect of counterparty valuations of a \$100m portfolio of swap instruments, including vanilla, cross currency, snowball, quanto, range accrual, and foreign currency swaps.
- Independent accountant’s valuation of a mezzanine loan for a £130m a mixed-use central London harbour development. The property contains luxury apartments, a luxury hotel, offices and showrooms surrounding a small marina. The loan was part of a joint venture partnership between a \$35bn Israeli investment company and an alternative asset manager with \$30bn under management.

Insolvency

- Expert witness valuation for a €60m Liquidator's claim over an anti-embarrassment clause following the sale of a controlling stake in a leading German retail chain. The case revolved around valuing puts, calls and an exchange option using various models including a DCF approach. An exchange option is a relatively rare derivative where both the strike and the underlying asset prices are volatile. However, parties can unknowingly enter into one by trying to set the strike price of a put and/or a call to a future fair value. A layer of complexity is added in respect of the correlation between the strike price and the underlying assets.
- Expert witness report in respect of a Liquidators reversal of a £20m in-specie distribution of the shares in a supplier / installer of combined heat & power (CHP) systems & networks when there were insufficient distributable reserves to do so. The damages claim was based on the past and present values of the business distributed.

Intangible Asset / Intellectual Property valuation

- Intangible asset valuation for a €160m acquisition of an agricultural products producer in Belgium. The acquired business had 3 cash generating units (CGU's) and an array of intangible assets to be considered including R&D, strategic alliances, recipes, processing technologies and prizes & awards.
- Intangible assets valuation as part of the €80m, acquisition of certain elements of a listed online sports betting, casino, poker and gaming operator of a range of branded websites across 24 countries covering Europe and some emerging markets. The acquisition also included valuing an earn-out contract over a separate Turkish online gaming business.

International Arbitration

- Expert witness report for an LCIA tribunal involving a \$40bn listed Russian mining company in respect of the losses suffered by a shareholder with a 25% stake following an alleged breach of a Cooperation Agreement with respect of joint management of the company. Issues revolved around control premiums, block discounts, backdated options and open market and fixed price share buybacks.
- Expert witness valuation of multiple SPVs containing multiple solar parks in in Eastern Europe in a UNCITRAL matter. This was in connection with a €100m multiparty claim following alleged breaches of the terms of the Energy Charter and various Bilateral Investment Treaties. The matter arose from an incentive scheme for investors that was then progressively dismantled by the government with the use of retroactive measures. The issues included re-rating and re-valuing capital structure debt, the change in loan repayment profiles, breaking down asset betas, ex-ante and ex-post discounting and the removal of concessional corporation tax rates and capital allowances.
- Expert witness report in respect of a \$100m ICSID claim brought by an Indian conglomerate against a Middle Eastern Government following the usurpation of a textiles company by employees during the Arab Spring. The Indian conglomerate had initially purchased the business from the Government, but the claim was based on the alleged failure of the Government to provide law & order. The valuation issues focused on application of country risk premiums, including CDS spreads, bond-to equity, and relative exposure scalars.

- Expert witness report in a €65m dispute in the Court of Arbitration for Sport involving future values of the Spanish Football League's (La Liga) media rights over the 2022 FIFA world cup being held in winter. The issues involved changes in seasonal subscriber behaviour, viewing patterns, player release mitigation, rescheduling matches, additional content, marketing campaigns, potential clashes with other high-profile sporting events, effects on broadcasters' development of pay TV and indirect revenues.

Matrimonial disputes

- Expert witness report & valuation in connection with matrimonial proceedings involving a Gibraltar based insurance group of companies that were also subject to a Financial Services Commission investigation.
- Expert witness report in respect of matrimonial proceedings and the value of a minority shareholding in a multinational steel marketing and trading business.

Mergers & Acquisitions

- Independent review of a valuation report on the buy-out of the external fund manager to a £85m AIM listed Plc specialising in South African investments. The buy-out was to address annual running costs, a perceived investor dislike of external fund managers, a closer alignment of the interests of the management team and the Plc and facilitate a secondary listing on the Johannesburg Stock Exchange
- Valuation of an English Premiership football club for negotiations with potential investors / acquirers. The valuation included the analysis of investments in the player squad & coaching staff, TV rights and breaking an existing sponsor contract to renew with another sponsor on more lucrative terms. Consideration was also given to the club's planned expansion into products outside of traditional football related revenues as part of the club's brand diversification strategy to expand into other markets & businesses.

Professional negligence claims

- Expert witness report in respect of professional negligence action following the sale of a €61m Irish leasehold property portfolio for a storage, logistics and waste businesses.
- Expert witness report in respect of loss of profits & business extinguishment claim of a catering business under a S459 action and valuation negligence claim.

Regulatory Oversight

- Preparation of a "Failing Firm" defence as part of a response to a Phase II investigation by the Competition & Market Authority into a merger in the Electronic Toys sector. To succeed, this defence needed to show that the Target firm would have failed if not for the merger. This involved analysing the Target's historical accounts, forecasts, cash flows and sales cycles to show that failure was imminent. The analysis of the Target's trajectory into insolvency was also supported by Altman Z Scores, a widely accepted bankruptcy predictor model.

- Expert advice in respect of a pharmaceutical company suspected of anti-competitive agreements and conduct by the CMA. At issue were expected rates of return on investment and the reasonable range that the company should have enjoyed. The analysis was complicated by several acquisitions of the product at issue, its relatively small scale, the outsourcing of various aspects of production and the risk if the product is considered as a standalone or part of a high-risk portfolio.

Restructuring

- Valuation of a €240 consumer products group with manufacturing operations in the UK and a major pharmaceutical chain in Poland. The valuation was for restructuring purposes including an equity raising, management incentive schemes & the sale of a minority interest.
- Valuation of a £40m business security equipment manufacturer & installer for restructuring purposes. The issues involved value breaks and analysis of the arguments put forward by aggrieved creditors and their further participation in the restructuring process.

Serious & Complex Fraud

- Expert witness report in respect of a confiscation order following the collapse of a FTSE 250 trade finance group where banks, creditors and investors were defrauded of over £200m. The Finance Director was charged with various offences by the Serious Fraud Office (SFO) and became a crown witness. The case required a complex asset tracing exercise using a series of interviews the FD and analysing both tendered and untendered evidence. A flow of funds model was developed to respond to the confiscation order and account for the funds the FD misappropriated.
- Expert witness report in connection with an SFO prosecution of a shadow director over a \$400m fraud against investors in resort development projects across the Caribbean.

Shareholder disputes

- Expert witness valuation using a net asset valuation (“NAV”) approach for a private equity fund with £1.3bn of real estate assets under management. Key issues were that the level of remuneration paid to certain Directors was excessive and the business would be marketed for sale inclusive of the carried interests held outside of the existing group structure.
- Expert witness report over the value of a joint venture between a major French bank and a major Russian consumer products group. The JV was the largest Russian provider of insurance for bank loans and credit cards. Value ranges at issue were between US\$25m and US\$390m.

Taxation

- Capital gains tax valuation in respect of a farm-out agreement between an AIM listed oil and gas exploration company and a FTSE 250 international oil and gas exploration and production company over a \$1.6bn oil and gas field in Latin America.

- Independent valuation of rental income streams of a £150m central London dockland property complex for US tax purposes. The complex features offices, public and private housing, a large hotel, shops and restaurants, a pub, a yachting marina and other recreational facilities. The complex was a joint venture between a listed property company and a high net worth family.
- Advance Thin Capitalisation Agreement (ATCA) report in respect of the tax deductibility of interest on loan notes used to fund a £40m Scottish Combined Heat & Power (CHP) operation. The valuation issues focused on application of parent entity discount rates vs standalone discount rates of the relevant entity. The principles of risk vs return, portfolio theory and cross-subsidisation were applied and involved USD denominated government bonds plus an equity market risk premium, CDS spreads v Government bonds v country credit ratings and bond-to equity scalars.

Publications

Prejudgment interest - Shifting Sands, *New Law Journal*, January 2016

www.bbgintl.com/sites/default/files/publications/Shifting-sands-NLJ.pdf

Potential use of share options in divorce settlements, *Family Law*, August 2017

https://www.familylaw.co.uk/news_and_comment/potential-use-of-share-options-in-divorce-settlements

Losing Control - Control Premiums when valuing a business, *Taxation*, January 2019

<https://www.taxation.co.uk/Articles/2019-01-15-339098-control-premiums-when-valuing-business-and-shareholdings>

A reconciliation of valuation methods: The Flip Side, *Taxation*, September 2019

<https://www.taxation.co.uk/Articles/common-share-valuation-approaches>

Z Scores: Using bankruptcy predictor models in insolvency litigation. *Recovery News*, February 2020

https://r1.dotdigital-pages.com/p/133C-FKA/keeping-score-of-business-health?dm_i=133C,6QU3Z,5JHW1R,QYB6C,1

Professional Memberships

CPA Australia (Australian Society of Certified Practising Accountants)

Royal Institution of Chartered Surveyors (RICS)

RICS Registered Valuer

Arbitration Club – Financial Services Branch

British Institute of International and Comparative Law (BIICL)