



## Please read these guidelines carefully

- You have received the Information Memorandum (IM) template from your account manager
- General remarks:
  - It is important not to change any of the standard legal text that are already in the template. (If you do, you may have to paste across your work into a fresh IM template later.)
  - Any disclaimers and warnings are legally necessary: please leave!
  - All fonts and letter sizes need to be consistent throughout the IM and should be Calibri, size 11
  - Always send the IM in Word-document to your account manager. We will send feedback as comments in the same Word-document
  - Please make sure that the content page is updated after you finish editing
- Executive Summary
  - Write down the most important aspects of your business here. This is a very important part of the IM since this should encourage potential investors to go through the entire document. Max 2 pages works best
- Financial Terms and Conditions:
  - Best to validate your terms and conditions (e.g. interest / discount / cap) with some potential investors before you go live
  - Choose your minimum ticket with the following in mind: the average investment is often about 4x the minimum.
  - The minimum investment should be enough to deliver the plans that you promise. Otherwise you may not be able to meet your promises. Usually the minimum is 20-30% of the maximum
- Risk:
  - Several generic risk have been given in the template. Please add all relevant risks which are specific for your business. A good description of the risks is reassuring to investors. They are willing to take risk, but they like to see that management is clear-headed about them
- Business plan / Financials / Team:
  - In these sections you should share all the material information about your business, that you have collected. (Doesn't have to be complete, but important to share everything that you know is relevant.)
  - Remember that investors will read this who have no knowledge of your business or team, so write simply, clearly, and avoid jargon
  - You can insert a pitch deck if you so want. Make sure that the slides are easy to read for investors and match the format. You could add 2 – 5 sentences per slide where you give the additional information that you would normally give verbally when presenting the pitch deck.
  - Everything which is written in the IM should be truthful. So whenever you state numbers, like market sizes, always include the source. If they are management forecasts make that clear: "management estimates that the market size is X".
  - In the Financials section you can share high level numbers. Too much detail can obscure the picture. If investors want to get more: it can be made available upon request



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- Be careful when stating commitments. If you write: “we will be operational in 2 countries next year”, you will commit yourself to that, and investors can follow up on it. Always write something like: “we aim to be / estimate that we will be operational in 2 countries next year”
- For length, what works best: Business plan = max 10 pages, Team = max 2 pages, Financials = max 2 pages
- Other conditions of financing:
  - This is perhaps the most legally important part of your document, so please be extra careful here
  - Do NOT change any template text and follow the lay-out offered
  - If you find a section with an option (e.g. Option 1 or Option 2), please use one of the given options. When the given options do not apply, contact your account manager for more information
  - Non-executives: make a clear statement about whether a non-executive board exists, and who its members are. If it is intended that a non-executive Board will be formed in the future this can also be mentioned. If firm language is used - ‘a non-executive board will be formed’- this may be taken as a contractual promise. Please be aware of this
  - Founder’s investment: clear language about the cash investments by the founders. This can be in the form of shares, loans, or other instruments. It is also helpful to mention a non-cash investment in the form of foregone wages
  - Capitalization table: specify all shareholders. If a shareholder > 25% is a legal entity then specify all shareholders of that legal entity with > 25%. This is for the so-called Ultimate Beneficial Owner analysis required by money-laundering legislation
  - Management remuneration and time commitment: clear language about the time commitment of senior management over a defined period (e.g. the coming 6 months), and their maximum cash earnings. There should be an escape: typically non-executives or future investors can approve a wage increase
  - Intellectual Property: for simple transactions it is important that there is clear language about URLs and brand names. Statements about complex intellectual property should be explained in plain language as much as possible. It is good to include a statement by an independent expert. Full details about patents can be available upon request or included in an appendix. If there are (exclusive) licenses the main conditions of these can be spelled out in the main document - including scope and term- with the full text available upon request or in an appendix
  - Shareholders’ Agreement (SHA):
  - EITHER the shareholders agreement is left out with a clear statement to the effect that any SHA will be approved by the SPV after conversion
  - OR the shareholders agreement is offered for inspection with key conditions spelled out in plain language and the full document available upon request:
    - Write the specifics of at least the following clauses of the SHA (if present): Drag along / Tag along, anti-dilution, liquidation preference, good leaver / bad leaver and any control rights
    - There should be a clear statement in the IM that the SHA is compliant with regular market conditions, in order to rule out that there is anything very exotic in the remaining SHA text, which may not be read