

GUIDE

1. Summary of the proposed transaction

- a. Type of transaction. Purchase-sale or capital increase.
- b. Requested amount. If the transaction is a capital increase, indicate if some other stockholder or investor co-signs with the fund. Indicate if the disbursement will take place in various phases or only one. If it is a sale indicate if the payment is deferred and if it depends on a milestone.
- c. Participation or range of participation that corresponds to the Fund. Stock Inventory of 100% before and after the transaction.
- d. Reason for the transaction. If it is a sale, explain why the stockholders are divesting. If it is a capital increase, describe the destination and objective of the funds.
- e. Brief financial justification for the company. Indicate if its valuation is based on its assets, current results, future expectations or comparisons with other transactions carried out on similar businesses.

2. Information about the company

- a. Describe of the products and services provided by the company or group. Focus on the ones that truly contribute more in terms of profit or volume of income.
- b. Describe of the difference(s) between the products or services offered by your company with respect to the competition or alternative products. Explain the differences in terms of price, quality and product positioning (as seen by the client) vs. your competition.
- c. Organizational chart with the different departments, managers and employees. Description of the processes necessary for each product or service. Describe what it does and the procedures followed by each department in the production chain. Indicate the key staff within the process.
- d. Describe the management team and the key personnel within the organization.
- e. Brief inventory of the main productive assets, what they do, their capacity, their age and cost value.
- f. Clients, ABC of the annual billing per customer for the last three terms and customer loyalty period. Comments about customer turnover, describe the standard contract period with your customers, if it is annual or multi-year and relevant terms of each contract (terms, fixed and variable costs, etc). Number of potential customers and any other relevant piece of information about clients including collection risks, affiliation, etc.
- g. Describe the commercialization channels.
- h. Describe the contractor portfolio or pending contract if applicable.
- i. Suppliers, ABC of the main suppliers in the last two years, describe the contractual relationship with the main suppliers and the dependency ratio and negotiation relationship of your company with them. List any alternative suppliers.
- j. Personnel. Specify the applicable agreement, if one exists, and indicate its main financial terms, timeline and its effects on hiring costs in the medium term. Indicate the work environment (absenteeism, turnover), the difficulties to fill vacant posts and ways to retain talent or key staff. Indicate if any variable retribution agreements exist that depend on results.

3. Market information

- a. Describe the value chain for the product/service from the start to the final consumer.
- b. Describe the demand. Explain the drivers or consumption motivation. Which alternative products exist? Why does the consumer choose this product vs. the alternative choice?
- c. Explain the evolution of customer demand in the last years.
- d. Indicate the expectations for the demand in the next years (specifying the source of the estimations) or at least the hypotheses on which the expectations are based.
- e. Discuss the general price evolution for the product in the last years and your expectations. Describe the main causes for this evolution (competitors, raw materials, labour agreements, etc).
- f. Supply. Describe who your main competitors are and how your company competes with them. Identify the main operators in the industry and those who reflect the position desired for your company.
- g. Indicate if there are business associations or specialized publications in the industry that can serve as sources for market information.
- h. Indicate the most relevant purchase operations on your industry.

4. Future plans

- a. Describe where we are, where we want to get and, most of all and concretely how and why we can get there. In each case describe:
 - i. The new marketing plan or distribution channel.
 - ii. The new product that will be launched.
 - iii. The new facilities that will be opened or that will substitute previous ones.
 - iv. The new target national or international market.
 - v. The acquired companies and their synergies.
 - vi. The cost saving plan or process optimization.
 - vii. Changes in the leadership team and strategy.

5. Financial Information

Below you will find an Excel worksheet model for the minimum financial information required.

6. Conclusions

- In two lines, indicate the two main arguments to support this investment as an attractive option.
- Indicate the two main threats to the investment.