



ANGEL INVESTORS MARLBOROUGH

AIM ANGEL INVESTORS MARLBOROUGH

INVESTEES INFORMATION

Thanks for your interest in AIM. This document details our investment process and terms upon which AIM operate. You must agree to these terms prior to attempting to raise funding from AIM. It also provides a description of the various roles the parties play in the process and contact points for applicants if there are any questions.

You should note that this 'process' will vary according to the level of investment readiness of the applicant and whether AIM members are the lead investor or co-investing.

Why AIM?

AIM will bring money (usually from \$50,000 - \$1,000,000), and more importantly, **experience**, into your company.

- You will have access to a pool of knowledgeable investors. They may mentor you and sit on your Board of Directors, provide industry experience, global networks, corporate governance and knowledge which will enable you to accelerate your company's growth.
- Our club is firmly connected to the wider angel industry in New Zealand – we're the Marlborough access point into the angel network of investment clubs.
- AIM uses a robust process based on the experience of other angel investor groups in NZ and overseas. Success to us is defined by our club member's satisfaction in doing great deals and putting something back into our business community AND by seeing your company grow as a result of engaging with us. Your primary concern might be to secure

funding but we can also help with commercial introductions and connections to accelerate you too.

The Parties

The applicant and AIM are aligned in their respective desire to grow companies. Each however has different roles to play and within AIM there is a difference between 'management' and 'members'. Here is a description of the various roles of AIM:

- **Manager** –manages AIM's administration and oversees the application process. First contact point for applicants and where there are any concerns. The same person also manages the national business mentor programme for the Marlborough region on behalf of Business Trust Marlborough. Please note that Business Trust Marlborough contracts services to AIM and the two organisations are otherwise two completely separate entities. While BTM is pleased to support AIM, it provides no oversight or assurance about any investments made by or under AIM. Business Mentor- if the manager believes that the applicant is close to investment ready then they are referred to the Pre-Screen Member. If they are not ready or there may be alternative solutions to angel capital raising, then the manager will offer the services of a business mentor to work with the applicant under the national programme. Once the manager, applicant and mentor all agree that the applicant is investment ready, the manager will refer the applicant at that point to the Pre-Screen Member. The business mentor may continue to advise the applicant for a total of up to a 12 months for existing businesses and 6 months for start-ups.
- **Pre-Screen Member (s)** – AIM Member(s) who meet with applicant at application stage and makes recommendation as to whether it moves to the next phase.
- **Champion** –AIM Member who is often the Pre-Screen Member who champion's the applicant in the Presentation phase, coaches the company on the presentation and introduces to the Club.
- **Due Diligence Team** –AIM Members who work together conducting Due Diligence on the applicant.
- **Investor Representative** – Person who is appointed by AIM investors to the Board of the applicant to represent their interests.

Application Form

No enquiry can enter the process until an Application Form is completed (currently manually). It is our experience that the level of information requested is required to assess as early as possible whether this is an opportunity that AIM wishes to pursue.

Due Diligence

If the applicant and AIM wish to 'enter Due Diligence' following the Follow Up Meeting, the applicant agrees to work together during this time with the Club Members co-ordinating the process to enable the Due Diligence team to understand all necessary information for the purposes of making an investment. All efforts will be made to ensure that the Due Diligence period is managed efficiently and in an appropriate time frame.

Transaction Costs

There will generally be two types of costs relating to the capital raising transaction:

Commissions

AIM charges 2.5% commission on the first capital raise done through AIM and 1.5% on any follow ons.

There may be other 'commissions' that the Company is liable for as part of the Transaction. AIM is an incorporated society and money raised through commissions will be used to meet the costs of running the society including assisting with the investment in, and growth of, Marlborough businesses.

Professional Fees

These costs relate to third party legal and professional fees to complete the deal. It is AIM policy that these costs are met by the applicant company. AIM have however created systems and procedures which enable this process to be streamlined and the resultant cost to be minimised.

Break Fee

If the applicant breaks the deal during the due diligence period there is a one off break fee of \$5,000 plus any professional fees incurred to that point which the Company is liable for. We take this process and our commitment to your capital raising very seriously and expect you do to the same. AIM's focusing on your business to carry out due diligence adds real value and takes a lot of time. The Break Fee ensures you think before committing to the AIM process.

Indicative Investment Terms

AIM has a standard set of investment terms upon which it will agree to invest. AIM prefers to have these terms agreed prior to the commencement of Due Diligence, with some amendment possible as a result of the Due Diligence process.

APPLICANT ACKNOWLEDGEMENT

1. We wish to apply to AIM for the purposes of raising funding.
2. We agree to adhere to the terms & conditions attached to this acknowledgement including the Commissions payable.
3. We have completed an application form

Applicant Signature: _____

Company/Venture Name: _____

Person Name: _____

Applicant Signature: _____

Company/Venture Name: _____

Person Name: _____

Date: ____/____/____

COMPREHENSIVE INVESTMENT PROCESS

Applicant progress

Activities

1. Application	<p>Applicant contacts AIM</p> <ul style="list-style-type: none">• Applicant provides information as requested▪ Applicant submits signed application with acknowledgement to terms signed. <p>AIM Manager reviews application.</p> <ul style="list-style-type: none">▪ If opportunity is not ready, or poor fit, feedback to company with offer to appoint a business mentor.▪ If opportunity is ready, moves to Pre-screening assessment.
2. Pre-screening assessment	<ul style="list-style-type: none">▪ Minimum 2 AIM members review application & meet with company▪ If opportunity is not ready, or poor fit, feedback to company and inform AIM Manager, who may appoint or continue with business mentor▪ If opportunity is ready, then applicant moves to Presentation phase.
3. Presentation	<ul style="list-style-type: none">▪ Applicant introduced to Club at a presentation meeting.▪ If interest is received at the presentation, the first step is a Follow Up meeting. If there is not sufficient interest AIM Manager will advise the applicant.

4. Follow Up Meeting

- Follow Up meeting held 1-2 weeks after presentation at which key issues are addressed.
- Interested AIM members determine whether to proceed with Due Diligence.

5. Due diligence

- Agreement to enter Due Diligence and indicative investment terms agreed.
- Due Diligence is conducted.
- Opportunity advances if 2 or more members are willing to invest on terms agreed with the applicant in a Term Sheet.

6. Investment presentation

- When 2 members have committed to invest & executed a final Term Sheet, the terms of investment are brought back to the club for wider investment.

7. Settlement

- Investment documentation.
 - Legal Review and Board Signoff.
 - Settlement.
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Notes:

This process will vary according to the level of investment readiness of the applicant and whether AIM are leading the investment or co-investing