

SHAPING THE IDEA: Investors Relations

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Idea



Business Plan




MOU / Term Sheet



Agreement (Shareholders Agreement or "SHA")

SHA

- ▶ Is it necessary?
 - (a) Clarity
 - (b) Written proof
 - (c) Law does not foresee in details every transaction but  law prevails

Indicative structure of an SHA

(a) Investment – Purpose

(b) Funding

- money vs in kind
- equity vs loan

(c) Investors relations

- Majority vs minority vs 50/50
- Business plan & budget
- Governance & reserved matters
- Additional funding & pre-emption rights
- Reporting & accounting

Indicative structure of an SHA (con'd)

(d) Share Transfer Restrictions and Exit Right

- Lock – up?
- Right of First Refusal – Right of First Offer
- Tag – Along
- Drag – Along
- IPO – Put Option

(e) Proceeds Distribution

Indicative structure of an SHA (con'd)

- (g) Non competition – non solicitation**
- (h) Confidentiality**
- (i) Articles of Incorporation harmonization**
- (j) Dispute Resolution / Applicable Law**

Something to remember :

- A clear agreement leads to clear understandings
- Interpretation of the SHA is everywhere
- A successful deal is a fair deal

THANK YOU!