

Grand Avenue clients should be prepared for due diligence by the potential acquirer as well as by the Grand Avenue investment banker who will typically examine the following as part of the **Confidential Investor Memorandum** that is written by Grand Avenue Capital and contains the following:

**TYPICAL OUTLINE OF CONFIDENTIAL INVESTOR MEMORANDUM**

SELL-SIDE ENGAGEMENT, typical example, designed specifically for the client's company and industry

**Table of Contents**

**1. Executive Summary**

**2. Industry Overview**

Supply/Demand for client's products  
Competitive landscape in which client works  
Industry trends, exogenous factors, legislation,

**Client's Specific Competitors**

Brief overview of top 5 competitors,  
what are our client's strengths / weaknesses  
vs. competition

**3. Client Overview of Operations**

a. Company History and Formation

b. Client's core competencies

c. Sales, Marketing and Customer Service

Sales organization, staffing, locations

Key Customer Profiles

Historical revenues, market shares

- d. Description of Products and Services
- e. Specific Operations
- f. Equipment
- g. Facilities
- h. Customer Service
- i. Key suppliers and vendors
- j. Quality control and assurance
- k. Insurance: property and casualty coverage
- l. Employee Benefit Programs and Labor Relations
- m. Legal issues and lawsuits
- n. Environmental Issues
- o. Management Information Systems
- p. Community and Government Relations

#### **4. Organization and Management**

- a. Senior Management Biographies and pictures
- b. Personnel
- c. Organization Chart
- d. Current Board of Directors and Biographies

**5. Shareholder Profiles / Cap Table**

**6. Historical Financial Performance**

Consolidated Company Performance, Last three years and current year to date

P/L Analysis and Discussion

Revenue Analysis and Discussion

Margin Analysis and Discussion

Balance Sheet Analysis and Discussion

Cash Flow Analysis and Discussion

**7. Long Range Plan (LRP) and Forecast**

Principal assumptions and business plan for next 5 years

P/L, B/S, Cash Flow, CAPEX

Graphs and charts

**8. Conclusion and Investor Guidance**

**9. Appendix**

- Complete financial statements, last three years with notes and explanations
- A/R, Inventory and A/P details
- Asset Schedule
- detailed marketing materials and product line sheets
- patent summaries, if applicable
- detailed company records regarding any of the above Overview section

# GRAND AVENUE CAPITAL LLC

## INVESTMENT BANKERS

Securities offered through Grand Avenue Capital Partners LLC

Confidential

In summary, the information made available in confidential format by the investment banker is summarized below. The information flow is tailored to the characteristics of the buyer universe. The process is designed to address the buyer data requirements while protecting the integrity and **confidentiality** of the client. All items are prepared by Grand Avenue Capital in collaboration with and approval of the client prior to dissemination.

Documents	Form	Content
<b>Confidential Information Memorandum ("CIM")</b>	50-80 page book	General background information and description of the client including investment highlights, industry and competitive background, history/milestones, operations, sales/marketing, management and organization, shareholders, financial performance on an adjusted basis (actual and forecast), guidance to acquirers on structure. Customers/vendors, employee and key competitive information as necessary or advisable.
<b>Profile ("teaser") /nda</b>	3-5 pages	Blind and brief summary of CIM to encourage prospect interest
<b>Management Presentation</b>	25-50 page power point presentation	More detailed information regarding client and its strategy, facility tours, presentation by key top-functional executives
<b>Data Room</b>	Electronic Data	Data acquired and held by GACP
<b>Acquirer Q&amp;A</b>	Data requests	Information discussed by GACP and target, summarizing and explaining the CIM information
<b>Acquirer Due Diligence</b>	Electronic Data	Requested by the acquirer after LOI selection: Detailed organizational documents, contracts, historical financial records, tax returns, IT information, environmental studies, key customer lists and purchase history, vendor performance records and payment history, A/R - A/P agings, detailed inventory records, IP data and patents, assets listings (original costs and depreciation), etc. Key proprietary data, trade secrets, highly sensitive data may be withheld to a later time.

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## Grand Avenue Capital LLC

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