

The Guide For Developing **INFORMATION MEMORADUM** For Large Projects

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Why you need an Information Memorandum

Introduction

An Information Memorandum (IM) is a package of documents created by business owners for prospective buyers or investors into your project. The primary mandate of an Information Memorandum is to motivate potential investment into your project or business.

Although this package is designed to draw the interest of prospective buyers, it dually serves the purpose of transparency. Owners should avoid exaggeration, and aspire to disclose any information that will materially affect the value of the company.

Information Memorandums tend to be very exhaustive as they should include items relating to the financial standing, assets and liabilities, business description, market position, clients, strategies and promotion methods, markets served, etc. of the company.

Its Key to have a well-organized Information Memorandum

Introduction

An IM gives project owners the opportunity to clearly set out all relevant details pertaining to the company. It is imperative that the information is presented in an attractive, logical, and coherent way as it also reflects the companies' professionalism, quality of management, and dedication to the sale.

A high-quality IM is critical to ensure a smooth transaction for it promotes transparency and minimizes unnecessary correspondence.

Although the purpose of this document is to motivate investment, it should not be framed as a pitch book. Rather, it should simply be considered as an informational document on the company provided during the sale process.

There is no standard template for IMs- project owners should tailor their package to present their project in the most objective but optimal light. Regardless of the presentation of your IM, it should convey the same information to all investors in order to promote transparency throughout the selling process. This is even more imperative when the project owner has multiple interested investors.

What to include in an Information Memorandum

Introduction

An Information Memorandum is the most effective way of providing a large volume of information about a company to investors. In order to increase the effectiveness of the document, project owners should include as much information as possible to reduce future correspondence on the same topic. However, this can prove to be a daunting task as the list for possible headings can be exhaustive.

When preparing the IM, it is beneficial to assume the role of the buyer. This will help you reflect on how to structure your IM, what to include, and how to present it. Instead of passively going through all the headings and filling out the section with information about your project, it may be best to tailor your package in a unique way that will assist buyers in understanding the finer working details of your project.

Assuming the role of the buyer during the writing process allows for the package to maintain its objective integrity all the while fulfilling its function as a marketing document.

How is the Information Memorandum for Large Projects Organized?

The Project Finance Information Memorandum Format

You don't get a second chance to make a great first impression. Although there is no standardized template for IMs, oftentimes form follows function. While the aesthetic presentation is important, gathering all the content first will assist in the natural organization and flow of the document.

At its core, the IM provides a descriptive presentation of the project as a potential investment opportunity however the document intrinsically serves further functions.

- The Information Memorandum must be clear, concise and compelling to:
- Generate investor interest and build confidence
- Lead to additional investor meetings
- Charts, graphics, pictures and verbiage should be simple and easily read

Presentation format may vary depending on the company but the following format provides a reasonable order and flow –it is but one approach in developing the business plan

Outlining the Information Memorandum for Large Projects

Order of Table of Content

Executive Summary

- Company overview
- Key financials and company drivers
- Scope of Transaction
- Key investment considerations

Resources

- Organization
- Employees
- Infrastructure

Customers

- Overview of key customers
- Analysis of customer concentration
- Summary of attrition trends and projections
- Detailed account of current market share

Financials

- Overview
- Profit/Loss statement
- Current trading
- Balance sheet
- Cash flow statement

Sponsor Overview

- History and milestones
- Legal structure
- Business model
- Corporate vision and strategy

Operations

- Suppliers and procurement
- Production and distribution
- Quality management
- Research and development
- Logistics
- Systems and processes
- Marketing and sales
- ABC analysis

Industry

- Industry structure
- Competitors
- Competitive position
- Strategic position

Outlook

- Summarize existing state of affairs
- Highlight long and short term goals
- Summarize main strategies utilized in market trends
- Summarize main growth strategies

Business & Project Overview

- Project Overview
- Business units and markets
- Products and services
- Customers, references, and networks

Issues to note for Large Project Information Memorandum

Key Consideration

Preparing a professional Information (or Investment) Memorandum is a vital part of presenting your investment opportunity and can be a springboard to help close a deal especially for Large Projects in Commercial Real Estate, Housing Development, Energy & Natural Resources, Transport Infrastructure, Agriculture and Heavy Industries.

This may be the first time a prospective buyer or investor is viewing your company or project and its offerings, so its value cannot be overstated. Investing in a strong Information Memorandum (IM) quickly establishes credibility and conveys key points about the opportunity through visual and informative content.

Although each IM should be customized to the project and the market it targets, we have drawn up a some key considerations you can use to help impress your investors and to give you an edge to quickly capture their interest on your next project financing opportunity.

Key IM Documentation Issues

1. Readability

One of the most important design components of your offering memorandum design is readability; how easy it is to read your content. Nobody wants to read a wall of text-heavy paragraphs. Make your IM is engaging and accessible by paying careful consideration to:

- Font selection (this includes style, color, weight), simple fonts with good spacing work well
- Use a structured hierarchy for headings, subheadings, paragraph text, etc.
- Make sure your key points stand out with headings or bolded text
- Use bullet points to allow for quick scanning and keep readers focused on highlights that are short and snappy



Key IM Documentation Issues

2. The Project Summary

The executive summary is often considered the most important section of the IM and gives your reader a quick snapshot of the opportunity.

Overview - a concise overview or “teaser” of your project and its unique selling points. It should very quickly help answer the question: why would anyone want to invest or partner in the project?

Investment Summary – key points that summarize the investment opportunity including offering price, price/unit, price/sqft, number of units and occupancy.

Offering Procedures – include information about the term of sale, how to schedule a tour for the project site and details about the offer process.



Key IM Documentation Issues

3. Use High-Quality Imagery

People and Investors naturally pay more attention to visuals as they bring the project in more realization. Support your content with high-quality, professional photos that **can help evoke emotion** and add a “wow factor” to make for a stronger impression.

Professional photos of your project are *the* most important investment you can make.

Especially for Real Estate and Infrastructure Projects there is need for High Quality Imagery. If you don't have an attractive building, you can rely on aerials, surrounding neighborhood photos and abstract stock images.



Key IM Documentation Issues

4. Writing Style

Don't neglect the writing style of your offering memorandum. It's valuable to think about what you want to convey, and deliver the key concepts **quickly, directly and clearly**. Your writing needs to be articulate, informative and straight to the point.

- Eliminate fluff words ("very", "really") and weak adjectives
- Keep paragraphs short and get to the point quickly
- Include smart, well-written headings and supporting subheadings
- Make sure that grammar, spelling, punctuation and formatting is flawless. It's worth going that extra mile by finding a professional copywriter or editor to review.
- Make no room for clumsy errors that can look unprofessional –edit ruthlessly and check that all the copy is accurate

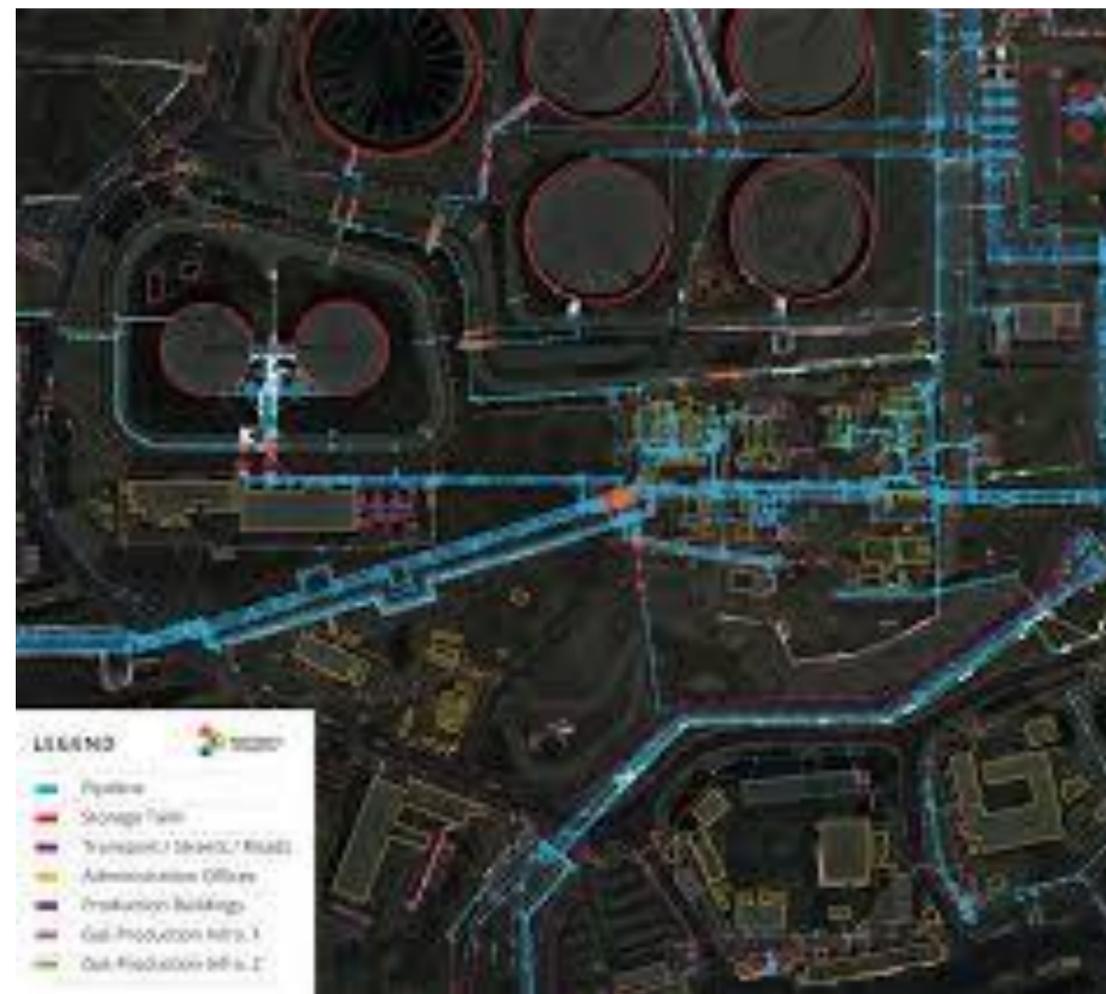
Key IM Documentation Issues

5. Illustrated Maps

Present the location of your project by incorporating a **visual map or aerial of the project** .

If you customize the design with an illustrated map (rather than copy & paste from Google), it not only fits well with the rest of the design, but also looks more professional.

Use an overlay of labels or call-outs on the map to indicate nearby amenities, transportation, and corporate neighbors that surround your project.



Key IM Documentation Issues

6. Project Operating Model

This is a more in-depth section where you can provide more specific information and emphasize key aspects of the project. Its would also include content and data that specifies the advantages of the area in which your project is placed:

Project description that includes the project 's main features and key amenities

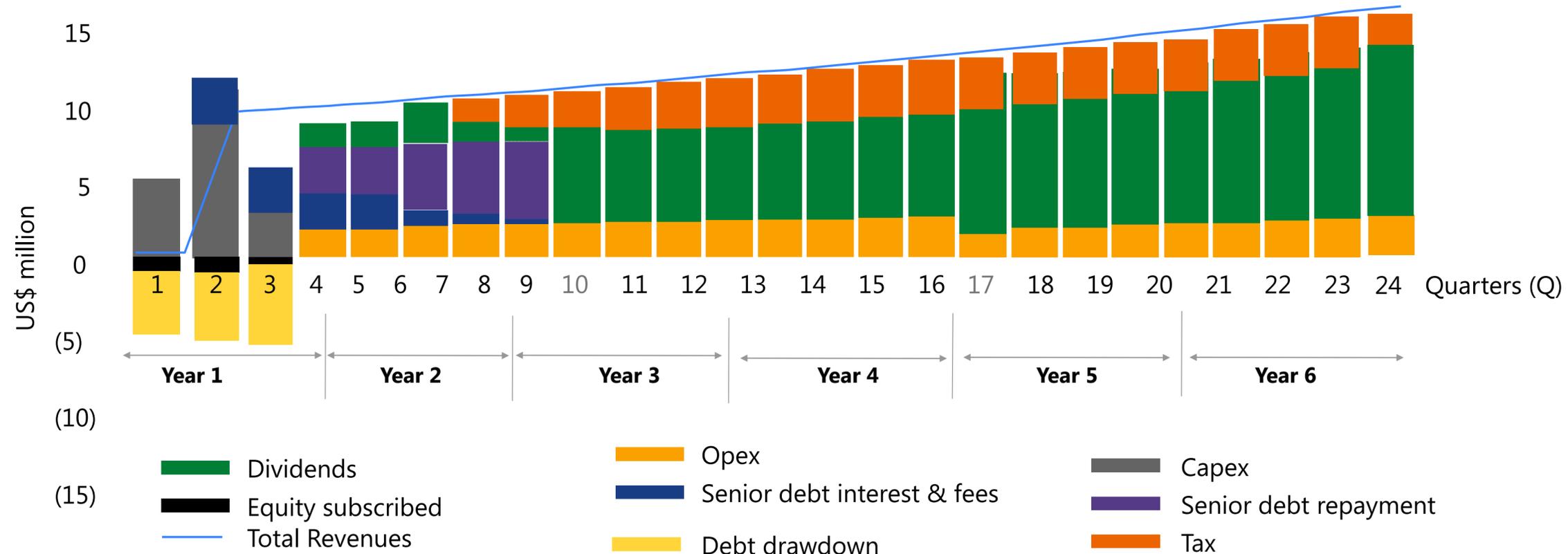
- Project (Plant or Building) specifications
- Location (including maps & aerials)
- Site plan of the Project and Design Information on the Project
- Market overview (local economy, market trends, education, transportation, recreation)
- Local and regional demographics information
- PPP Model or Project Contractual Structure
- Risk and Mitigation Strategies

Key IM Documentation Issues

7. Financial Structuring must be optimal

In structuring a financial plan within the Information Memorandum its important to

- Minimise shareholder funding commitment and maximise project gearing over the life of the project.
- Back-end equity and sub-debt injections during the construction phase.
- Maximise shareholder sub-debt versus equity for optimal financing.



Concluding your Information Memorandum

Next Steps & Call to Action

What do you want your audience to remember about the project opportunity been presented?

- Unique and Sizeable Opportunity
- Unique product or service
- Competitive Advantage, Strengths
- Marketing Approach, Customers, Sales Pipeline
- Management team
- Clear Call to Action

Your Information memorandum is a selling document and the primary purpose is to move your prospects to the next stage of sales cycle. What do you want your prospects to do after they have read through the IM?

Spell this out by including a clear call-to-action at the end of the document to **reiterate exactly what you want them to do next**, and nudge them forward.



Who can help?

Contact us @ Brickstone



“ To deliver results above and beyond the expectations of our clients”

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