BLACKLEAF

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BLACKLEAF CAPITAL & FINANCE

Information Memorandum *Guide*

What goes into a financier-ready information memorandum, how to structure it, and how to keep it accurate, consistent and confidential.

INTRODUCTION

The document *that sells the file.*

An information memorandum, or IM, is the document a financier or buyer reads before deciding whether to engage. It tells the story of the business, supports it with evidence, and states what is being asked.

A good IM answers most first-round questions in advance. A poor one raises new ones and loses momentum. This guide sets out a model structure, what each section must do, and how to review the finished document.

Tell the story

Who you are, what you do and why it works.

Prove it

Numbers, contracts and facts that support it.

Protect it

Disclose in stages, under non-disclosure.

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IM, teaser *and data room*.

Three documents do three different jobs. Do not ask one to do the work of another.

DOCUMENT	PURPOSE	AUDIENCE AND TIMING
Teaser	A one-page anonymous summary to test interest.	Wide list, before any non-disclosure agreement
Information memorandum	A full account of the business and the opportunity.	Qualified parties, after non-disclosure
Data room	Indexed evidence supporting the IM, released in stages.	Short-listed parties, in later rounds

HOW THEY FIT TOGETHER

- ✓ The teaser has no names, and cannot identify the business
- ✓ The IM does not contain anything you are not prepared to prove
- ✓ The data room backs every claim in the IM with a document
- ✓ Each document is released only when the reader has earned it
- ✓ The same facts appear in all three, in the same way

Order matters. Prepare the data room index first. If a claim in the IM has no document behind it, either find the document or remove the claim.

A model *structure*.

Most IMs for owner-managed businesses fit this structure. Adapt the order to the story, not the other way round.

SECTION	WHAT IT DOES	LENGTH
1. Executive summary	The whole case on two pages: business, results, ask	2 pages
2. Business overview	What it does, history, structure, locations	2 to 3 pages
3. Products and services	What is sold, to whom, at what margin	2 pages
4. Market and competition	Where it operates, and how it is placed	2 pages
5. Customers and suppliers	Key relationships, concentration and terms	1 to 2 pages
6. Operations and people	How it is delivered, and by whom	2 pages
7. Financial review	History, current trading and forecast	4 to 6 pages
8. Growth plan	Where the next stage comes from	2 pages
9. The transaction	Structure, use of funds, timetable	1 to 2 pages
10. Risks and mitigants	An honest account of key risks	1 page
Appendices	Supporting schedules and charts	As needed

Lengths are guides. A shorter, clearer document is usually read more carefully.

Business and *market sections*.

The business sections show a stranger what you do, why customers stay, and why it can continue without you.

SECTION	INCLUDE	AVOID
Overview	Plain description, history, ownership chart, locations	Founder biography at length
Products and services	Revenue and margin by line, pricing logic	Features with no commercial evidence
Market	Sourced market data and the segment actually served	Large totals the business cannot reach
Competition	Named competitors and honest positioning	Claims of having no competition
Customers	Top customers by revenue share, tenure, terms	Names without consent or non-disclosure cover
Operations	Capacity, key suppliers, systems, quality control	Process detail that gives away trade secrets
People	Structure, key managers, roles after a transaction	Salaries and personal detail

Customer names. Confirm what you may disclose before naming customers, suppliers or employees. Use descriptions in the early rounds, and names only in later stages and under non-disclosure.

SHOW THE BUSINESS, NOT THE OWNER

- ✓ Roles and processes that run without the owner
- ✓ A second tier of management with named responsibilities
- ✓ Contracts, not relationships, as the basis of revenue where possible

Financial *sections*.

The financial section is the most checked part of the document. Every number should be traceable to a source.

COMPONENT	WHAT TO SHOW	CHECK
Historical results	Three to five years of income statements and balance sheets	Ties to signed statements
Current trading	Year to date against budget and prior year	Ties to management accounts
Normalised earnings	Reported profit to maintainable earnings, adjustment by adjustment	Each adjustment evidenced
Cash flow	Monthly or quarterly, with a profit to cash bridge	Reconciles to balances
Working capital	Debtor, stock and creditor days over time	Matches the ledgers
Debt and security	Facilities, terms, balances and security	Matches agreements
Forecast	Three years, base and downside, with assumptions	Consistent with the plan

RULES FOR THE NUMBERS

- ✓ One set of figures, used everywhere, with one definition of each measure
- ✓ Label every forecast as a forecast, and state the key assumptions
- ✓ Explain unusual years and one-off items in plain words
- ✓ Do not use measures that you cannot reconcile to the accounts

The transaction *and the ask*.

This section tells the reader what you want from them, and what they receive in return.

The proposal

Amount sought, instrument and form: debt, equity, mezzanine or a sale of shares or assets.

Use of funds

A table of uses that adds up to the amount, tied to expected results.

Repayment or return

How a lender is repaid, or how an investor is expected to realise value.

Security and structure

What is offered as security, and which entity is the borrower or issuer.

Timetable

Key dates from first approach to closing, with the assumptions behind them.

Process

How questions are asked, how information is released and who the contacts are.

Be specific on the ask. A reader who cannot tell what is being requested will assume the worst. State amount, structure and timing early, and again in this section.

RISKS AND MITIGANTS

List the real risks, ranked, with the response to each. A document that names its own risks is trusted more than one that is silent about them.

Writing *and design*.

An IM is a business document, not a brochure. Clarity earns more credit than polish.

Write plainly

Short sentences, defined terms, and no unexplained abbreviations.

Lead with the point

Each section starts with its conclusion, then shows the evidence.

Use charts for trends

One message per chart, with a clear title that states it.

Be consistent

Same names, dates, definitions and numbers on every page.

DO	DO NOT
Use sourced data and date it	Use unsourced superlatives
Show both strengths and limits	Present forecasts as promises
Define every measure once	Change a definition between sections
Keep a version number and date	Circulate several versions at once
Have the numbers checked independently	Let the author be the only reviewer

Confidentiality *and control*.

An IM contains sensitive information. Control who receives it, and what they may do with it.

- ✓ Obtain a signed non-disclosure agreement before sending the IM
- ✓ Number each copy, and keep a register of recipients
- ✓ Send electronically with access controls, not as an open attachment
- ✓ Remove information that is not needed at this stage: names, rates, contracts
- ✓ Mark every page as confidential, with the date and recipient
- ✓ Keep a record of questions asked, and of answers given

STAGE	RELEASE	HELD BACK
Teaser	Anonymous summary	Name, location, customers
IM	Business, market, financials	Contracts, personal data
Data room, early	Corporate and financial documents	Sensitive commercial terms
Data room, late	Contracts, employee and legal files	Nothing, for the preferred party

Personal information. Employee, customer and shareholder information is personal information under POPIA. Disclose only what is needed, and only under suitable terms. Confirm the approach with your attorney.

Review *checklist*.

Review the draft against these twelve points before it goes out.

- [ ] Executive summary stands on its own
- [ ] The ask is stated early and clearly
- [ ] Every claim has a document behind it
- [ ] Numbers agree with signed statements
- [ ] Adjustments are listed and evidenced
- [ ] Forecast has assumptions and a downside
- [ ] Risks are named, with mitigants
- [ ] Customers are described, not named, in early rounds
- [ ] Definitions are consistent throughout
- [ ] A stranger could follow the document
- [ ] Confidentiality marks and version control in place
- [ ] Someone independent has checked the numbers

11 to 12
Ready to send.

8 to 10
Fix remaining gaps.

4 to 7
Revise before sending.

0 to 3
Restart the draft.

Next step. BlackLeaf writes and reviews information memoranda as part of capital and sale mandates, and builds the data room to match.

ABOUT BLACKLEAF

Begin with a *private conversation*.

BlackLeaf is a family-owned group offering corporate advisory, capital solutions, mergers and acquisitions, fiduciary services and family office support. Every mandate is led by a principal.

Capital Readiness Protocol

Finds and fixes structural defects before a financier or buyer does.

Capital & finance

Debt, equity and structured funding, placed with the right financiers.

Fiduciary & statutory

Compliance, trusts and company secretarial work, kept in order.

OUR COMMITMENTS

- Absolute discretion: mutual non-disclosure before any detail is shared
- One integrated team across advisory, capital and fiduciary work
- Led by a principal from first conversation to completion

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