

# GUIDE FOR COMPANIES

The investment market is evolving. Get involved.

## InvestingZone guide for companies

InvestingZone is a web-based platform which enables companies to sell shares in their company in return for cash; Equity Crowdfunding.

Raising investment on any equity platform is very much the same as raising money from an angel network, it's just more of a public affair and is an excellent way of preparing a company for a public listing at a later stage.

Companies wishing to raise investment by selling shares for cash must understand they will be offering certain rights to shareholders, including rights under the Companies Act.

### What is equity Crowdfunding?

If you've ever watched Dragon's Den you'll have seen Peter Jones, Duncan Bannatyne and the others saying "I'm in" or "I'm out" to the companies which are pitching to them. In doing so, they're agreeing (or not) to buy a certain percentage of the company for a given amount of money. When a company raises money through InvestingZone, the principle is just the same – it offers a percentage of its share capital in return for a fixed amount of money. Like Dragon's Den it's "all or nothing" – if the company can convince enough investors to commit to invest then it will receive its money and will issue shares in return. If not, it leaves with nothing.

The key difference is that whereas companies which pitch to Dragon's Den (or to any traditional business angel network) will raise their entire funding requirement from one or two very rich people, or perhaps from a venture capital fund, InvestingZone allows lots of people to invest smaller amounts of money. Essentially we aim to open up the world of early stage investing, and the tax reliefs which go with it to eligible members of the public – i.e. "the crowd".

## Your application

To raise investment on the platform you need to follow three simple steps:

1. Decide how much funding you want to raise and how many shares you are willing to offer for sale;
2. Register at InvestingZone as an entrepreneur;
3. Once you have registered, upload your company details and investment proposition onto the secure pitch creation area of the platform.

\*make sure that the company has sufficient number of shares in issue so when allocating shares to shareholder we don't end up with fractions of shares.

## Assessment of your pitch

When you have uploaded the required information about your company and its business objectives to the platform, InvestingZone will assess your pitch on the basis of two main criteria:

1. Is it fair, clear and not misleading?
2. Does it provide a compelling case for investment at a realistic price?

If your pitch meets these criteria, it will be approved for a listing. By listing the company your pitch details will be visible to potential investors.

If your application is rejected it doesn't necessarily mean we believe your company has problems. It could be that the information you provide lacks clarity or that we don't think your pitch is likely to result in a successful fundraising.

At that stage and depending on our assessment of your data, in some circumstances we will suggest modifications or we may feel the company would benefit from working with a business coach to improve your chances of accessing finance before listing at a later date.



## Going “live”

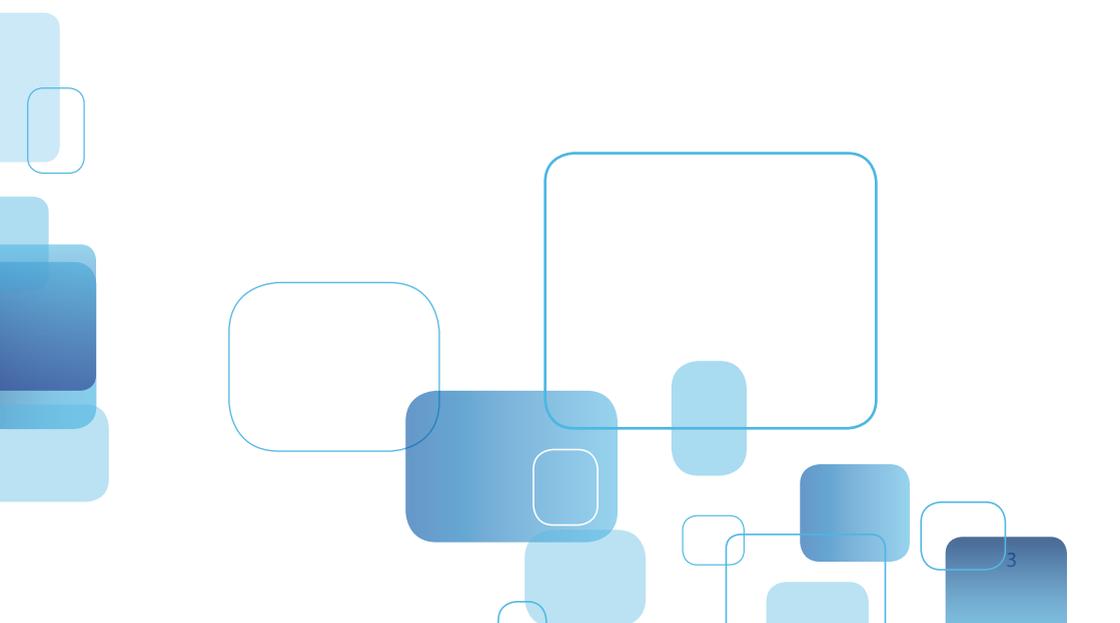
From the date your pitch goes live, crowd investors will have full and unrestricted access to the information you have provided. Your pitch will remain on the platform until investors have pledged 100% of your required investment provided that this does not take longer than two months. This can be extended at the discretion of the InvestingZone team.

Any investors who have missed the opportunity to invest at the point the company reaches 100% will go on a standby list.

The reason for the standby list is that some investors who have pledged amounts may change their mind before the money is transferred and it is important that your company raises the amount it needs to successfully close the investment round.

## Completion

As soon as sufficient funds have been pledged, your pitch closes and we arrange for the legal process to start. InvestingZone has nominated solicitors who act directly for your company, as their client. The nominated solicitors understand the crowd equity-raising process which is important to conclude the process efficiently. A copy of the standard shareholders agreement can be downloaded [here](#).



## What happens if the pitch does not raise the required investment?

If the amount pledged within the two-month pitch period is well short of the amount required, the pitch expires. Your company details will be removed from the platform and there is no further obligation on the part of your company or InvestingZone. We will inform, by email, everyone who has pledged any investment, that the fundraising has not been successful.

If the amount pledged during the pitch period exceeds 80% of the required investment, or there are special circumstances, we may agree to extend your pitch period by a further month. You will be notified of this and it will be announced on the platform.

## Our charges

InvestingZone will charge your company a fee of 5% of the total investment raised. Our fee will be deducted from the amount raised on completion of the deal. The remaining investment will be paid directly to your company. InvestingZone's fee does not include fees for the use of the GoCardless payment gateway (0.5% of funds transferred) or legal costs, which are payable separately to your own lawyers.

InvestingZone will also take options over 1% of the shares you sell to crowd investors. So, for example, if you sold 15% of your shares on the platform, InvestingZone would be granted options over 0.15% of the company's shares.

See [here](#) for further info.



## After completion of your investment

Once the deal has been completed, it will be your responsibility to issue share certificates, keep your new shareholders informed of progress, arrange shareholder meetings and generally meet all the obligations to shareholders required by law and by good governance.

InvestingZone would of course like to hear of your successes and to publicise them on the platform. We encourage all companies to maintain good investor relations and hope that companies will post their financial updates on the site.



If you have any further questions about InvestingZone and how it works, please read our [FAQs](#). If they don't answer your questions, please email [help@investingzone.com](mailto:help@investingzone.com)

