



INVESTEES

INFORMATION

Thanks for your interest in Angel HQ! This document details our investment process and terms upon which Angel HQ operate. You must agree to these terms prior to attempting to raise funding from Angel HQ. It also provides a description of the various roles the parties play in the process and contact points for applicants if there are any questions.

You should note that this 'process' will vary according to the level of investment readiness of the applicant and whether Angel HQ members are the lead investor or co-investing.

Why Angel HQ?

Angel HQ will bring money (usually from \$50,000 - \$1,000,000), and more importantly, **experience**, into your company.

- You will have access to a pool of knowledgeable investors. They may mentor you and sit on your Board of Directors, provide industry experience, global networks, corporate governance and knowledge which will enable you to accelerate your company's growth.
- Our club is firmly connected to the wider angel industry in New Zealand – we're the Wellington access point into the angel network of investment clubs.
- Angel HQ uses a process based on the prestigious angel network in the US, Tech Coast Angels. TCA is rated in the US as the 8th most active 'venture investor.'
- Success to us is defined by our club member's satisfaction in doing great deals and putting something back into our business community AND by seeing your company grow as a result of engaging with us. Your primary concern might be to secure funding but we can also help with commercial introductions and connections to accelerate you too.

The Parties

The applicant and Angel HQ are aligned in their respective desire to grow companies. Each however has different roles to play and within Angel HQ there is a difference between 'management' and 'members'. Here is a description of the various roles of Angel HQ:

Angel HQ

- General Manager – leads Angel HQ's organisation and oversees the application process. First contact point for applicants and where there are any concerns.
- Pre-Screen Member (s) – Angel HQ Member(s) who meet with applicant at application stage and makes recommendation as to whether it moves to the next phase.
- Champion – Angel HQ' Member who is often the Pre-Screen Member who champion's the applicant in the Presentation phase, coaches the company on the presentation and introduces to the Club.
- Due Diligence Team – Angel HQ' Members who work together conducting Due Diligence on the applicant.
- Investor Representative – Person who is appointed by Angel HQ investors to the Board of the applicant to represent their interests.

Drop Sheet

No enquiry can enter the process until a drop sheet is completed via Angelsoft. It is our experience that this level of information is required to assess as early as possible whether this is an opportunity that it wishes to pursue. You can access Angelsoft here <http://angelsoft.net/angel-group/angel-hq>

Due Diligence

If the applicant and Angel HQ wish to 'enter Due Diligence' following the Follow Up Meeting, the applicant agrees to work exclusively together during this time with the Club Members co-ordinating the process to enable the Due Diligence team to understand all necessary information for the purposes of making an investment. All efforts will be made to ensure that the Due Diligence period is managed efficiently and in an appropriate time frame.

Transaction Costs

There will generally be two types of costs relating to the capital raising transaction:

Commissions

Angel HQ charges a 4% commission on the capital raised for the company (including co-investors) which is payable on settlement in cash.

There may be other 'commissions' that the Company is liable for as part of the Transaction. For example, Escalator, New Zealand Trade & Enterprise's fundraising service charge a 'brokerage' fee on a sliding scale basis and Creative HQ have a commission for its resident companies as part of its residency agreement. In the case of Creative HQ companies, the 'total' commission for Angel HQ deals will be 4%.

Professional Fees

These costs relate to third party legal and professional fees to complete the deal. It is Angel HQ policy that these costs are met by the applicant company. Angel HQ have however created systems and procedures which enable this process to be streamlined and the resultant cost to be minimised. If the applicant is 'investment ready' the transaction fees could be as low as \$5k and if not, as high as \$40-50k. There may also be the situation where the investors will cover the transaction costs i.e. if it is a seed investment less than \$100k.

Break Fee

If the applicant breaks the deal during the due diligence period there is a one off break fee of \$5,000 plus any professional fees incurred to that point which the Company is liable for. We take this process and our commitment to your capital raising very seriously and expect you do to the same. Angel HQ's focusing on your business to carry out due diligence adds real value and takes a lot of time. The Break Fee ensures you think before committing to Angel HQ process.

Indicative Investment Terms

Angel HQ' have a standard set of investment terms upon which it will agree to invest. Angel HQ prefer to have these terms agreed prior to the commencement of Due Diligence, with some amendment possible as a result of the Due Diligence process.



APPLICANT ACKNOWLEDGEMENT

1. We wish to apply to Angel HQ for the purposes of raising funding.
2. We agree to adhere to the terms & conditions attached to this acknowledgement including the Commissions payable.
3. We have completed an online application via Angelsoft.

Applicant Signature: _____

Company/Venture Name: _____

Person Name: _____

Applicant Signature: _____

Company/Venture Name: _____

Person Name: _____

Date: ____/____/____

Fax to: GM Angel HQ, 04 382 0098



COMPREHENSIVE INVESTMENT PROCESS

Applicant progress	Activities	Timeline
1. Application	<p>Applicant contacts Angel HQ</p> <ul style="list-style-type: none"> ▪ Email marie-claire.andrews@growwellington.co.nz ▪ Applicant submits signed application with acknowledgement to terms signed. <p>Angel HQ GM reviews application.</p> <ul style="list-style-type: none"> ▪ If opportunity is not ready, or poor fit, feedback to company. ▪ If opportunity is not ready, application is loaded into AngelSoft for viewing by club members at their leisure. ▪ If opportunity is ready, moves to Pre-screening assessment. 	<ul style="list-style-type: none"> ▪ Applicant readiness determines. ▪ 5 working days
2. Pre-screening assessment	<ul style="list-style-type: none"> ▪ Minimum 2 Angel HQ review application & meet with company ▪ If opportunity is not ready, or poor fit, feedback to company and inform Angel HQ GM ▪ If opportunity is ready, then applicant moves to Presentation phase. ▪ Angel HQ GM & Angel HQ Pre-screeners assist applicant with presentation & 'champion' their proposal. ▪ Applicant receives support to develop content via Escalator Pitching workshop, and to develop style via professional presentation services. 	<ul style="list-style-type: none"> ▪ 10 working days ▪ Timing dependent on readiness of applicant & date of next investment evening

3. Presentation	<ul style="list-style-type: none"> ▪ Applicant introduced to Club at a presentation meeting. ▪ If interest is received at the presentation, the first step is a Follow Up meeting. If there is not sufficient interest Angel HQ GM will advise the applicant. 	<ul style="list-style-type: none"> ▪ 2 monthly
4. Follow Up Meeting	<ul style="list-style-type: none"> ▪ Follow Up meeting held 1-2 weeks after presentation at which key issues are addressed. ▪ Interested Angel HQ members determine whether to proceed with Due Diligence. 	<ul style="list-style-type: none"> ▪ 10 working days
5. Due diligence	<ul style="list-style-type: none"> ▪ Agreement to enter Due Diligence and indicative investment terms agreed.. ▪ Due Diligence is conducted. ▪ Opportunity advances if 2 of more members are willing to invest on terms agreed with the applicant in a Term Sheet. 	<ul style="list-style-type: none"> ▪ 10 working days ▪ 60 working days max
6. Investment presentation	<ul style="list-style-type: none"> ▪ When 2 members have committed to invest & executed a final Term Sheet, the terms of investment are brought back to the club for wider investment. 	<ul style="list-style-type: none"> ▪ As required, deals normally open for 30 days.
7. Settlement	<ul style="list-style-type: none"> ▪ Investment documentation. ▪ Legal Review and Board Signoff. ▪ Settlement. 	<ul style="list-style-type: none"> ▪ 20 working days.

Notes:

This process will vary according to the level of investment readiness of the applicant and whether Angel HQ are leading the investment or co-investing

