

PSP

■ VENTURE CAPITAL



PSP's Main Practice Areas:

- Taxes
- Annual Audits
- Family Office
- M&A / Corporate Finance
- Succession
- Foundations
- Real Estate
- Value Added Tax

Further PSP Practice Areas:

- Employment and Labour Law
- Corporate Pensions
- Electronic Invoicing
- Films and Media
- Company Law
- Intellectual Property
- Industrial Distribution and Supply Relationships
- IT Audits
- Consolidation / Insolvency Law
- Venture Capital
- Transfer Pricing

Especially in the start-up and growth phase, the success of young companies depends largely on their financial situation. While they are particularly dependent on having a solid capital base, they are generally unable to offer the collateral required for debt financing. This is precisely the gap venture capital funding fills. Companies are provided with urgently required equity which they would be unable to obtain through traditional funding channels.

Venture capital funding means the early-stage financing of young, normally technology-oriented businesses by means of private venture or risk capital. Private or institutional investors mainly provide traditional equity or mezzanine capital. The venture capitalist and the target company enter into a strategic partnership for a limited period in which the investor frequently also offers assistance on management issues to the company's management. Compared to lenders, venture capitalist assume a greater risk. In return, however, they profit more if the company performs well. Venture capitalists are normally structured as funds and seek to realise their investment after about two to five years – generally in the form of a sale (trade sale) or IPO.

In this situation, the differing interests of the venture capitalist, target company and current shareholders come up against each other. It is therefore especially important to regulate the legal relationships of the parties involved together with all transaction-typical features in a detailed, professional manner that takes account of market customs. In this area, PSP can draw on many years of experience and is outstandingly well networked in the venture capital community.

PSP's range of services includes:

- Advising financial investors, including consortiums, on financing rounds of target companies
- Advising target companies on all financing rounds, including interim and follow-on investments, mainly from the start-up phase (in rare cases also in the seed phase)
- Legal, tax and operational structuring and implementation of investment projects, including initialisation of venture capital funds
- Representation in the preparatory and implementation stages of an exit, including due diligence
- Tax-efficient structuring of employee stock option programmes
- Providing ongoing legal advice to the target company, including employment law, tax law and intellectual property rights
- Preparing contract documentation



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