

Time limit: Three hours

Calculators are accepted

Answer all questions and I would very much appreciate if you could pay attention to your handwriting!

- 1) Provide valuation calculations including ownership percentages and other relevant information for the following scenario (including both venture capital investment rounds):

An entrepreneur, John Holland, owns 100% of a company called Destro Ltd. After two years John decides to sell 25% of the company to Nick Graham (in other words, John owns 75% of the company and Nick 25 % of the company after the transaction)

Two years after the transaction Destro's premoney valuation is considered to be 6 MEUR. During the first round of VC financing Destro raises 2 MEUR equity and 1 MEUR debt financing from Alfa partners, a Venture Capital firm. Again, after two years Destro raises additional 2 MEUR equity financing and 2 MEUR debt financing Gamma Venture Capital Firm. Premoney of the second round is considered to be 12 MEUR. (10p)

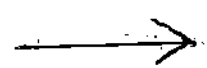
- 2) Read posting from Techcrunch.com (April 13) below and speculate whether this is a traditional Venture Capital investing case. What do you think, are entrepreneurs satisfied and what about Venture Capitalists?

Groupon Raises Huge New Round at \$1.2 Billion Valuation (Updated)



Fast growing Groupon, fresh off a \$30 million round of financing that valued the company at around \$250 million, is back raising new money. They have closed or are in the process of closing new venture money at a \$1.2 billion valuation, say multiple sources.

Groupon offers a daily deal in several cities each day, offering steep discounts of 40 to 90% off a variety of services (i.e., spas, restaurants, etc.), if enough people buy the deal, everyone gets it, if it doesn't reach a critical mass, no one gets the deal. The site has accumulated 3 million subscribers and currently manages roughly 40 markets. 3 million "grouppons" have been purchased since November 2008, says the company.



- 3) Explain the following terms (maximum length of an answer (per term) is ¼ page) (2p each)
- a) Private equity
 - b) FVCA
 - c) Sweat equity
 - d) Covenant
 - e) Liquidation
- 4a) What kind of business areas and sectors venture capitalists (VCs) invest in and why? (5p)
- 4b) What about business angels, is there a difference between VCs' and business angels' investment behaviour? (5p)

Good luck!