



FAQ

WHAT IS AN INDICATION OF INTEREST LETTER?

An **Indication of Interest (IOI)** is an early-stage letter that expresses a company's interest in acquiring another business or exploring a merger. It is often one of the first formal steps in the M&A process and serves to open discussions between the parties.

What an IOI Typically Includes:

- Information about the acquiring company (financial position, strategic objectives)
- Proposed terms of the transaction (purchase price, structure, conditions, contingencies)
- Timeline or expectations for moving forward

Purpose of an IOI:

- Signals serious interest without being a binding commitment
- Opens the door to negotiation and due diligence
- Gauges whether the seller is open to pursuing a transaction

Best Practices:

- Should be written clearly and concisely to avoid misunderstandings
- Needs to be backed by financial and operational analysis of the target company
- Should be crafted with input from legal and financial advisors to ensure the proposal is viable and credible

An IOI is not a binding contract—but it sets the tone for negotiations and can significantly influence the direction and outcome of an M&A deal.

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