

Disclosure Integrity, Credibility and Bankability

How Transactions Can Fail Before They Begin

A practical note on how credibility is formed — and lost — in institutional capital processes.

1. The Unspoken Reality

In institutional capital allocation and investment decision-making, outcomes are not determined solely by the underlying quality of a project. They are determined to a significant degree by the perceived *reliability* of the information presented about that project, and of the sponsor or issuer presenting it.

In investors' initial screening of deals, before financial models are scrutinized, before contracts are reviewed, before formal due diligence begins, and long before investment terms are negotiated, investors form an initial judgement: *“Do we trust what we are being shown?”*

This judgement is rarely stated explicitly. It is, however, decisive.

Developers, project sponsors and issuers that pass this credibility threshold move forward into serious engagement. Projects that do not are quietly deprioritized, delayed, brushed away, or abandoned.

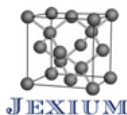
2. The Credibility Threshold

Every transaction must cross an implicit credibility threshold.

This threshold is not defined by any single document or disclosure. It is formed by the overall clarity and coherence of the information set presented by developers / issuers to investors.

Key determinants include:

- Consistency across documents and presentations
- Alignment between claims and evidence
- Precision and accuracy of status assertions and definitions (e.g. executed, agreed, under negotiation)
- Transparency and honesty regarding risks, gaps or uncertainties
- Governance of the processes for preparation and validation of materials



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Importantly, credibility is assessed holistically. A single inconsistency or overstatement is rarely treated as an isolated issue. It is interpreted as a signal about the reliability of the entire disclosure set.

3. Common Failure Modes

In practice, many project or investment proposals do not fail due to fundamental flaws in concept or economics. They fail because of avoidable weaknesses in preparation and disclosure integrity.

Some typical examples include:

3.1 Misrepresentation of State

Statements such as:

- “Agreement signed”
- “Suppliers contracted”
- “Permits obtained”

...when agreements are still only verbal, under discussion, under negotiation, conditional, or not yet executed.

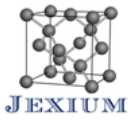
Even when intended as a shorthand statement of aspiration or intent, such statements materially misrepresent project state. When uncovered by an investor, they will typically bring their review to an immediate and negative conclusion.

3.2 Evidence Gaps

When claims and assertions are made without corresponding documents for verification, or with documentation that does not substantiate the claim.

Examples include:

- Referring to agreements without providing executed copies
 - Presenting summaries that differ from underlying documents
 - Omitting key contractual conditions or limitations
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3.3 Inconsistent Narratives

When different documents or different parts of the same document describe the same element of the project in different ways.

Examples:

- Varying timelines across presentations and reports
- Different counterparties referenced for the same function
- Divergent descriptions of project scope or configuration

3.4 Ambiguous Status Labelling

Failure to clearly distinguish precisely and consistently between contracts and agreements which are:

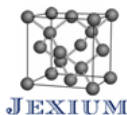
- executed
- agreed in principle
- under negotiation
- indicative / conceptual

This ambiguity introduces uncertainty where clarity is required.

4. How Investors Interpret These Signals

It is important to understand that serious investors do not interpret these issues as minor documentation imperfections, typos or drafting flaws. They interpret them as indicators of underlying governance and management risk:

Sponsor presents...	...Investor infers
Overstated status	Weak disclosure discipline
Incomplete documents	Lack of process control
Missing documents	Ignorance of market expectations
Inconsistent information	Absence of a single source of truth
Ambiguity	Elevated execution risk



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When an institutional or corporate investor encounters these, a critical shift in perception ensues: The discussion moves from *“Is this a good investment which fits our mandate?”* to *“We can’t rely on what we are being told — what else might go wrong?”*

Once this shift occurs, recovery is likely impossible.

5. Consequences for Transactions

The consequences of weak disclosure integrity are predictable and seen every day in the market:

- Silent disengagement from investor pipelines
- Prolonged due diligence with no clear path to closure
- Increased scrutiny, legal and re-verification costs
- Adverse structuring outcomes (pricing, covenants, conditions precedent)
- Loss of credibility in the market, across institutions
- Potential legal liability, particularly in regulated environments

In European contexts, and increasingly globally, sustainability and disclosure frameworks reinforce this dynamic.

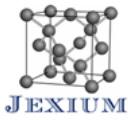
Disclosure integrity is not merely a “good practice” — it is a regulatory expectation.

6. The Correct Approach

Strong projects do not rely on the quality of presentation graphics and tables to achieve bankability. They rely on honest and disciplined disclosure, supported through multiple layers of underlying documentation.

This requires a structured approach:

- Treat all statements as claims which must be verifiable
- Link each claim to:
 - supporting documentation
 - clearly defined status



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- responsible ownership
- Explicitly identify:
 - gaps
 - inconsistencies
 - unresolved items
- Maintain a single, consistent and verifiable source of truth across all transaction materials

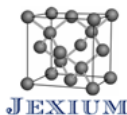
Bankability is not achieved by narrative or assertion of readiness — it is achieved by the **progressive and systematic resolution of uncertainty** until investment is the only logical outcome.

7. Practical Guidance for Clients

The following principles should be applied consistently:

- Do not describe any agreement as “signed” unless it is fully executed by all parties
- Clearly distinguish between committed, conditional, and prospective arrangements
- Ensure alignment between all documents referencing the same subject
- Provide underlying evidence for all material claims
- Maintain consistency across presentations, reports, and data rooms
- Track and disclose unresolved issues explicitly
- Avoid “optimistic shorthand” in investor-facing materials

These practices do not weaken a project presentation, they strengthen it — and your — credibility.



8. Conclusion

Serious institutional and strategic corporate investors do *not* expect perfection, but they DO expect:

- clarity
- honesty
- awareness of what is present and what is yet missing
- awareness of uncertainty and control over the process of eliminating risks

Projects that demonstrate these characteristics from the initial introduction progress, and projects that do not, do not — regardless of underlying potential.

Misrepresentation — whether intentional or not — is interpreted as a signal of dishonesty or of weak or non-existent governance, not a drafting or documentation issue.

In this context, disclosure integrity is not a peripheral concern - It is a central determinant of whether a transaction proceeds at all.

This Guidance Note is not meant to be exhaustive, but to raise clients' awareness of the subject matter and to prompt further discussion and detailed consideration in the preparation of projects for financing.

For further information, please contact us
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