GREENLINE
VENTURES

GZ Impact Fund

OVERVIEW

Greenline Ventures manages a $60 million structured credit/equity fund ("GZ Impact Fund" or "Fund") to provide senior and subordinate loans and in certain situations, direct equity investments, to growing private companies that are based in the state of Colorado. Greenline serves as the manager of the Fund and all the underlying investments will be serviced and managed by Greenline's in-house asset management team.

The Fund is able to invest in virtually all industries with a few exceptions[1] and is targeting high-growth companies that are either (a) too early-stage for traditional banks, (b) too small for private equity firms, and/or (c) seeking growth capital above and beyond what its bank can provide and/or is much less dilutive than traditional private equity investments. Fund borrowers are anticipated to be generating revenue at the time of investment (though, in select cases the Fund may invest in companies that have not yet generated revenue) and have a solid business plan that anticipates being EBITDA positive within 12 to 24 months.

PRODUCTS

The Fund provides customized solutions based on the capital needs of the underlying companies. Investments are primarily in the form of "structured debt with warrants", which refers to debt instruments (senior, subordinate or Unitranche loans) that are coupled with an equity component, including warrants, options or other rights to purchase common or preferred stock in the company. The "structured debt" will typically be secured by some or all assets of the underlying company. To a lesser extent, the Fund will invest in senior debt (without warrants/equity) and direct equity (non-controlling interests, either preferred or common). Investment sizes range from $500,000 to $5 million, though amounts outside of this range can be considered on a select basis.

INVESTMENT PURPOSE

The Fund can make loans/investments for a variety of purposes, including:

- Growth capital and general working capital
- Acquisitions or expansion into new markets
- Equipment purchases
- Refinancing higher interest-rate debt or reducing trade payables
- Equity recapitalizations (in certain circumstances)

PRICING

Following is a general summary of the pricing for the Fund's structured debt investments:

- **Interest Rates:** 10% - 17%, depending on the company's stage, risk profile and investment position (senior or subordinate). Note that the interest rate may be structured with a portion being paid current, and the remaining can either accrue (PIK) or be paid current at the company's option.
- **Commitment Fees:** 1-3%
- **Terms:** 12 to 48 months, with longer terms (and extension options) considered on a case-by-case basis.
- **Amortization:** Varies based on numerous factors (risk profile, existing bank covenants, etc.) but will generally have an interest only period followed by an amortization schedule.
- **Exit Fees/Prepayment:** Prepayments will generally be allowed without penalty. Exit Fees will typically be 0% but may be higher, including a lookback feature, depending on overall terms.
- **Warrants/Equity Participation:** If appropriate, the Fund will seek to obtain warrants to acquire an equity interest in the company. The amount of such warrants will generally be a function of the investment amount (5-20% "coverage") and the exercise price for the warrants will vary from nominal (penny warrants) to a price that is at or above the current fair market value of the equity (for earlier stage companies, this will often be determined by latest equity round).
- **Security:** A senior or subordinated interest in most or all company assets, with unsecured loans considered on a case-by-case basis.

For more information, please contact Fred Koch at fred.koch@greenlineventures.com or at 303.586.8002

[1] The Fund will not make investments in businesses involved in mining, fossil fuel extraction, gambling, alcohol, tobacco or marijuana.