



OVERVIEW: SEED Venture Finance, LLC is a private investment firm specializing in subordinated debt, senior debt and equity investments in small and medium sized businesses. SEED Venture Finance manages SEED Ventures L.P., a \$20 million Small Business Investment Company ("SBIC") focused on investments in Southeastern Massachusetts and Rhode Island.

As an SBIC, SEED Venture Finance invests in companies that meet the SBA's definition of small businesses:

- ◆ Net worth of \$18 million or less
- ◆ An average net income in the last two years of \$6 million or less

SEED Venture Finance invests in companies with solid management, proven products and services and strong growth potential. SEED typically invests between \$250,000 and \$1.25 million in the form of subordinated debt with warrants. In certain situations, SEED will consider other investment structures including: equity, senior debt and royalty-based financing. SEED has relationships with other investors that allow it to accommodate larger transactions.

INVESTMENT CRITERIA: SEED Venture Finance looks to identify exceptional investment opportunities by targeting companies with the following attributes:

- ◆ Solid management team with demonstrated record of performance, experience, and integrity
- ◆ Management team with a significant equity stake
- ◆ Defensible market position or proprietary technology
- ◆ Annual sales of \$1.5 million or more
- ◆ Positive cash flow
- ◆ Significant growth potential
- ◆ Sufficient resources to service debt and provide collateral

Typical situations where SEED Venture Finance financing is applicable include:

- ◆ Strategic acquisitions
- ◆ Buyouts by internal or external management teams
- ◆ Recapitalizations to provide shareholder liquidity or inter-generational wealth transfer
- ◆ Patient capital to support growth
- ◆ Equipment and owner occupied real estate purchases

INVESTMENT STRUCTURE: SEED Venture Finance typically invests between \$250,000 and \$1 million, although larger transactions can be accommodated through a co-investment partnership with another financial institution. Each transaction will be uniquely structured to meet the specific situation. However, the terms below are representative of the typical structure of SEED Investments.

- ◆ Interest coupons of 12% - 14%
 - ◆ Up to 2 year interest only period
 - ◆ Nominally priced and detachable warrants, or a similar equity-related security, representing a minority ownership position in the borrower
 - ◆ Final maturity not to exceed 7 years
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- ◆ Amortization will be in amounts sufficient to result in a balloon payment no greater than 30% upon final maturity
- ◆ A first or best lien on all assets, and in some cases a pledge of stock
- ◆ 2%-3% processing fees

**INVESTMENT
PROCESS:**

The investment process formally begins with the submission of a business plan which includes:

- ◆ A brief overview of the company
- ◆ Experience and background of key management
- ◆ A description of the company's products or services
- ◆ An analysis of the served market, its size and growth prospects
- ◆ An evaluation of the competitive environment
- ◆ A discussion of the company's strategic plan
- ◆ Financial history and projections
- ◆ Amount of financing required and the proposed use of the funds
- ◆ Personal financial statement for principals

SEED's due diligence process includes meetings with management and onsite visits. Investment opportunities which have the support of SEED's management are presented to SEED Investment Committee for review and final approval.

**BANKING /
FINANCIAL
PARTNERS:**

The following local and national institutions have contributed capital to SEED Ventures LP.

- ◆ Benjamin Franklin Bank
- ◆ Bristol County Savings Bank
- ◆ Bridgewater Savings Bank
- ◆ Eastern Bank
- ◆ Citizens Bank of Massachusetts
- ◆ Citizens-Union Savings Bank
- ◆ BankFive
- ◆ Bank of America Community Development Corporation
- ◆ Greater Fall River Development Corporation
- ◆ TD BankNorth, N.A.
- ◆ The Life Insurance Community Investment Initiative, LLC
- ◆ The Property Casualty Initiative LLC
- ◆ Rockland Trust Company
- ◆ Slade's Ferry Bank
- ◆ Sovereign Bank, FSB
- ◆ Strata Bank
- ◆ Webster Financial Corporation

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