



Breakwater

Structured Growth Opportunities Fund, LP

FUND SUMMARY

OVERVIEW

Breakwater Investment Management, LLC has established Breakwater Structured Growth Opportunities Fund, LP (“Breakwater” or the “Fund”), a private investment partnership organized under Delaware law. The Fund’s principal objective is to generate both current income and capital appreciation through direct placement of senior or subordinated secured debt and, in some instances, convertible debt securities in hyper-growth private and public companies. Breakwater will approach each investment opportunity with a customized, risk-adjusted model, utilizing a range of transaction structures designed to yield a secured base return with upside potential for significant capital appreciation. Equity participation will include, but not be limited to, conversion rights and options/warrants to purchase common or preferred stock. Breakwater typically will invest \$1 million to \$10 million in each of its principal transactions. In addition to principal capital commitments, Breakwater will provide strategic advisory and operational experience to support these growth companies in building world-class enterprises.

Breakwater focuses its investments on the small-capital markets, companies that have annual revenues between \$5 million and \$100 million and/or an enterprise value of less than \$100 million. These companies are becoming increasingly underserved in the capital markets as traditional lower middle-market investment firms have amassed significantly greater assets under management, mandating them to compete for larger deal opportunities. The net result from this focus by debt and equity funds on larger deal opportunities has left smaller, growth-oriented companies “orphaned” by the capital markets with limited alternatives to fuel their growth plans. Breakwater intends to capitalize on this opportunity by utilizing its investment expertise to identify best-in-class opportunities and finance structured asset-backed debt investments that meet the unique growth needs of these smaller private and public companies.

INVESTMENT CRITERIA

Breakwater will invest in private and public companies in the small-capital markets that meet the following attributes:

- Annual revenues of \$5 million to \$100 million
- Cash-flow positive; at least 3 years of historical operating performance
- Experienced management team with an excellent track record of building companies
- Proven business model with exceptional long-term growth prospects

Breakwater has a generalist investment approach, but the following industry categories highlight prominent sectors of interest:

Healthcare/Medical Device	Business/Financial Services
Consumer Products/Specialty Retail	Energy/Alternative Energy
Information Technology/Telecom	Industrial/Manufacturing



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TRANSACTION TYPES

Breakwater seeks investment opportunities that serve the long-term growth and liquidity objectives for the respective companies. Breakwater expects its flexible investment approach to provide capital in a variety of opportunistic financings:

Growth Capital

Capital support for business plan and expansion initiatives

Recapitalizations

Improvement of capital structure, preservation of cash flow

Acquisition Financing

Capital support for contingent merger or acquisition event

Bridge Financing

Short-term working capital to a foreseeable recapitalization event

Liquidity-based

Provides partial liquidity event for owners, while maintaining a significant equity stake in the business

TRANSACTION TERMS

The general parameters for a typical Breakwater investment include:

Investment Size:	\$1 million to \$10 million
Security Type:	Senior Secured or Senior Subordinated
Interest Rate:	12% to 18% per annum; fixed rate; payable monthly/quarterly, may include PIK
Maturity:	1 to 3 years
Amortization:	None (100% of principal due at maturity) to 5-year fixed-line amortization
Equity Features:	Warrant or option to purchase 5% to 20% minority interest in common and/or preferred stock

DISCLAIMER

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This document should not be considered an offer to sell interests in Breakwater Structured Growth Opportunities Fund, LP or in any fund managed or advised by Breakwater Investment Management, LLC, or a solicitation of an offer to purchase such interests. Any such offer or solicitation will be made only by a Confidential Private Placement Memorandum.