



DESTINU GUHAHN VENTURE CORPORATION INFORMATION SHEET | PAGE 1 OF 3

A Venture Capital Fund provides matching investment in proven, professionally managed private equity and venture capital projects located on Guam, that commit to aggressive and viable deal prospecting, and direct investment in Guam companies.

The U.S. Department of the Treasury announced that Guam will receive up to \$58 million to administer three (3) programs as part of the State Small Business Credit Initiative (SSBCI). As part of the allocation, \$10 million will be provided to the Guam Economic Development Authority (GEDA) through its subsidiary, Destinu Guahan Venture Corporation, to support small businesses across the island. This expanded funding enables GEDA and DGVC to help local companies attract private capital, launch or scale operations, and strengthen priority sectors within Guam's economy.

The following are general requirements to apply for the DGVC Venture Capital Fund:

STARTUPS, EARLY or LATE (Expansion) Stage businesses.

MAXIMUM INVESTMENT AMOUNT

\$1,000,000.00 and below for startups and early stage businesses

\$1,000,000.00 to \$5,000,000.00 for late stage businesses.

DGVC investment is dependent upon availability of funds.

INVESTMENT COMMITMENT

Prior to receiving an investment commitment from the DGVC, the applicant shall have secured investment commitments of at least fifty-point one percent (50.1%) of the company's total capital to be raised. In no event shall DGVC provide the initial investment commitment.

TERMS OF INVESTMENT

Investment terms and conditions are determined by the DGVC Board of Directors. DGVC investments must be repurchased by the company based on terms contained in the investment agreement. Companies are required to have, at the time of closing, an actual 3rd party dollar-for-dollar matching investment for DGVC funds. The DGVC Program is a "coinvestment fund". For each dollar that DGVC invests, the company must secure one dollar of investment from private sources to match DGVC's investment. DGVC will match investment dollars paid to a company in exchange for the issuance of equity securities only.

BUSINESS PURPOSE

Investment proceeds are to be strictly for a business purpose, including start-up costs; working capital; franchise fees; and the acquisition of equipment, inventory, or services used in business operations. Funds may also be used for the purchase, construction, or improvement of an eligible place of business. However, 'business purpose' excludes acquiring or holding passive real estate investments, the purchase of securities, lobbying activities, and the acquisition of goodwill.

- **Construction of a new building.** If SSBCI-supported investment proceeds are used in the construction of a new building, the small business must occupy and use at least 60% of the total rentable property following issuance of an occupancy permit or other similar authorization.
- **Renovation of an existing building.** If SSBCI-supported investment proceeds are used in the acquisition, renovation, or reconstruction of an existing building, the Co-Investor(s) may permanently lease up to 49% of the rentable property to one or more tenants, if the small business occupies and uses at least 51% of the total rentable property within 12 months following the acquisition, renovation, or reconstruction.

PROHIBITED INVESTMENT PURPOSES

- Repay delinquent federal or local taxes unless the Co-Investor(s) has a payment plan in place with the relevant taxing authority.
- Repay taxes held in trust or escrow.
- Reimburse funds owed to any owner, including any equity investment or investment of capital for the business's continuance; or
- Purchase any portion of the ownership interest of any owner of the business, except for the purchase of an interest in an employee stock ownership plan qualifying under section 401 of Internal Revenue Code, worker cooperative, employee ownership trust, or related vehicle, provided that the transaction results in broad-based employee ownership for employees in the business and the employee stock ownership plan or other employee-owned entity holds.

WHAT KINDS OF BUSINESSES ARE ELIGIBLE TO PARTICIPATE?

- Company must be in Guam, or willing to relocate to Guam.
- Target an average business size of 500 employees or less and should not exceed a maximum business size of 750 employees.
- Corporations, partnerships, and sole proprietorships are eligible, including non-profits and cooperatives.
- Have a proprietary or protectable intellectual property.
- Be in the venture capital growth financing stage.
- Fit into at least one of DGVC's focus areas - modernized agriculture and aquaculture, technology, healthcare / pharmaceutical, manufacturing startups and export opportunities to Guam companies.

WHAT QUALIFIES AS MATCHING FUNDS

- DGVC will not consider grant funding as a satisfaction of the match requirements.
- DGVC will not consider investments made in exchange for services provided or in-kind investments as eligible matching funds.
- DGVC will require applicants to provide information regarding proposed Co-Investor(s).
- DGVC will review such information on an individual basis to determine if such coinvestment and involvement with the company qualifies as an eligible source of matching funds.
- DGVC expects Co-Investor(s) to provide more than financial support; each Co-Investor is expected to be actively involved in the company's operations either directly or in an advisory capacity. The level of active involvement varies depending on the size of DGVC's investment, the stage of development of the company and the oversight and voting rights DGVC is entitled to because of its investment.
- The investment terms offered by accelerators and incubators have not qualified as matching funds since accelerators and incubators tend to receive more ownership in the company compared to their capital investment given the additional services and resources provided to the company.
- Investments pooled from an equity crowd funding platform, or an Angel List syndicate, do not qualify as Co-Investor(s) since such investors do not play an active role in managing and advising the company.
- DGVC's investment will close simultaneously with all matching investors. However, in limited circumstances where an applicant can demonstrate significant burdens to such simultaneous closing, DGVC is willing to consider alternative matching fund closing scenarios.
- DGVC will invest under the same deal terms as negotiated by the Co-Investor(s), assuming an arms-length transaction reflecting market reality. Should the proposed terms be unreasonable, DGVC will invest under terms more in line with standard market rates.