



RENN CAPITAL GROUP, INC.

"The Entrepreneurial Difference"

WHO ARE WE?

RENN Capital Group, Inc. is a Dallas, Texas-based investment management firm and a registered investment adviser. Since 1973, RENN has been engaged in the management of a series of public and private investment partnerships and funds. Currently, RENN Capital serves as investment adviser to three publicly traded closed-end funds and two open-end funds. One of the funds trades in the US and the other four funds trade in Great Britain. The US fund is a non-diversified closed-end fund that seeks long-term capital appreciation by investing in publicly traded emerging growth companies.

WHAT IS OUR INVESTMENT STYLE?

RENN Capital concentrates on small-cap and micro-cap emerging growth companies that are run by entrepreneurial managers. We are active, long-term investors and extensive due diligence is an integral part of our investment process. The RENN funds frequently participate in private placements. Specific investment vehicles include convertible debentures, convertible preferred stock, common stock and warrants.

HOW MUCH DO WE INVEST?

We generally invest between \$1 and \$5 million per deal, but can take part in much larger placements. We generally participate in syndicates, but it is not uncommon for us to lead a deal.

WHAT IS A SUMMARY OF OUR CRITERIA?

- The company is publicly traded
- The company is profitable
- CEO and management team with proven track record
- CEO and management have a major stake in the business
- Reasonable valuation
- Above-average growth prospects
- Large market opportunity

WHAT ARE OUR PRIVATE PLACEMENT TERMS?

RENN's private placements generally include the following terms:

- Conversion price at or near the market (debentures)
- Reasonable interest rate (debentures)
- Call price at a multiple of our conversion price (debentures)
- Discount to market price (equity)
- Commitment to register shares in reasonable time period (equity)

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