

**Capital** **Locus**

# Financing Solutions

One stop partner for companies seeking finance

## Tailor made financing solutions for mid-sized companies

Capital Locus

## / WHAT WE DO

Capital Locus is an independent financial advisory company providing debt and capital raising services primarily to mid-sized companies operating in Armenia and Georgia.

At Capital Locus we raise debt and equity for working capital, investments in equipment and plant, launching new business line, optimization of existing debt and capital structure and mitigation of financial risks.

Our customers are private companies with annual turnover of minimum USD 5 million. Capital Locus raises senior debt/loan starting from USD 1.5 Mill, and equity capital and mezzanine finance USD 0.5 Mill and more.

Ultimate goal of our engagement is to identify and attract optimal, long term and tailor made financing solutions for our customers. To reach this goal

we employ following principles in our every engagement: provide full range of financing options available on the market, make still non-conventional financing instruments such as mezzanine finance and equity capital accessible for mid-sized companies, deliver objective and unbiased analysis of financing options which we provide to our clients and combine strengths of different finance originators for developing financing solutions tailored for company's operational and strategic objectives.

In order to ensure optimal funding option we explore financing opportunities opened by all eligible banks, international financial institutions, special funds and investment companies having operations in Armenia and Georgia.

Background of our team in Capital Locus is banking. For fifteen years we worked for international banking

group operating in Armenia and Georgia with focus of financing mid-sized companies. At Capital Locus we put our expertise in financing and our strong commitment to mid-sized companies at the service of our clients. We complement specific business knowledge and experience of the owners and managers of successful mid-sized companies with our knowledge and expertise of raising and optimizing debt and equity, with it creating exceptional value for our clients.

As one of our priorities, at Capital Locus, we promote and encourage cross-border capital flow - both debt and equity - between Armenia and Georgia. Different geopolitical vectors, we believe, create good opportunities for establishing successful business joint ventures in various economic sectors of both countries.



## / WHY TO WORK WITH US

### Full Range of Financing Options

The best financing offer from a particular finance provider is not necessarily the best available option on the market. Having an overview of a full range of financing options opened by different finance providers is important for business owners and managers looking to raise funds.

### Our Approach

In order to raise equity or debt, Capital Locus explores a full range of financing opportunities available on the market from banks, international financial institutions, special funds and investment companies. As the result, our clients get all possible financing options under their sight. They see financing solutions that are available on the market and receive multiple offers. Supported with our unbiased and objective advice they compare and decide for most optimal financing option.

### Alternative Types of Finance

An increasing number of Armenian and Georgian mid-sized companies reach the level of development and complexity when conventional real estate backed loans from a bank often falls short to meet the financial needs of these companies. Growth, vertical diversification, mitigation of financial risks, geographical expansion and economically viable investment projects require a diversity of financing tools.

### Our Approach

At Capital Locus, we make financing instruments, such as mezzanine and equity, accessible to mid-sized companies with solid management track record and strong commercial prospects. Complementing bank loans with these products we enable companies to realize viable and feasible business projects which will not be financed by a bank and to solve financial issues which can't be fully addressed by a bank loan alone.



### Independent Advice

The financing offers received from finance providers are limited to their own products. Respectively advice from finance originator to utilize specific financing option is influenced by the products it can offer. Business owners and managers increasingly need independent and objective advice on financing options to achieve the funding structure that meets operational and strategic objectives of their companies.

### Our Approach

As an independent company, Capital Locus provides objective and unbiased advice on the financing offers we open for clients. Our independent scrutiny helps companies to define appropriate funding route, analyze the impact of alternative funding sources and align financing structures to their strategic and operational needs.

### Synergy of Financing Sources

Due to traditional dependency on commercial bank loans and underdeveloped capital markets in Armenia and Georgia, far too many financial risks are transferred to the private sector, especially to mid-sized companies, and far too many promising entrepreneurial initiatives and investment projects remain unfunded and, therefore, unrealized.

### Our Approach

At Capital Locus, in order to meet our clients' financing needs, we identify, combine and synchronize the financing solutions provided by various finance originators. We complement the strengths of different providers to achieve synergistic effect between funding, pricing, flexibility and risk-taking capacities of two or more potential lenders or investors, so that complete and tailor-made financing solutions are suggested to our clients.

Driven by strong commitment  
to mid-sized companies

Capital Locus

## / CUSTOMER PROFILE



The main line of businesses of our client companies are based in Armenia or Georgia with clear focus on core business, potential for growth, vertical diversification and geographical expansion. At Capital Locus we source debt and raise equity for mid-sized companies from industry, agriculture, production, transport, service, energy, tourism and healthcare.

Most of successful private companies we fortunately see today in Armenia and Georgia were established as family businesses. Self-made entrepreneurs over the years transformed these small businesses into well-established mid-sized companies. They are leaders in their market segments, create working places and employ people, deliver

quality services and products, and by paying taxes make significant contribution to state budgets.

As the environment and business model of these companies become increasingly complex, so increases the complexity of their financing needs, such as: optimization of the structure of debt and equity capital; investments in plant, equipment and long-term working capital; start of new business line; geographical expansion of the market, mitigation of local currency depreciation risks and maturity mismatches between assets and liabilities.

Companies we primarily work with have annual sales of more USD 5 Mill, have high level of formality i.e. declaration of taxable transactions

and high quality of internal bookkeeping and reporting.

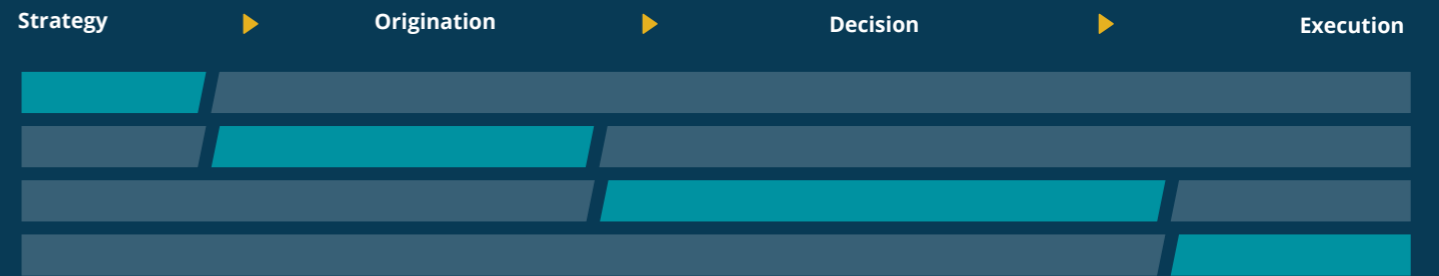
Passionate owners and managers, solid experience of managing business and commercial prospects – these are our criteria for cooperation with the companies. Good businesses with weak or bad liability structure is our priority. On the other hand good businesses with strong balance sheet always have room to improve their capital and debt structures, and attract optimal financing solutions for business expansion.

Driven by our strong commitment to mid-sized companies at Capital Locus we strive to create exceptional value for them when they seek finance.





## / FUNDRAISING PROCESS



### Strategy

At Strategy phase we analyze the company's business model, financials, strategic and operational objectives; weaknesses of the existing structure of liabilities and the financial risks the company is exposed to. Based on analysis together with company's management we define its funding needs and develop the optimal liability and capital structure to be achieved.

### Decision

Having received offers from potential finance originators, the management of the company has to take a decision. To assist the decision making process, we provide our customers with independent, objective, unbiased, scrutinized and clear analysis of the offered financing options.

After the company decides for a financing option, the respective fund provider(s) is/are invited for financial, legal, environmental and technical due diligence of the company.

### Origination

At the stage of Origination, we make sure that we explore a full range of financing opportunities to arrive at the funding structure defined during the Strategy phase.

We screen entire universe of finance originators: banks, international financial institutions, private investors, asset management and investment companies. As the result, companies explore financing solutions that are available on the market and receive multiple offers.

### Execution

Having completed due diligence of the company, the finance provider submits proposal with key terms of financing. Together with our client we negotiate terms of proposed financing.

Once the all terms of financing are agreed, we assist our client with the legal check of all lending or investment contracts.

Visit our website to learn more  
[www.capitallocus.com](http://www.capitallocus.com)



## Financing solutions from a diversified base and a wide range of tools

Capital Locus

## / FINANCING SOLUTIONS



At Capital Locus we seek financing solutions for mid-sized companies from a diversified base and a wide range of tools. Depending on operational and strategic needs of a company, we select and combine the following financing instruments: loan, mezzanine finance and equity capital. Fortunately there is positive tendency of broadening direct financing and risk sharing tools designed for mid-sized companies by special funds, investment companies and development institutions.

Complementing bank loans with mezzanine finance, equity capital and non-funded risk sharing instruments makes it possible to tailor financing solutions to companies' operational and strategic objectives and structure most appropriate forms of finance for them. We raise senior debt/loan starting from USD 1.5 Mill, and equity

capital and mezzanine finance USD 0.5 Mill and more.

Relative to commercial banks, which limit their open currency position to 10% and 20% of bank's equity in Armenia and Georgia respectively, the exposure of currency risk in mid-sized companies is much higher. In vast majority of the cases, 50% to 90% of the equity of these businesses is exposed to local currency depreciation risk. Therefore one of our priorities in Capital Locus is helping mid-sized companies to broaden and deepen local currency borrowing base.

For reaching adequate financing solutions and appropriate structure of finance for mid-sized companies, at Capital Locus, if required, we complement strengths of different debt and equity providers within one

financing project. This might involve mixture of different financing instruments and funded or unfunded risk sharing participation of more than one bank or non-bank finance originator.

Our background at Capital Locus is banking. For quite a long period of time we worked for and run international banks with primary focus of lending to mid-sized companies. This experience helped us at Capital Locus to build the capacity for high quality risk assessment of companies to be financed. Our Investment or Lending Descriptive Memorandums, which we present to potential lenders and investors, provide information with highest level of data conformity and thorough disclosure and assessment of relevant risks.





## / CORE VALUES

What we stand for and care about at Capital Locus is defined by the core values of our Company. They are ingrained in every aspect what we do internally and externally: we hire people, who can embrace our culture and feel great coming and working every day in the Company; we cooperate with mid-sized companies and with finance providers who value fair and transparent way of doing business.



### **Integrity**

Every day, we have an obligation to protect, uphold and enhance our reputation among customers, lenders and investors. We know it takes years to build a strong reputation, while it can be ruined in just a few minutes. We conduct ourselves with integrity in everything we do; we say what we mean and we do what we say. Transparency is vital to our identity, our culture and our success. We don't hesitate to say "no" to any relationships and business opportunities where we see lack of integrity.

### **Innovation**

Capital Locus is nimble company passionately retaining and enhancing entrepreneurial spirit and fighting against any signs of bureaucracy and office politics. We are determined to be innovative: questioning accepted wisdom, creating new ideas and offering new approaches for finding creative solutions to our stakeholders' needs.

### **Relationship Driven**

At Capital Locus we are deeply committed to building and sustaining long term cooperation grounded on trust and transparency. We seek continually to understand and align the interests of companies seeking finance and providers of finance. We treat everyone with fairness, compassion and respect.

### **Teamwork**

We continually look to help one another and work together towards common goals. At Capital Locus personal ambition and teamwork go hand in hand. We always venerate individual creativity and drive, mindful that each of us performs most effectively when we operate in a collegial manner.

### **Accountability**

We readily accept accountability for our actions, inactions and decisions, both individually and as a company. We deliver on our commitments to our customers, finance originators and one another. As learning company, we are self-critical; we always acknowledge our mistakes and learn from them.

Nimble company passionately  
enhancing entrepreneurial spirit

Capital Locus

## / EMPLOYEE PROFILE

“

Integrity is the entry ticket to our company. At Capital Locus we walk our talk; we admit our mistakes and stay always accountable for our actions. Ability to build and maintain trust based and respectful business relationships with customers and finance originators is possible only with honest, transparent and responsible attitude towards people. We say “no” to any relationships and business opportunities where we see lack of integrity.

People with the desire for learning and professional development, who like to challenge, question and permanently improve their knowledge, are highly appreciated in our company. Every day we want to do job better than we did it yesterday. Strive for improvement, desire to reach higher job standards, goal orientation, persistence and

resistance to stress is expected from all employees. Respectively high level of energy is a must for people willing to work for Capital Locus.

Our business requires from us quick learning skills, ability for reasoning and logical thinking. Employees of Capital Locus are expected to possess intellectual capacity for to connect dots, grasp relevant details and at the same time maintain bigger picture.

Well-developed set up of social, verbal and written communication skills are among key expectations towards our colleagues. Constructive and self-assured interactions and ability to clearly communicate complex matters is highly important for transparent and efficient relationships with our partners.

Ability to understand market developments, grasp business opportunities and provide initiatives for taking advantage of these opportunities is necessary to be successful in our Company. We are a Company with entrepreneurial spirit not very tolerant and patient to comfort driven bureaucrats.

From colleagues we expect high self-esteem which should not be mixed with arrogance. Staying down to earth, being self-critical, open minded and positive in interpersonal relationships is key requirement at Capital Locus. We build a team of strong individuals mindful that each of us perform at best when we work as a team.





# Capital Locus

Address: Elite Plaza Business Center  
15 Khorenatsi Str., Yerevan 0010, Armenia

Phone: +374 11 322 322  
Fax: +374 11 322 321

Email: [info@capitallocus.com](mailto:info@capitallocus.com)  
Web: [www.capitallocus.com](http://www.capitallocus.com)