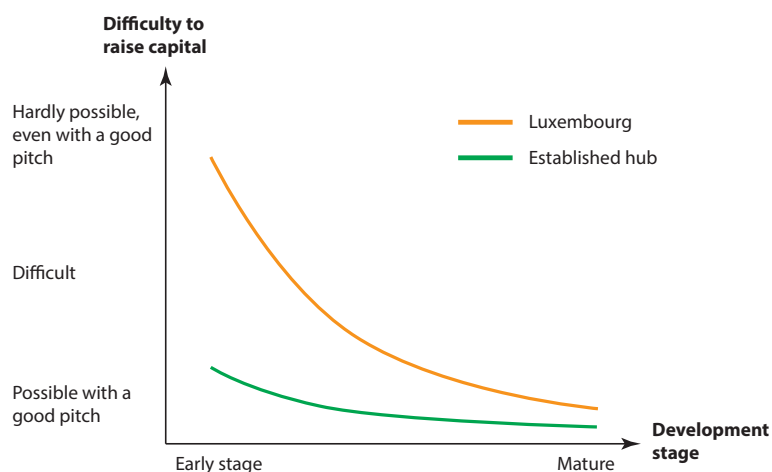


Efficient Growth Capital

Matching project promoters and investors

Why is capital raising so difficult?

If you are reading this brochure, it is likely that you are based in Luxembourg and seeking a match either as a company or as an investor. Experience shows that, especially for early stage investments, the Luxembourg market is far less educated and less developed than more established investment hubs such as Silicon Valley, New York, London, Tel Aviv, Berlin, etc. Institutional and private funds have so far tended to flow towards traditional equity and bond portfolios as well as real estate. Why? Out of pure habit, and because only a handful of investors are able to report successes involving early stage investments. This creates a chicken-and-egg situation where there are few attractive projects because there is no funding, and there is no funding because there are few attractive projects.



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Fortunately, things are changing for the better

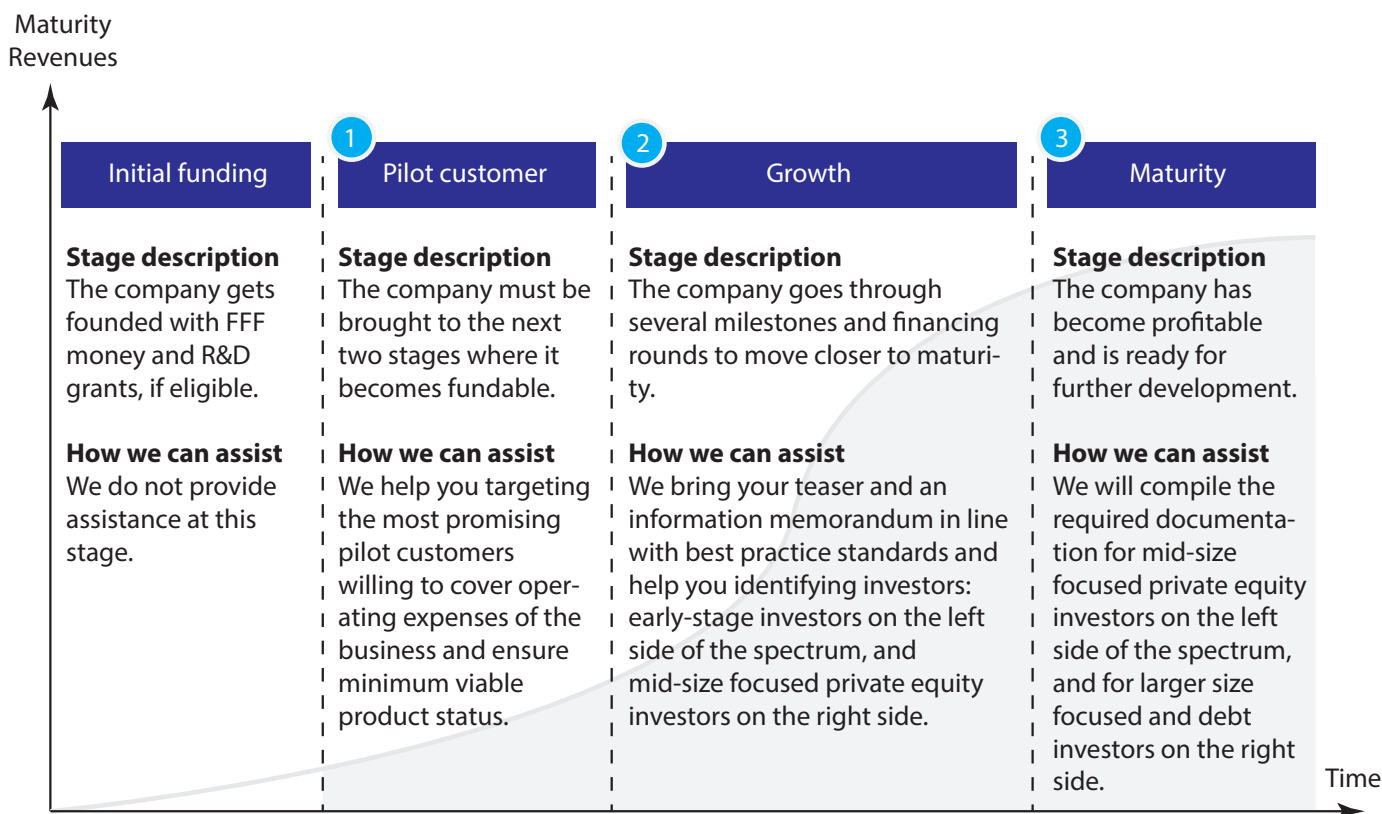
Luxembourg has recently seen the public-private initiative of the Luxembourg ICT Seed Fund, and Value Associates was privileged to assist the Luxembourg government and corporate investors in its set-up. This is the first initiative pooling skilled and resourceful smart-money investors, the Luxembourg University and public bodies around the same table. It is also the first initiative with a real chance of success, because it bridges the funding gap. At least in the field of ICT, Luxembourg has now a real opportunity to move closer to the more established investment hubs in the segment of early stage investments. However, private investors are still missing, and a broader sector focus would also be welcome.

Creating an efficient market, one step at a time

Capital raising means finding a fit between investors and project promoters. This is a complex process, because company owners tend to overestimate the potential of their projects, which draws on investor patience. At the same time, investors come to the pitching table with their experiences and their expectations, and are often perceived as too demanding or even greedy by project promoters. Today, we have an investors' market where the investors can choose the projects to which they will allocate their funds, not the other way round. This does not mean that company owners have to give away their equity at bargain prices, but that they should be prepared to apply reasonable valuations in order to allow their projects to develop and grow. It may be smarter to keep a smaller portion of a tasty cake that one can actually eat, rather than defend ownership of the whole but virtual cake, and throw it away without even touching it because it has spoiled in the meantime. In other words, the creation of an efficient market needs a go-between who understands both investors and project promoters.

Value Associates introduces a different approach

Based on our experience and business philosophy, we have defined several modules taking into account each party's reality. Our assistance becomes available after founder, friend and family funding (as well as initial research grants, if applicable) and covers three modules, depending on the company's growth stage.



Module 1: Pilot Customer Stage

In our approach, no equity is given away to investors at this stage. No capital is raised either, and this is not necessary as project development will be funded by the pilot customer towards a minimum viable product (MVP). In order to secure this type of funding, it is necessary to identify the right partner and convince him of the strategic benefits. Value Associates has a deep understanding of the Luxembourg business DNA and direct access to key decision makers. We are hence uniquely positioned to build relationships with pilot customers, which may have an interest to fund the development stage. Once this stage is completed, it makes sense to raise larger funds for a more sustainable development in Modules 2 and 3.

Module 2: Growth Stage - Fund raising combined with public grants

At this stage, the company needs additional resources to be allocated in tranches as consecutive milestones are completed. Value Associates has a proven track record in process organisation, business plan compilation, teaser and information memorandum compilation, pitch preparation, input to the company's legal advisers, etc. We also advise on valuations through best practice methodologies, and help to mitigate emotional considerations often observed between company owners and investors. Finally,

a critical analysis of cash burn estimates is recommended at this stage, as it allows to demonstrate to investors that management is aware of funding cycle requirements and has factored them into the company's cash budget. In order to source investors with the best fit, we rely on own networks and research as well as subscriber-only research on international investors. We can also assist you with your application for non-refundable public grants.

Module 3: Maturity Stage - Equity and debt capital raising

At this stage, break-even has been reached and the company is now in a position to target both large-size focused private equity growth capital partners as well as debt capital providers. The latter are especially attractive in the current environment of low interest rates combined with high liquidity, as they provide growth capital at low cost and without further dilution of exit proceeds or voting rights.

Our remuneration

The younger the company, the lower its ability to pay cash. We understand this, and yet will require a fee, even though it will be symbolic for early stage companies. This is important to show your commitment to us, and will cover at least a small portion of our own expenses. Our main remuneration will be shares in your company, which shall be granted at each milestone where we create measurable value. This may either be the identification and successful negotiation with a pilot customer, the finalisation of a pilot project allowing the company to raise funds beyond the initial circle of investors, the successful conclusion of such funding rounds, etc. The exact details of the initial fee, the milestones and their remuneration will need to be discussed separately for each project.

Which companies should contact us?

If you like our approach and have a convincing project with the potential to generate multi-million revenues after a few years, please visit www.growthcapital.lu, where we describe the procedure in detail. We will require a short description of your project, and if you follow our guidelines, you will be able to use your documentation even if we will not end up working together. Upon receipt, we will analyse your project and make a decision as to whether or not we feel to be the right partners for you. Assuming that is the case, we will meet to discuss our proposed approach, as well as milestones and remuneration parameters. All information communicated to us will be treated in strict confidence.

Which investors should contact us?

If you are a qualified investor and understand the risks of private equity investments, and if you are interested in the filtering of investment opportunities that we provide, please contact us via the investor page on www.growthcapital.lu. Similarly to investors, we will treat your declaration of interest in strict confidence.