

# US CAPITAL PARTNERS

LENDING AND INVESTMENT BANKING FOR SMALL & MIDDLE MARKET COMPANIES

## US Capital Announces Inventory Lending

SAN FRANCISCO, October 2009—US Capital Partners, Inc. is pleased to announce that it is increasing its inventory lending to small- to middle-market companies. Along with accounts receivable financing, clients can now obtain financing from US Capital against specific types of inventory—including raw materials, work in progress, and finished goods.

If a business produces products and has inventory, it does not have to rely on a traditional bank loan to finance its working capital. It can use inventory financing to raise money. Inventory financing makes sense when a business enjoys a high inventory turnover rate but is short of the cash needed to replenish its supply. It is also suitable where a company needs to carry a lot of inventory on hand to operate its business, or where it enjoys a high inventory turnover rate at certain times of the year but not at others.

Inventory lending frees up the capital held in inventory and receivables so that more inventory can be purchased to meet demand.

Most traditional lenders are not comfortable with inventory financing. In 2007–08, banks used to offer up to 85% loan to value (LTV) on inventory. Today, however, institutional lenders are de-leveraging their exposure to inventory by reducing their LTV on inventory to between 30% and 0%. US Capital, by contrast, is able to preserve the advance rates that were available previously. Unlike traditional lenders, US Capital assesses the management, enterprise value, and liquidation value of a business, allowing it to take a higher risk exposure.

US Capital is now a premier inventory lender, offering revolving lines of credit for warehoused or in-transit inventory, as well as purchase order financing for pre-sold goods. US Capital takes an innovative approach to funding, and is able to provide not only inventory lines of credit but even inventory term loans.

If you would like to know more about how your business can secure the funding it needs, call US Capital on (415) 882-7160.