

# Intellectual Property Financing Scheme Information Sheet



## **GENERAL**

### **1. What is the IP Financing Scheme and how does it work?**

The IP Financing Scheme is a Singapore government initiative to help Singapore-based IP-rich companies' monetise their IP for business growth and expansion.

The Singapore Government will share the risk of the IP loan with the Participating Financial Institution (PFI) to encourage financial institutions to accept IP assets as collateral in support of the loan.

PFI's will undertake the due diligence process in assessing the credit worthiness and the business case of the applicants.

### **2. What is the term of the IP Financing Scheme initiative?**

This scheme is available until 31 March 2018.

### **3. How are the interest rates, repayment structures, additional collateral requirements and uses of funds determined?**

These details would be determined by the PFI's in consultation with the applicants. Loan applications will be subjected to a PFI's approval.

## **ELIGIBILITY**

### **4. If a Singapore incorporated company is wholly owned by a foreign entity, can it still qualify for the IP Financing Scheme?**

Yes, applicants can qualify for the IP Financing Scheme as long as they are incorporated in Singapore.

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### APPLICATION PROCESS

#### 5. What is the application process?

Applicants are to:

##### Step 1

- Ensure that they meet the eligibility criteria.
- Approach any of the PFIs for a preliminary credit assessment.
- Complete and submit the 'Application for Intellectual Property Valuation' ("Form A") form to IPOS.
- Approach any of the IP valuers from the Panel of Valuers (POV) for an IP valuation. Applicants should subsequently obtain an IP Valuation report from the appointed IP valuer.

##### Step 2

- Complete the 'Loan Application' ("Form B") and 'Claim for Valuation Subsidy' ("Form C") forms and submit to the PFIs together with the valuation report, and other supporting documents for the loan application within four weeks from the date of the valuation report.

##### Step 3

- Upon successful application, sign the letter of offer and draw down the funds within six months from the date of the letter of offer.

#### 6. Where to obtain a copy of the application forms?

Prospective applicants who are interested to obtain a copy of the application forms, please approach the PFIs, IPOS or IP ValueLab\* for a discussion.

#### 7. Will applicants be able to appoint valuers who are not on the POV?

No, valuation reports by valuers not listed in the POV will not be accepted for the IP Financing Scheme.

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### 8. Why must the valuation report from the POV be appointed by IPOS?

IPOS appoints the POV based on their experience in IP valuation. IPOS sets guidelines which the valuers are bounded to, in order to ensure the quality of the valuation services provided to the applicants.

### 9. What is the estimated cost of IP valuation?

The average valuation cost is provided here for reference. Applicants are to contact valuer(s) from the POV for a quotation.

Pricing (S\$)				
Blended Hourly Rate	Quick Assessment	Small (<50 Man Hours)	Medium (50-80 Man Hours)	Large (>80 Man Hours)
\$350-\$700	\$5,000-\$15,000	\$15,000-\$27,500	\$20,000-\$50,000	>\$32,000

### 10. Any subsidies for the IP valuation cost incurred?

A Valuation Subsidy is available to defray the cost of IP valuation. IPOS will provide a valuation subsidy to successful applications. To be eligible, applicants must have drawn down the approved loan.

The Valuation Subsidy will be capped at:

- 50% of the IP valuation cost,
- Two percent of the value of the IP, or
- S\$25,000,

whichever is lower.

### 11. How long does it take for a loan application to be processed?

In general, valuation will take approximately one month and processing of the application will depend on the respective PFIs who will conduct the necessary credit assessment and due diligence on the applicants and their IP rights (i.e., searches of IP rights on appropriate public registers, legal searches) before recommending the successful cases to IPOS for final approval.

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### **12. What is the timeline for the applicant to submit the valuation report to the PFIs?**

The applicant must submit the valuation report to the PFIs within four weeks from the date of the valuation report, beyond which the PFIs/IPOS has the right not to accept the report.

### **13. Any additional requirements upon successful application?**

Upon the acceptance of the letter of offer, the applicant is required to draw down the fund within six months from the date of the letter of offer.

## **FUNDING & COSTS**

### **14. How much has the government budgeted for the scheme?**

The PFIs will be able to issue IP loans up to \$100 million under this Scheme.

### **15. What are the interest rates charged under the IP Financing Scheme?**

The interest rates under IP Financing Scheme are not fixed but determined by the PFIs based on their assessment of the applicant.

### **16. Why are the interest rates determined by the PFIs?**

The interest rates are determined by the PFIs because the loans under the IP Financing Scheme are issued by them. By giving the PFIs the flexibility to price the loans, it will provide them with greater autonomy and control over the level of risk they are prepared to take, after evaluating the quality of the company and the IP rights.

### **17. Is refinancing permitted under the scheme?**

Refinancing of IP loans under IP Financing Scheme is not encouraged. Government assisted schemes like the IP Financing Scheme is intended to address market gaps by providing companies facing difficulties in securing financing with an alternative avenue. However, should refinancing be required, it is up to the discretion of the PFIs to decide on the applicable charges.

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### 18. Is there any restriction on the usage of the loan facilities?

There is no restriction on the usage of the loan facilities. Applicants have the flexibility to make use of the loan as working capital, R&D, investment etc. However, PFIs may require applicants to identify the use of these at the time of loan application which may subsequently be imposed as part of loan approval. It is up to the PFIs' discretion to decide whether or not to support the application.

### 19. What other costs should the applicants be aware of?

The applicants will likely to incur the following costs and fees: 1) interest rates that the PFIs will charge on the loans, 2) IP valuation fee, and 3) any applicable administration fees. The applicable administration fees may include processing fees, facility/loan fee, legal documentation fees, official fees and professional fees, as determined by the PFIs.

## **CONTACT INFORMATION**

### 20. Who to contact to discuss about a potential loan under the IP Financing Scheme?

We would recommend prospective applicants to approach the PFIs for loan related enquiries. The contact details of the PFIs are as follows.

<b>Firms</b>	<b>Contact Details</b>
Crest Capital Asia Fund Mgmt Pte. Ltd.	Website: <a href="http://www.crestcapitalasia.com">http://www.crestcapitalasia.com</a> Contact No: 6533 2002 (Mr. Glendon Tan) Email: <a href="mailto:glendon.tan@crestcapitalasia.com">glendon.tan@crestcapitalasia.com</a>
DBS Bank Ltd	Website: <a href="http://www.dbs.com.sg">www.dbs.com.sg</a> Contact Number: 1800 222 2200 (+65 6222 2200 if overseas)
Evia Capital Partners Pte Ltd	Website: <a href="http://www.eviacp.com">www.eviacp.com</a> Contact Number: 91778220 (Mr Ng Tee Khiang)
Oversea-Chinese Banking Corporation (OCBC) Ltd	Website: <a href="http://www.ocbc.com.sg">www.ocbc.com.sg</a> Contact Number: +65 6538 1111
Resona Merchant Bank Asia Limited <sup>1</sup>	Website: <a href="http://www.resonamerchantbankasia.com">www.resonamerchantbankasia.com</a> Contact Number: +65 6224 7155

<sup>1</sup> Previously known as "AFC Merchant Bank"

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United Overseas Bank (UOB) Ltd	Website: <a href="http://www.uob.com.sg">www.uob.com.sg</a> Contact Number: +65 6539 5686
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Alternatively, prospective applicants can also contact IP ValueLab\* at +65 6339 8616.

**21. Who to contact to find out more about the application procedures?**

Please contact IP ValueLab\* at +65 6339 8616. Alternatively, prospective applicants can also approach IPOS or the PFIs.

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*\* IP ValueLab is a subsidiary of the Intellectual Property Office of Singapore that is dedicated to help businesses compete globally through innovation. IP ValueLab assists both the businesses and the financial institutions to understand the business value of IP and to facilitate their application of the IP Financing Scheme using IP as loan collateral for finance.*