



猊
特权使用交易
打开财富的大门

REX
Royalty Exchange
opening the doors to capital

A Study of the Implementation of a
Royalty Exchange in China



一个研习在中国实施
特权使用交易易

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特权使用是一种新的融资模式，它与产权和借贷完全不同。产权的分割，和借贷的债务，都会给企业带来压力。特权使用是简单的以企业的营业额百分比，来支付投资人的回报，

通过历经50年金融界经验的发明家、金融大亨、银行投资家、金融交易所会员和顾问、导师、编辑、作家和讲师阿瑟·利普的观察和研发，特权使用已超越了产权和债务固有模式的局限性。

二者局限是：

一、以产权作为投资的回报可能是有风险性的，且进度长而缓慢，分割产权和权力被控制的规定给企业造成负担。

二、债务或债券融资对投资者而言收益上升率的空间有限，且往往有各种形式的条件来规定和限制该企业如何使用这些收益。

二者模式都抑制商业的创造力和成长。特权使用权益提供了选择性，这或许对某些公司比出售公司产权或债务的方法更好。

“真正衡量一个公司的发展是看它持续增长的营业额，正如只有营业额的增长才可以反映出消费者满意。利润给老板和企业管理人员带来福利，从一个增长的营业额，能体现出该企业为消费者提供的是一个有价值的服务和产品。”……阿瑟·利普

一份特权使用协议是对投资人的一个承诺，用总收入的百分比这样一个简单的形式，向投资人支付回报。当成功的企业扩大它的营业额，投资人的回报也增加。一旦有了财务目标，特权使用权益可按此比例构成费率，或得出对投资人的整体回报。

利普先生方程式有很多奇妙的细节；它是一个透彻的合理程序，并授予美国专利。这个特属权的公式仅由几个简单的步骤来展现出回报率和其它关键因素，而且它就在公共网站上免费提供给大家的。

利普先生也将简单的一对一的特权使用协议的理念带到另一个深层面：特权使用交易所，是将所有公司注册的协议连同证卷监管载入为一体。中国是一个最理想的地方，因为大量的企业需要资本发展，同时欢迎一些国际投资，它的发展状况正如世界金融中心。

这样的中国特权使用交易所将给投资人提供监管、控制、审计、持有和发行等的服务平台。所有的特权使用协议将通过一个开放的电子市场，在任何时间进行出售，它们的价值也随着企业支付的收益而提升。同银行、交易所，和政府监管机构的谈判就在中国打开了一个新的一页。

对于中国，建立特权使用交易所是向前迈进的主要一步。它将是一个强有力的和新的融资渠道，通过国内和国际的资源，帮助中国的经济成长，并继续将中国建设成一个主要的金融创新中心。

Introduction

Royalty Entitlements are a new financing model, quite different from both equity and debt financing. Instead of sharing ownership or assuming debt, a company pays a simple percentage of its gross revenue to investors.

Royalties overcome inherent limitations in both the equity and debt models — restrictions observed by its inventor and champion, **Arthur Lipper**, in his 50-year career as an investment banker, financial exchange member and advisor, editor, author and lecturer.

Some of these limitations are:

1. Equity can be a long, slow and risky process for producing investor returns, and it imposes ownership and control burdens on the company.
2. Debt or bond financing yields limited upside for the investor, and imposes restrictions on the company, often in the form of conditions on how proceeds may be used.

Both models **inhibit the growth and creativity** of business. Royalty entitlements offer an alternative, which may be better than equity or debt for some companies.

“The true measure of a company’s progress is continuing growth of revenues, as it is only increasing revenues which reflect customer satisfaction. Profits benefit the owners and managers of a business, whereas increasing revenues demonstrate that the company is providing a valued service and products to the people.” ..Arthur Lipper

A royalty contract commits the company to pay a **simple percentage of its gross income** to the investor, as income is generated. As the company succeeds in expanding its revenues, the investor’s return increases. Royalty entitlements can be structured to scale back the royalty rate, or phase out investor returns entirely, once certain financial objectives have been met.

There are many intriguing details to Mr. Lipper's method; it is a thoroughly-reasoned system, and some key elements have been awarded a United States Patent. A proprietary formula, with a few simple steps, shows the rate of return and other key factors, and is available to the public at no charge on a public website.

Mr. Lipper has also brought the simple one-to-one concept of a royalty contract to the next level: a public **Royalty Exchange**, in which companies list their contracts with a regulated securities body. China is an ideal place to deploy such an Exchange, because of the large number of businesses seeking capital to grow, its welcome of certain kinds of international investment, and its growing status as a world financial capital.

China Royalty Exchange will provide monitoring, control, audit, holding and disbursement services to investors. All royalty contracts will be available for sale on an open electronic marketplace at any time, and their value would increase as companies perform and deliver income. Discussions with banks, exchanges and government regulators in China have begun.

For China, creating a Royalty Exchange is a major step forward. It will be a strong new channel for financing China's growth, both from domestic and international sources, and continues to establish China as a major **center of financial innovation**.

特权使用 - 为什么是在中

为什么中国是国际间的特权使用交易最合



中国在未来对于每一个人来讲，都扮演着至关重要的角色。中国是个大国，它的经济、社会发展迅猛，且影响日益深远。

中国是个有着商业传统的国家，不论是在中国本土还是中国的海外华人聚居区，回顾中国新兴企业的增长率，都可以印证这一点。所以新兴企业对于资本的需求是很强烈的，而且这种需求并没有被传统的股票和证券场所满足。

有许多原因可以解释为什么中国是个可以施行新的金融交易方式的地区，尤其是对于特权使用费的投资而言。

我们认为以下五项原则是建立特权使用费所应具备的：

1. 中国是个居民储蓄率非常高的国家，同时储蓄利率很低。中国的经济政策鼓励人们消费、或进行投资，所以如果有合适的投资机会，是存在大量的资金支撑的。特权使用可以帮助这些资金找到有效渠道，同时创造就业、促进经济。
2. 在中国，处于创业阶段早期的公司很难获得用以推动企业发展的资金，这一点即便对于已经跨过创业

阶段的大型私营企业也是如此。民间借贷确实存在，但利率却难以置信的高，另外中国的经济增长率已经开始下降了。特权使用就不受以上这些因素的限制。

3. 中国的许多处于成长期的企业家在企业没有发展到可以首次公开募股上市的预期规模和水平之前，是不愿意稀释它们对企业股份的持有比例的。针对于此，特权使用在私有市场上可以提供有关分享收益的更有吸引力的选择。
4. 对于中央政府来讲，促进资质良好的国际资本投资中国企业是优先考虑的政策。然而，因为派股给外资而失去对企业的控制权这一担心一直存在。特权使用在这方面来讲，没有所有权的转让，所以也不用担心失去对企业的控制。
5. 在世界上的众多地区的差异中，不论是发展速度、还是财务审计系统、亦或是商业实践模式。在这些众多差异中，投资者最关心的就是公司收入报告的准确性。在特权使用的统计系统下，受关注的不是收入报告，而是总体收益。收益一旦产生，就会直接划归到投资者帐下，所以投资者的现金流回馈是直接且透明的。一旦特权使用的拥有者不用再为盈利报告而担忧，那么公司的行政管理就可以大大简化了。因为一旦投资者感觉公司的盈利报告延迟了，他就总是想即时、准确的了解情况。通过合格的审计和规划良好的交易，类似的信息会被有效的披露并接受审计。

特权使用-确切地讲，通过对以下事务达成共识，可行完满的形成它的原则框架。这些原则是：对于盈利的分配方式达成共识，就投资期间和回馈期限达成共识，对相关涉及的资金数额达成共识。

有关国际间特权使用的需求

相对于要求特权使用具备流动性，或者上市交易，特权使用的投资者一般的会更为倾向于高比例的盈利回报。

如果可以用来吸引特权使用投资的盈利回报比例较低，就会有助于让企业选择这种融资方式，那样更多的投资者也就有机会投资于成长性良好的企业。通过特权使用-这种更为直接、安全的方式。

有关中国的战略性设想

中国有机会成为特权使用进行世界范围投资的主要策源地，当特权使用这种投资方式在中国成熟后，它可以向世界推广，实现投资的双向流动，即从中国流向世界，或从世界流向中国。因为中国的私营企业远远多于公开上市的企业，所以绝地有理由相信一个落户中国的可以进行国际间特权使用的融资方式，将会帮助中国成为世界最大的融资交易市场。

世界其他国家，以及它们的证券交易所也会密切关注中国在这一领域的创新，一旦它们发现这个领域有巨大的成功机会，它们也会致力于发展它们自己的有关特权使用的交易所。

如果中国可以成功应用一种国际化的战略，那么相关国家会更为倾向于参与，而不是竞争。正因如此，中国应该立即行动起来，迅速且广泛的建立起特权使用交易，并在此领域引领世界。

我们的设想和愿望是这样的：中国可以成为对世界范围的私营企业进行投资的投资者。这将创造巨大的社会和经济效益。

Royalties - Why China?

Why China is the logical place for the first International Royalties Exchange



China plays a key role in the future for everyone. It is the largest country, making the most rapid and significant social and financial progress.

The Chinese have a tradition of entrepreneurship, reflected in the rate of new business formation. This has been true, both in China and wherever there is an overseas Chinese population. So the need for financing of emerging businesses in China is intense, and that need is not being fully met by traditional equity and debt markets.

There are many reasons why China is a good site for a new financial exchange, focused on royalty investment.

We have identified five principles on which the Exchange would be founded:

1. There is a very high family savings rate in China, and the commercial banks, in which most of the savings are deposited, pay a very low rate of interest. Official economic policy in China encourages the people to invest and spend their savings, so considerable domestic investment resources are available, for the right opportunities. The Royalty Exchange will help deploy those resources productively into the economy, creating new jobs and rapid business expansion.

2. In China, companies in the early entrepreneurial stage and even established privately owned companies have difficulty borrowing funds needed to fuel their growth. A private market for loans exists, but interest rates are unreasonably high, and economic growth is therefore slowed. Royalties are not subject to these limitations.

3. Many owners of China's growing businesses do not wish to share ownership of their businesses, at least not until they reach the size and maturity where they can be responsibly presented to public investors through an initial public offering on one of the stock exchanges. Royalties present an attractive alternative to selling debt or shares in the private market.

4. An increase in properly qualified international investment in Chinese companies is a high priority of policy of the central government. However, there is an ever-present concern about the loss of control of the companies that offer shares to foreign investors. With royalty financing there is no equity transfer, so there is no loss of control.

5. With many areas of rapid growth and differing systems of accounting and business practice, investors are concerned about the accuracy of reported earnings for many companies. Under the royalty finance program, earnings are not reported -- only gross revenues. Royalty payments are drawn for the investor immediately, as the revenues are generated, so the flow of investor return is direct and transparent. The task of government regulation is greatly simplified, since the royalty owner is not directly concerned with the reported profitability of the royalty issuer. He wants to immediately and accurately know the company's revenues, which he hopes will increase over time. This information can be efficiently delivered and monitored by the appropriately chartered and regulated Royalty Exchange.

Royalties -- specifically, an agreed share of the issuer's revenues, for an agreed period of time, for an agreed amount of investment, successfully answer the principles identified.

The Need for an International Royalty Exchange

Royalty investors currently require a higher percentage of a company's revenues than would be required were the royalties to be liquid, and traded on a public exchange.

If the percentage of revenues needed to attract investors were lower, then more companies would use royalties as a means of financing. More investors would be able to invest in growing companies, using royalties -- a more straightforward, conservative method.

Strategic Considerations for China

The opportunity for China is to become the primary source of royalty funding worldwide, both from Chinese investors and as a facilitator of investment by international investors. This would be achieved by opening the China Royalty Exchange to international issuers. It is perfectly reasonable to believe that an international royalties exchange located in China may one day become the world's largest financial exchange, since there are so many more privately owned companies than publicly traded companies.

Other nations and their financial exchanges will carefully observe what China does as an innovator in this new area. When they see a large opportunity to which China is committed, they may act to develop their own royalty exchanges or collaborate with China.

If China has already announced and implemented a broad international strategy, these international players may be more likely to join in support, than to seek to compete. It is advisable, to demonstrate leadership, for China to move quickly and comprehensively with its commitment to a Royalty Exchange.

It is our vision and wish: that China will become the place where the world's private businesses are financed. This will produce social and economic benefit for all concerned.



评估一份特权使用，或者得到某个企业一定比例收入的合同性权利更像是艺术，而不是科学。

特权使用投资者最关心的就是其投资回报在合理期间内的确定性和可收益性，要求这个回报的金额至少可以保本。

企业支付特权使用费的能力取决于支付的时间。如果融资双方达成的协议规定，特权使用发行人在其收入入账时就应将一定比例的收入交付投资方，这种协议就有可能让特权使用发行人承担无收益的风险。另一方面，如果投资人允许延迟支付特权使用费，这笔特权使用费就变成了特权使用发行人的账簿上的应付账款，假设同时存在对于特权使用发行人而言另外的一些不同优先受偿顺位的应付账款，那么对于期待获得特权使用费的投资人而言，这些应付账款的债权人的权利主张就会成为一个麻烦。因此特权使用发行人的资产负债表就成了投资人最关心的信息。这样，对于投资人而言，资金充盈的特权使用发行人将比资金状况相对较差的特权使用发行人更有价值。

下一个关心的问题就是相比其他同风险水平的投资项目，特权使用在时间和收益上是否更有优势。

特权使用费的支付水平完全取决于发行商的收入水平（除非双方有达成协议的最低额度特权使用费），它的支付应该是按季度或者按双方达成的协议。所以，投资人应评估由特权使用发行人提供的预期展望，并且独立对其产品或服务的市场进行评估分析。如果投资者发现投资项目是具备盈利性的，特权使用发行人的收入也确实可能增加；如果投资人发现投资项目从产品到服务都没有什么吸引力，那么特权使用发行人的营业收入和投资人的特权使用费可能都不会令人满意。

第三个关心的问题是发行商能否在返利上信守承诺。

相对于分析特权使用费是否来自于发行商的收入，发行商直接兑现特权使用费要容易得多。如果投资人有可以制约发行人的手段，那么发行人就更可能按照双方达成的协议履行支付特权使用费的义务；如果投资人没有这种制约手段，那投资人的收益就完全取决于发行人的品性和市场环境了。

买家最后一个关心的问题是，在买家想在所持的特权使用发展成熟前，能否以较为合理的价格卖掉它。

特权使用是个可以协商的金融工具，除非有限制，否则只要在有买家卖家的情况下，它是可以被自由买卖的。所以，当一个特用使用拥有人想要出售他的特权使用时，如果没有一个有关特权使用的自由的资本市场，那么卖家收到的报价就取决于谈判，或者经纪人和中介机构。然而，如果有一个在政府监管下、交易透明的有关特权使用的市场，那么特权使用卖家就会收到相对更好的买家报价。

即便在众多投资形式中，特权使用因为要求较少的财会知识和公司内部信息而相对简单易于操作，包括特权使用在内的所有投资都更像是一门艺术而不是一门学问。因为特权使用的价值取决于投资人所能得到的特权使用费，而这个特权使用费又取决于特权使用发行人潜在客户对某份特定特权使用的价值评估。

通过使用免费的网站服务 (rexroyalties.com)，用户在假设已知预期收入的情况下，输入预期收入、特权使用率，特权使用年限，网站会立即计算出投资额。

通过这个网站，还可以计算有关投资的相关条件发生变化时的影响。假设不同的时期有着不同的收入增长，或者不同的特权使用费，通过输入相关数据，以上的项目结果会立即显示出来。发行人和投资者可以方便的基于该网站的帮助进行谈判。

IRR (%) on multiple of initial investment realized over an assumed time period

Multiple and Years	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
2	41.4	73.2	100.0	123.6	144.9	164.6	182.8	200	216.2	231.7	246.6	260	274.2	287.3	300.0	312.3	324.3	335.9	347.2
3	26.0	44.2	58.7	71.0	81.7	91.3	100.0	108.0	115.4	122.4	128.9	135.1	141.0	146.6	152.0	157.1	162.1	166.8	171.4
4	18.9	31.6	41.4	49.5	56.5	62.7	68.2	73.2	77.8	82.1	86.1	89.9	93.4	96.8	100.0	103.1	106.0	108.8	111.5
5	14.9	24.6	32.0	38.0	43.1	47.6	51.6	55.2	58.5	61.5	64.4	67.0	69.5	71.9	74.1	76.2	78.3	80.2	82.1
6	12.2	20.1	26.0	30.8	34.5	38.3	41.4	44.2	46.8	49.1	51.3	53.3	55.2	57.0	58.7	60.4	61.9	63.4	64.8
7	10.4	17.0	21.9	25.8	29.2	32.0	34.6	36.9	38.9	40.9	42.6	44.3	45.8	47.2	48.6	49.9	51.1	52.3	53.4
8	9.1	14.7	18.9	22.3	25.1	27.5	29.7	31.8	33.4	35.0	36.4	37.8	39.1	40.3	41.4	42.5	43.5	44.5	45.4
9	8.0	13.0	16.7	19.6	22.0	24.1	26.0	27.7	29.2	30.5	31.8	33.0	34.1	35.1	36.1	37.0	37.9	38.7	39.5
10	7.2	11.6	14.9	17.5	19.6	21.5	23.1	24.6	25.9	27.1	28.2	29.2	30.2	31.1	32.0	32.8	33.5	34.2	34.9
11	6.5	10.5	13.4	15.8	17.7	19.4	20.8	22.1	23.3	24.4	25.3	26.3	27.1	27.9	28.7	29.4	30.1	30.7	31.3
12	5.9	9.6	12.2	14.4	16.1	17.6	18.9	20.1	21.2	22.1	23.0	23.8	24.6	25.3	26.0	26.6	27.2	27.8	28.4
13	5.5	8.8	11.3	13.2	14.8	16.1	17.3	18.4	19.4	20.3	21.1	21.8	22.5	23.2	23.8	24.4	24.9	25.4	25.9
14	5.1	8.2	10.4	12.2	13.7	14.9	16.0	17.0	17.9	18.7	19.4	20.1	20.7	21.3	21.9	22.4	22.9	23.4	23.9
15	4.7	7.6	9.7	11.3	12.7	13.9	14.9	15.8	16.6	17.3	18.0	18.6	19.2	19.8	20.3	21.8	21.3	21.7	22.1
16	4.4	7.1	9.1	10.6	11.8	12.9	13.9	14.7	15.5	16.2	16.8	17.4	17.9	18.4	18.9	19.4	19.8	20.2	20.6
17	4.2	6.7	8.5	9.9	11.1	12.1	13.0	13.8	14.5	15.1	15.7	16.3	16.8	17.3	17.3	18.1	18.5	18.9	19.3
18	3.9	6.3	8.0	9.4	10.5	11.4	12.2	13.0	13.6	14.2	14.8	15.3	15.8	16.2	16.7	17.0	17.4	17.8	18.1
19	3.7	6.0	7.6	8.8	9.9	10.8	11.6	12.3	12.9	13.5	14.0	14.5	14.9	15.3	15.7	16.1	16.4	16.8	17.1
20	3.5	5.6	7.2	8.4	9.4	10.2	11.0	11.6	12.2	12.7	13.2	13.7	14.1	14.5	14.9	15.2	15.5	15.9	16.2

The above Internal Rate of Return (IRR) chart is used as a standard by the American venture capital industry to estimate possible rates of return based on an assumed sale price. It is normally employed when considering the purchase of securities. The chart provides an approximation. In order to precisely determine an actual IRR, the exact timing and amount of payments needs to be known. To calculate a comparable IRR for the owner of a royalty contract, assuming a redemption by the issuer or a sale by the royalty owner, an amount equal to the purchase price of the royalty would need to be included in the calculation.

对于投资回报，投资者应有一个最小的预期值，并且，基于特权使用费， rexroyalties.com 助计算内部收益率表，以得出收益率。

根据风险承受意愿，投资者可以购买稳妥增长的特权使用，或者投机性的高风险高回报特权使用。

特权使用同样通过帮助避免企业家失去所有权或者陷入债务困境，而获得资金的方式为企业家的利益考虑

特权使用是最好的融资方式。

Valuing Royalties

Suggested Valuation Methodologies for Royalty Contracts

The valuation of a royalty or contractual right to receive an agreed percentage of a company's revenue is an art and not a science.

The primary concern of the royalty investor is the certainty of receiving, in a reasonable period of time, at least the amount paid for the royalty.

A company's ability to pay royalties depends on when the royalties are to be paid. If the royalties are paid at the same time as the royalty issuer receives the revenues on which the payment obligation exists there is little risk of non-payment. However, if the royalty owner becomes an account payable on the royalty issuer's books then the claims of other creditors can be an issue, as there are different priorities relating to the amounts due. Therefore the balance sheet of the royalty issuer becomes of primary concern to the royalty holder. Royalties issued by companies which have strong finances will be worth more than those issued by weaker companies.

The next concern is if the payments received will yield more than alternative investments having a similar risk, as available at the time of acquisition.

The level of royalty payment, unless there is an agreed minimum amount, which is to be paid periodically or at agreed time in the future, is totally dependent on the level of revenues. Therefore, the investor must assess the projections made by the company issuing the royalty and apply their own prediction of how successful the company will be in marketing its goods and services. If the customers find the company's offerings to be of benefit, then revenues are likely to increase. If the customer prospects do not find the products and services appealing then the revenues will disappoint both the owners of the business and the royalty holders, who count on increasing revenues to produce increasing royalty payments.

The next concern is, will the royalty issuer do as has been promised at the time of acquisition.

The royalty issuer's ability to meet its royalty payment obligations is far easier to assess if the royalty payments are made at the time of the company's receipt of revenue. If the royalty owner has some form of leverage over the royalty issuer the issuer is more likely to do as agreed in terms of information provision and royalty payments. Absent such leverage the royalty holder is wholly dependent on the integrity of the issuer, and circumstance.

The final concern is, will the buyer of the royalty be able to sell the royalty at a fair price, if he does not wish to hold the royalty until it matures.

Royalties are negotiable financial instruments and can be freely bought and sold, (unless they are restricted) as long as a willing seller can find a willing buyer, who has the funds available to make a purchase. Therefore, unless there is a free market

where those having capital to invest and are interested in the purchase of royalties can be made aware of a royalty owner's wish to sell, the price a seller receives for a royalty is dependent on a negotiation, perhaps using a broker or other intermediary. However, were there to be a royalty exchange, with government supervision and transparency of dealing, the royalty owner wishing to sell is likely to receive a much better offer for the royalty he wished to sell.

All investing is an art and not a science, though royalty investment is easier and requires less knowledge of accounting and a company's internal matters. The future value of a royalty will be determined by the royalty payments received, and those payments will be determined by how well the company's prospective customers value the company's offerings.

In the free website rexroyalties.com, users can enter projected revenues, the royalty rate, the number of years of royalty payment, and the website will instantaneously calculate the payments to be received, assuming the revenue projections are achieved.

In using the website to understand the impact of changes which can be made to the data that has been entered, issuers and investors can negotiate on an even playing field as the results of changing royalty payments in different time periods and of changing the assumptions for revenue growth can be immediately shown.

IRR (%) on multiple of initial investment realized over an assumed time period

Multiple and Years	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
2	41.4	73.2	100.0	123.6	144.9	164.6	182.8	200	216.2	231.7	246.6	260	274.2	287.3	300.0	312.3	324.3	335.9	347.2
3	26.0	44.2	58.7	71.0	81.7	91.3	100.0	108.0	115.4	122.4	128.9	135.1	141.0	146.6	152.0	157.1	162.1	166.8	171.4
4	18.9	31.6	41.4	49.5	56.5	62.7	68.2	73.2	77.8	82.1	86.1	89.9	93.4	96.6	100.0	103.1	106.0	108.8	111.5
5	14.9	24.6	32.0	38.0	43.1	47.6	51.6	55.2	58.5	61.5	64.4	67.0	69.5	71.9	74.1	76.2	78.3	80.2	82.1
6	12.2	20.1	26.0	30.8	34.5	38.3	41.4	44.2	46.8	49.1	51.3	53.3	55.2	57.0	58.7	60.4	61.9	63.4	64.8
7	10.4	17.0	21.9	25.8	29.2	32.0	34.6	36.9	38.9	40.9	42.6	44.3	45.8	47.2	48.6	49.9	51.1	52.3	53.4
8	9.1	14.7	18.9	22.3	25.1	27.5	29.7	31.8	33.4	35.0	36.4	37.8	39.1	40.3	41.4	42.5	43.5	44.5	45.4
9	8.0	13.0	16.7	19.6	22.0	24.1	26.0	27.7	29.2	30.5	31.8	33.0	34.1	35.1	36.1	37.0	37.9	38.7	39.5
10	7.2	11.8	14.9	17.5	19.6	21.5	23.1	24.6	25.9	27.1	28.2	29.2	30.2	31.1	32.0	32.8	33.5	34.2	34.9
11	6.5	10.5	13.4	15.8	17.7	19.4	20.8	22.1	23.3	24.4	25.3	26.3	27.1	27.9	28.7	29.4	30.1	30.7	31.3
12	5.9	9.6	12.2	14.4	16.1	17.6	18.9	20.1	21.2	22.1	23.0	23.8	24.6	25.3	26.0	26.6	27.2	27.8	28.4
13	5.5	8.8	11.3	13.2	14.8	16.1	17.3	18.4	19.4	20.3	21.1	21.8	22.5	23.2	23.8	24.4	24.9	25.4	25.9
14	5.1	8.2	10.4	12.2	13.7	14.9	16.0	17.0	17.9	18.7	19.4	20.1	20.7	21.3	21.9	22.4	22.9	23.4	23.9
15	4.7	7.6	9.7	11.3	12.7	13.9	14.9	15.8	16.6	17.3	18.0	18.6	19.2	19.8	20.3	21.8	21.3	21.7	22.1
16	4.4	7.1	9.1	10.6	11.8	12.9	13.9	14.7	15.5	16.2	16.8	17.4	17.9	18.4	18.9	19.4	19.8	20.2	20.6
17	4.2	6.7	8.5	9.9	11.1	12.1	13.0	13.8	14.5	15.1	15.7	16.3	16.8	17.3	17.3	18.1	18.5	18.9	19.3
18	3.9	6.3	8.0	9.4	10.5	11.4	12.2	13.0	13.6	14.2	14.8	15.3	15.8	16.2	16.7	17.0	17.4	17.8	18.1
19	3.7	6.0	7.6	8.8	9.9	10.8	11.6	12.3	12.9	13.5	14.0	14.5	14.9	15.3	15.7	16.1	16.4	16.8	17.1
20	3.5	5.6	7.2	8.4	9.4	10.2	11.0	11.6	12.2	12.7	13.2	13.7	14.1	14.5	14.9	15.2	15.5	15.9	16.2

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The investor in royalties should have an objective as to minimum yield on the investment made, and the Internal Rate of Return table provided at the website will show the rates of return based on the amount of royalty payments received.

Investors can buy royalties for secure growing income or for speculatively anticipated high returns and royalty value increases, all depending on their risk tolerance.

Royalties also represent the best way for a business owner to secure the use of capital without surrendering elements of ownership or encumbering his company with debt.



有关中国特权使用的

中国特权使用将会应用一个系统化的筛选模式来确定合适的特权使用项目，功能主要有：为资格合适的公司制作特权使用的融资合同，用以帮助实现市场交易；定义特权使用发行人、投资人、以及金融界成员相互之间进行交易所应持续秉承的责任。

以下是有关筛选过程，进入特权使用融资系统名单的程序，以及特权使用交易运作的大致情况介绍。

1. 服务的数量：通过发行特权使用来筹集资金的企业数量必须是合理的。用以作为参考的因素主要有：当前和过去的商业收入水平，务实的预期收入规划，市场地位和竞争力，还有管理水平。
2. 构建服务：使用向公众开放的特权使用金融计算器，购买特权使用的投资者可以研究和调整预期收入和回报率，这样有助于达成公平并且有吸引力的特权使用交易。
 - a. 提供的数据一定会包括寻求融资的金额，当年和未来两年的预期收入，预计可以实现的融资金额，按比例支付的特权使用费，一个预估的以20年为期间进行结算的复合年增长率。



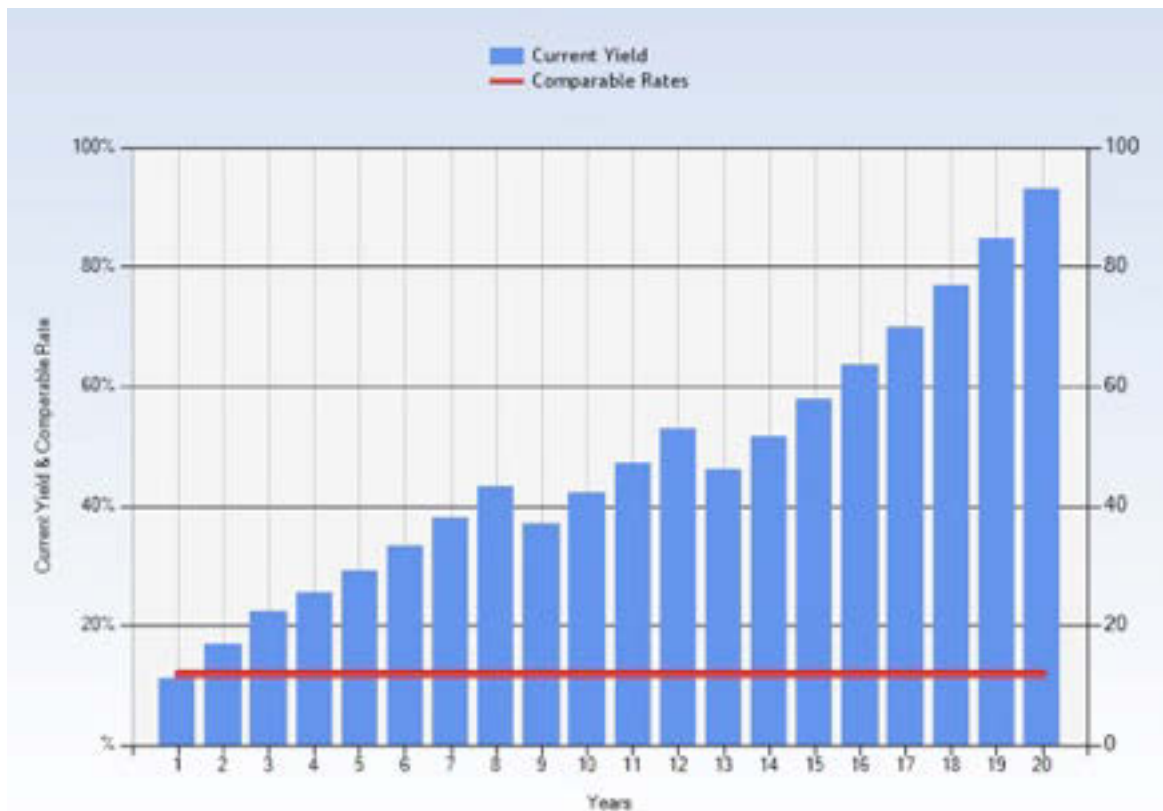
- b. 以多年期为若干阶段，复合年增长率在跨度为20年的期间内可能会根据现实状况进行调整，同时特权使用费率也以多年期为若干阶段进行调整。
 - c. 可供选择的补充性数据包括当下市盈率，税后净利润，税后净利润占总收入的百分比，以及基准可比固定利率，这样特权使用的收入就可以和其他提供固定收入的的投资相比较。
 - d. 这个模型将详细展示内部收益率的统计表格，特权使用的总资金流以及累计资金流，产出细节，盈利率，市值的预期增长，这个模型的数据将辅以形象化的图标展示。
 - e. 使用这个工具，投资人或代表投资人的承销商，以及寻求特权使用融资的企业可以开展以实现多方接受条款为目的的谈判。在网站<http://www.rexroyalties.com>点击‘进入数据库’按钮，可以看到一个可能发生的投资例子，这个投资条款是通过特权使用计算器的帮助完成的，它的整套数据就是现成可供参考的例子。你可以参考一下这个模型，输入用户名‘sample’，密码‘sample’，邮箱地址‘sample@chinaroyalties.com’然后输入名字‘sample’。这是个对一家中国企业投资6400万人民币，以现行利率换算后，大概是1000万美元多一点，投资期限为20年特权使用的例子。
3. 特权使用的布局 and 投放：一旦有关特权使用的服务条款形成合意，特权使用的发行商（寻求融资的公司）就会联系代理商，这个代理商可以是投资银行、也可以是其他的金融中介公司，最后这个发行商就可以将这个投资机会呈献给潜在的投资者。
- a. 特权使用的发行代理商会协助特权使用发行商，通过使用交易协助大纲；收入分析；制作与投资金额、条款相关联的模型，以此得出参考意见。他们使用这些工具，制作相关的特权使用投资说明书。
 - b. 如果代理商无法凭借业已和特权使用发行商谈判达成的条款吸引到投资者，代理商应向发行商反馈意见，调整出可吸引投资者的条款。鉴于代理商可以从达成的特权使用投资中获取佣金，所以代理商一定会尽力沟通双方的意见，促成投资交易的实现。
4. 特权使用发行商的必须承担的义务：
- a. 对于涉及产品和服务的相关收入的信息，特权使用发行商应及时披露；特权使用发行商应接受年度审计；发布相关业务季度收入、汇报与业务相关企业的合作协议和进度、以及发布企业前景展望。特权使用交易要求特权使用的名列发行商邀请其投资者每年调研其企业，以确保信息透明，以及回答来自投资界的疑问。
 - b. 依照有关特权使用达成的合同，支付特权使用费。特权使用交易所将直接或通过确切的合同从发行人的收入中获得一定佣金、或通过发行人指定的银行获取佣金。在投资人要求的时间内，比如每个季度，特权使用红利将自动的从交易所、代理商处打款到投资人处。
5. 特权使用发行人支付的费用

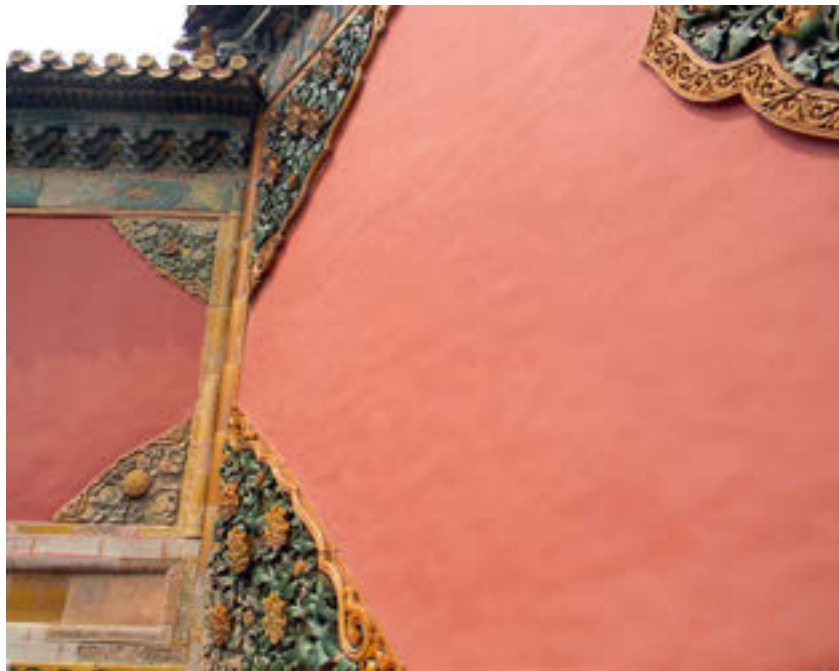
- a. 特据审查、法律事务、提交审计报告，中国安全机构的备案、以及国际宣传这些事项的花销将伴权使用花销，是一笔固定的支出，用来数据审查，论证交易结构。另外，用来支付翻译、数随特权使用的发展而一直存在。b 承销费用或安置费，
- b. 特权使用交易机构的安置费用和开展承销业务的费用。
- c. 特权使用资金的采集、分销费用。包括必要的货币兑换费用，以与中国的国际间资金调度。
- d. 向在册的特权使用持有人以及公众通报官方收入的费用，以及通报公司状态的费用。
- e. 在特权使用发行人没有履行其法律义务的情况下，基于保护投资者利益而存在的一种保护机制产生的信托费和管理费。F 通过特权使用交易所达成的买卖协议而产生的中介人事务参与佣金，以及之后在公开市场上进行国际所有权转变而产生的花费。

**ROYALTY FINANCING
CALCULATOR**
EQUITY RETENTION - INCREASING INCOME

For Project- Sample

Year	Projected Revenues	Royalty Rate	Royalty Distribution	Cumulative Royalties	Current Yield	Percent (%) of Cost	Compound Annual RoR	IRR (%)	Market Cap
1	120,000,000	6.00%	7,200,000	7,200,000	11.25%	11.25%	-88.75%	-88.75	201,600,000
2	180,000,000	6.00%	10,800,000	18,000,000	16.88%	28.12%	-46.97%	-52.91	302,400,000
3	240,000,000	6.00%	14,400,000	32,400,000	22.50%	50.62%	-20.3%	-25.53	403,200,000
4	273,600,000	6.00%	16,416,000	48,816,000	25.65%	76.28%	-6.55%	-9	459,648,000
5	311,904,000	6.00%	18,714,240	67,530,240	29.24%	105.52%	1.08%	1.59	523,998,720
6	355,570,560	6.00%	21,334,234	88,864,474	33.33%	138.85%	5.62%	8.7	597,358,541
7	405,350,438	6.00%	24,321,026	113,185,500	38.00%	176.85%	8.49%	13.67	680,968,737
8	462,099,500	6.00%	27,725,970	140,911,470	43.32%	220.17%	10.37%	17.26	776,327,160
9	526,793,430	4.50%	23,705,704	164,617,174	37.04%	257.21%	11.07%	19.31	885,012,962
10	600,544,510	4.50%	27,024,503	191,641,677	42.23%	299.44%	11.59%	20.94	1,008,914,777
11	672,608,851	4.50%	30,267,443	221,909,120	47.29%	346.73%	11.97%	22.23	1,129,964,550
12	753,323,033	4.50%	33,899,537	255,808,657	52.97%	399.70%	12.24%	23.25	1,265,562,696
13	843,721,797	3.50%	29,530,263	285,338,920	46.14%	445.84%	12.19%	23.9	1,417,452,619
14	944,968,413	3.50%	33,073,894	318,412,814	51.68%	497.52%	12.14%	24.44	1,587,546,934
15	1,058,364,622	3.50%	37,042,762	355,455,576	57.88%	555.40%	12.11%	24.88	1,778,052,506
16	1,184,201,085	3.50%	40,747,038	396,202,614	63.67%	619.07%	12.07%	25.25	1,965,857,822
17	1,280,621,193	3.50%	44,821,742	441,024,356	70.03%	689.10%	12.02%	25.55	2,151,443,604
18	1,406,683,312	3.50%	49,303,916	490,328,272	77.04%	766.14%	11.96%	25.8	2,366,587,965
19	1,549,551,644	3.50%	54,234,306	544,562,579	84.74%	850.88%	11.93%	26.01	2,603,246,761
20	1,704,506,808	3.50%	59,657,738	604,220,318	93.22%	944.09%	11.88%	26.19	2,863,571,438





The Offering Process for Chinese Royalty Issuers

The China Royalty Exchange will apply a systematic screen, in order to identify appropriate issues of royalties, establish the eligibility of companies for a public listing of their royalty contracts, and define the continuing responsibilities of issuers, investors and members of the financial community to the Exchange.

Following is a general description of the screening process, the listing process itself, and the ongoing management of trading activity on the Royalty Exchange.

1. **Amount of offering:** The amount of funding sought by the royalty issuing enterprise must first be reasonable. Factors considered include current and past levels of business revenues, conservatively projected future revenues, market positioning and competitiveness, and quality of management.
2. **Structuring the offering:** Using the publicly available REX Royalty Financing Calculator, the projected revenues and royalty payment rates are studied and adjusted to create a fair and attractive return to the investors purchasing the royalty.
 - a. The data provided must include the amount of financing sought, revenue projections for the current year and for two following years, assuming the receipt of the financing, proposed royalty percentage to be paid, and an estimated compound annual growth rate (CAGR) for the balance of 20 years.
 - b. The CAGR may change in multi-year stages over the 20 years, and the royalty rate may also be changed in multi-year stages.

- c. Optional additional data may include the current Price-to-Earnings Ratio (PE), the Net After Tax (NAT) profits, expressed as a percentage of total revenues, and a benchmark comparable fixed interest rate, so that royalty returns can be compared to other investments providing fixed returns.
 - d. The model will display detailed Internal Rate of Return tables (IRR), flow of royalties, both gross and cumulative, details of yield, rate of return, projected growth of market capitalization, with some charts that aid in visualization of the data.
 - e. Using this tool, the investor, or more likely the underwriter representing investors, and the company seeking to sell a royalty may negotiate mutually-acceptable terms. For an example of a possible investment on reasonable terms through the Royalty Calculator, see <http://www.rexroyalties.com> and click Data Entry. A sample set of data is available. You may view this model by entering the username sample, with the password sample, the email address sample@chinaroyalties.com, and project name Sample. This information is for a 20-year royalty investment of 64 million yuan in a Chinese company -- a little more than \$10 million US at current exchange rates.
3. **Placement or distribution of the royalty:** Once the terms of the royalty offering are agreed, the royalty issuer (the company) will contract with an agent, which may be an investment banking or other financial intermediary firm, to present the investment opportunity to prospective investors.
- a. The agent of the royalty issuer will assist the royalty issuer in preparing a prospectus using Exchange-supplied guidelines and standards, containing the revenue analysis and recommendations based on the model, regarding the amount and/or terms of the offering.
 - b. In the event the agent is not able to attract investors based on the terms negotiated with the issuer, the agent will recommend to the issuer terms which the agent believes will be acceptable to investors. As the agent will likely receive a fee or commission, largely based upon the completion of the offering, the agent will try to balance the wishes of the prospective investors who have reviewed the investment opportunity, and those of the company offering the royalty.

4. Commitments of the royalty issuer: The royalty issuer must agree to:

- a. Provide timely information, annually audited, as to the amount of revenue received for the provision of goods and services. The royalty issuer will also issue quarterly revenue statements and agreed information about the activities and prospects for the company. Each listed company will invite its royalty investors to an annual presentation, as required by the Royalty Exchange, to ensure transparency and answer questions from the investment community.
- b. Make royalty payments, as agreed in the contract. The Royalty Exchange directly or by contract with others will receive the percentage of revenue specified in the royalty agreement, by special arrangement with the issuer's designated bank(s) receiving issuer revenues. Royalty payments will automatically be sent from the Exchange or its agent to the investor at the required intervals -- for example, quarterly.



5. Expenses to be paid by the royalty issuer:

- a. REX fee - A fixed fee for reviewing the data and approving the structuring of the transaction. In addition, there will be a continuing fee for so long as the royalty is outstanding, to cover costs of translation, legal and tax review, submitting audit reports and records to China Securities and international reporting as required
- b. Underwriting or placement fee, paid to the organization providing the investors purchasing the royalty.
- c. Royalty payment collection and distribution fee. Includes cost of currency conversion and transfer of funds to international accounts to and from China, if necessary.
- d. Fee for distribution of official revenue reports and other company status information to registered royalty holders and the public
- e. Trustee or administration fee in the event a mechanism for the protection of investors must be used if the royalty issuer fails to comply with their legal obligations.
- f. Brokerage fees paid by transaction participants when a royalty contract is bought or sold on the exchange, after its issue, among open market buyers and sellers. Includes cost of international transfer of ownership.

选择

以下是由阿瑟·利普提出的9个颇具挑战性的问题。阿瑟·利普来自华尔街，他是位知名金融家，作家，阿瑟有着上百家私营企业的融资经验。就融资而言，从投资者和企业家两方面的角度看，阿瑟对于融资成功和失败两方面都有深刻的研究。

对于投资者和企业家就融资方面的理解和观点，阿瑟甄别出了一些基本的分歧，并提出了解决方案。

问题是：

1. 你相不相信你的公司有一天会比现在更具价值？
2. 如果有资金帮助企业成长，你是否相信你的公司可以非常具有盈利性？
3. 你是否相信你的公司有一天会吸引的更大的公司的注意，并愿意高价收购你的公司？
4. 你对自己的企业管理能力有自信吗？如果你的公司得到资金支持，你认为你的产品或服务是否符合市场需求？是否具有价格优势？
5. 假设有一个让你照看、运作他人储蓄的的机会，你是否愿意承担这份责任？
6. 你喜欢你的投资者对你的商业决策提意见，并试图对你的决策施加影响吗？
7. 如果不是一个对你的公司成长有利的长期投资，你愿意投资者不停地对于你的盈利报告施加压力吗？
8. 相比未来，如果你的公司的价值现在明显偏低，你是否还迫切的想要出售你的公司的重要组成部分？
9. 在选择投资者时，你愿意陷入债务中吗？

如果对于以上的第1个、第2个、第3个、第4个问题，如果你的答案是‘是’；而对于其他问题的答案是‘否’的话，那么就是个有可能得到特权使用融资的自信的企业家。

如果你确实对你企业的未来有信心，并且既不不希望稀释你的所有权，也不愿意陷入债务中，那么你是有其他选择的。

这个在一段达成协议的期间内，将你公司未来一定比例的收入出售给投资者以换取当下促进企业发展的资金的选择，这个营业收入分成的协议叫做，特权使用。

特权使用持有人不是股票持有人，他们对你公司的所有权没有兴趣，所以也就没有相关的投票。特权使用持有人希望的是可以直接分享你公司增长的营业收入；如果你需要把公司盈利用于促进公司成长，特权使用持有人是可以理解的。

特权使用持有人拥有的是一份真正的金融性资产，这就是基于合同义务的企业收入分成，并且合同规定这份金融资产可以出售。

像任何新事物一样，特权使用融资方式也有缺陷-那就是缺乏流动性。它像其他的对于私营企业的投资一样，如果不能找到条件合适的买家，或者等到一个具备流动性的特权使用市场，投资者就需要在协议期间内持有它。

如果有一个像股市一样的有关特权使用买卖的交易所，特权使用会变得更好（更容易融资，低费率，更高的流动性）。

建立一个有关特权使用的交易所目前正在讨论当中。如果成功的话，这样一个有关特权使用的交易所会成为一个意义重大，在世界范围内对需要融资的企业和投资者都适用的融资场所。中小企业是世界经济增长、创新、产生就业的引擎-相比于债务和产权，他们可以拥有更好的融资渠道。对于寻求融资的企业家，和寻找优良企业投资以分享企业成长红利的投资人而言，特权使用是更好的选择。



The Choice

Nine Questions for Business Owners

Here are nine provocative questions for business owners, posed by well-known financier, author and Wall Street veteran Arthur Lipper. Arthur has participated in the financing of hundreds of private companies, and has studied what works -- and what does not work -- for both investors and entrepreneurs.

He has identified some fundamental gaps in understanding and perspective between investors and business owners, and proposes a solution.

First the questions:

1. Do you believe that your company will one day be worth a great deal more than it is today?
2. Do you predict that your company will become extremely profitable, if it has the capital needed to grow?
3. Do you believe that your company will one day be attractive to larger companies, who will be willing to pay a premium for your business?
4. Are you confident in your abilities as a manager? Do you believe you have the right products and services, at a competitive market price, and that your company can realize its full potential if you have the capital needed?
5. Do you welcome assuming the responsibility for taking care of the savings of others?
6. Would you like it if your investors made suggestions about your management decisions, and tried to influence your decisions?
7. Would you welcome investors pressuring you to report ever-increasing profits, even if this were not in the best long-term interests of your company's growth?
8. Are you eager to sell a substantial part of your business today, at a price dramatically lower than it will be in the future?
9. Do you enjoy the prospect of going into debt to fund your business, as an alternative to accepting investors?

If you answered "yes" to questions 1, 2 3 and 4 -- and "no" to the rest -- then you are a confident business owner who may benefit from royalty financing.

If you sincerely believe in the prospects for your company and do not want to share ownership or go into debt, there is an alternative.

The alternative is to sell a percentage of your company's future revenues to investors, for an agreed period of time. This revenue-sharing arrangement is called a royalty.

Royalty holders are not shareholders; they do not have an ownership interest in your company and therefore do not vote. Royalty holders wish for increased revenues, in which they share directly; they understand that reported profits may vary for good reasons, as your company grows, and leave you to run your business.

Royalty holders own a real financial asset -- the company's contractual obligation to pay a share of its revenue. That asset is negotiable and can be sold to others.

The value of the royalty will increase as your company's revenue increases. Investors begin earning back their investment immediately -- and ultimately will realize significant fair profit, on a predictable curve, as long as your company's revenues continue to increase.

Royalty financing is new, so there is a drawback -- a royalty contract is not liquid. Like any investment in a private company, investors need to retain their contract through its term, unless they can find a qualified private buyer, or some other kind of liquidity is achieved.

Royalty contracts would be stronger (easier to finance, at lower rates, and more liquid) if there were an exchange on which royalties traded, as if they were stocks.

The creation of an exchange for the trading of royalties in China is currently under discussion. If the discussions are successful, such an exchange could become significant -- and available to companies and investors worldwide. Small and medium-sized companies are the engines of growth, innovation and employment for the world economy -- and they would find a new channel for investment that makes more sense than debt or equity.

Royalties are a better way for business owners to raise capital, and for investors to participate in the growth of sound companies.

限定性价值-期间特权使用

特权使用合同要求在一段达成合意的时期内，被投资的企业应将一定比例的营业收入交付特权使用投资人，即特权使用持有人。

比如说，一个公司为了换取用于帮助公司发展的资金，可能会愿意将其未来20年总营业收入的5%作为投资回报，分红给投资人。

在一些公司发展的早期阶段，它们期望取得非常快的发展速度，这种情况通常发生于科技公司。这类公司或许会担心支付一定比例的预期扩大性收入，因为当科技类公司取得成功后的花销是非常大的。特权使用的出售会影响特权使用发行人的利润率。当公司处于公开上市、合并、出售阶段时，较低的利润率会对其市场价值产生消极的影响。

因此，当一个公司发展到一个非常成功的阶段时，是非常希望对其所支付的特权使用费有所限制的。企业家会希望有一种方式可以在未来终结特权使用费的支付。从最好的保全投资方和特权使用发行人两方面的利益考虑，是有一些手段来实现以上想法的。



最基本的方法是：在达成特权使用的合意阶段，就将有关特权使用发行人的回赎条款写入协议，该协议可以包括回赎金额或回赎期间这些内容。从特权使用发行人的角度讲，可以就有关回赎条款进行谈判并在融资初期就将其形成合意写入融资协议，这一点是很重要的。否则企业家可能会不愿意接受这样一种融资方式，因此，将终结支付特权使用费义务的条款写入融资合同是可以接受并有其积极意义的。

如果中国特权使用交易所以设立，特权使用可以在一个空开的、安全的环境下进行交易，那就可能会有很多特权使用的合同持有人，公司也可以在交易所提出有关融资的方案，这使融资变得更为简单快捷。同样，在这样一个有着众多投资者的大型交易场所，有关特权使用的回赎程序也会更具有流动性和高效率。如果不需支付的税前特权使用费数额增长，那么企业的未来盈利也会相应增长；如果反映企业价格比和市盈率的数额增长，那么企业的市场价值同样会相应增长。

对融资各方来讲，一个较好的工具就是使用一个叫做‘限定性价值-期间特权使用’（DVTP）的工具。通过使用这个工具，可以在最初的合同中约定：如果在特定期间内，特权使用发行人向投资人支付了特定数额的特权使用费，那么特权使用发行人就可以自动回赎特权使用，也不用再承担任何后续支付义务。这个工具同时向企业和投资人提供了融资合作的确定性和安全性。

下表是包含相应赎回年限的内部收益率表，通过它可以对“限定性价值-期间特权使用”这一工具做解释、说明。

2年内分红2次，每年返利41.4%的特权使用费

3年内分红3次，每年返利44.2%的特权使用费

4年内分红4次，每年返利41.4%的特权使用费

5年内分红5次，每年返利38%的特权使用费

6年内分红6次，每年返利34.5%的特权使用费

7年内分红7次，每年返利32%的特权使用费

8年内分红8次，每年返利30%的特权使用费

9年内分红9次，每年返利27.7%的特权使用费

10年内分红10次，每年返利25.9%的特权使用费

这个图标取自于特权使用计算器，该计算器可以在世界范围内免费使用，它的网址是：
<http://www.rexroyalties.com>

☐ ☐

这个工具可以作为协商合作条款时的辅助工具。

Multiple and Years	2	3	4	5	6	7	8	9	10	11	12	13	14
2	41.4	73.2	100.0	123.6	144.9	164.6	182.8	200	216.2	231.7	246.6	260	274.2
3	26.0	44.2	58.7	71.0	81.7	91.3	100.0	108.0	115.4	122.4	128.9	135.1	141.0
4	18.9	31.6	41.4	49.5	56.5	62.7	68.2	73.2	77.8	82.1	86.1	89.9	93.4
5	14.9	24.6	32.0	38.0	43.1	47.6	51.6	55.2	58.5	61.5	64.4	67.0	69.5
6	12.2	20.1	26.0	30.8	34.5	38.3	41.4	44.2	46.8	49.1	51.3	53.3	55.2
7	10.4	17.0	21.9	25.8	29.2	32.0	34.6	36.9	38.9	40.9	42.6	44.3	45.8
8	9.1	14.7	18.9	22.3	25.1	27.5	29.7	31.6	33.4	35.0	36.4	37.8	39.1
9	8.0	13.0	16.7	19.6	22.0	24.1	26.0	27.7	29.2	30.5	31.8	33.0	34.1
10	7.2	11.6	14.9	17.5	19.6	21.5	23.1	24.6	25.9	27.1	28.2	29.2	30.2
11	6.5	10.5	13.4	15.8	17.7	19.4	20.8	22.1	23.3	24.4	25.3	26.3	27.1
12	5.9	9.6	12.2	14.4	16.1	17.6	18.9	20.1	21.2	22.1	23.0	23.8	24.6
13	5.5	8.8	11.3	13.2	14.8	16.1	17.3	18.4	19.4	20.3	21.1	21.8	22.5
14	5.1	8.2	10.4	12.2	13.7	14.9	16.0	17.0	17.9	18.7	19.4	20.1	20.7
15	4.7	7.6	9.7	11.3	12.7	13.9	14.9	15.8	16.6	17.3	18.0	18.6	19.2

以上的内部回报率（IRR）的图表是用来作为标准由美国风险投资行业回报率估计可能基于一个假定的销售价格。它通常是受聘当你考虑购买的证券。图表提供了一个近似。为了精确地确定实际IRR的确切时间和支付金额必须是已知的。可比IRR计算提成合同的所有者，假设由发行人赎回或出售特许权所有者，将需要包括在计算的金额相等于购买价版税

使用限定性价值-期间特权使用这一工具的特权使用的发行人不需要在谈判中特意努力或引导特权使用的赎回条款，因为当特定的金额支付给投资者后，赎回会自动生效。另外因为所要求的特权使用费是自动累计、并且不需要一定比例营业收入的数据支持，所以特权使用发行人只要在约定期间内补齐所有特权使用费，就可以自行选择赎回时间。

有关促进企业快速成长、取得成功，并同时避免所有权稀释的案例会越来越多。这个结果对于特权使用发行人和特权使用拥有人双方来讲，都是积极并且公平的。特权使用拥有人在其投资的企业取得营业收入时就可以收到相应的收入，如果企业的营业收入持续增长，那么特权使用拥有人就可以获得很好的回报。只要特权使用发行人的收入在增加，特权使用拥有人的特权使用费就会增加。

Defined Value-Time Period Royalties

A royalty contract requires the company to pay a percentage of its revenues to the royalty holder, for an agreed period of time.

For example, a company may agree to pay an investor 5% of its gross revenues to an investor for 20 years, in exchange for the capital the company needs to build its business.

In the early stages, some companies anticipate very fast growth; this is often the case with technology companies. These companies may be concerned about paying a percentage of the expanding revenues they project, because the payments could become very large when the company is successful. The sale of royalties reduces an issuer's profit margin. A smaller profit margin will adversely impact the market valuation of the issuer if the company is publicly traded and/or is negotiating a merger or sale of the company.



Therefore, a method to limit the amount of royalty payments may be desirable to the issuer of the royalty, if the company is highly successful. The owners of a company considering the sale of royalties may wish to have a method for the termination of royalty payments at a future date. There are several methods of doing this; which will serve the interests of both the company and the owners of its royalties.

The most basic method is for the company to include in the royalty agreement a redemption feature which allows the issuer to pay to all of the royalty owners an agreed amount, within an agreed period, to terminate the royalty. It is important, from the issuer's perspective, that the terms of redemption be negotiated and be in the original agreement, as otherwise the issuer may not be able to acquire and therefore terminate the royalty payment obligation on terms which are acceptable.

If the royalties were traded on a public securities exchange, as proposed in the China Royalty Exchange project, there may be many royalty contract owners; the company could simply make an offer on the exchange. With a large marketplace of public investors, the redemption process would be more liquid and efficient. The company's future earnings would increase by the amount of pre-tax royalty payments no longer required to be paid, and the company's market valuation would be increased by an amount reflecting the company's price/earnings ratio.

A better approach for all parties may be in the "REX Defined Value-Time Period Royalties" (DVTP). With this approach, the original royalty agreement provides that if a certain amount of royalty payments are paid within a certain period of time, the royalty will be

automatically redeemed and further payment obligations will be cancelled. This approach provides certainty and security to both the company and its investors.

A redemption table would be agreed: if a minimum of X times the original investment is paid (as a percentage of revenues or otherwise), to royalty investors in Y years, then redemption is automatically triggered.

Below is a table which defines this method, and includes the corresponding Internal Rate of Return for each case.

- 2 times within 2 years – a 41.4% annual return
- 3 times within 3 years – a 44.2% annual return
- 4 times within 4 years – a 41.4% annual return
- 5 times within 5 years – a 38% annual return
- 6 times within 6 years – a 34.5% annual return
- 7 times within 7 years – a 32% annual return
- 8 times within 8 years – a 30% annual return
- 9 times within 9 years – a 27.7% annual return
- 10 times within 10 years – a 25.9% annual return

This table is on the Royalty Calculator, available worldwide at no cost at <http://www.rexroyalties.com>

The series described above is highlighted in red below. This tool may be used as an aid in negotiation of terms.

Multiple and Years	2	3	4	5	6	7	8	9	10	11	12	13	14
2	41.4	73.2	100.0	123.6	144.9	164.6	182.8	200	216.2	231.7	246.6	260	274.2
3	26.0	44.2	58.7	71.0	81.7	91.3	100.0	108.0	115.4	122.4	128.9	135.1	141.0
4	18.9	31.6	41.4	49.5	56.5	62.7	68.2	73.2	77.8	82.1	86.1	89.9	93.4
5	14.9	24.6	32.0	38.0	43.1	47.6	51.6	55.2	58.5	61.5	64.4	67.0	69.5
6	12.2	20.1	26.0	30.8	34.5	38.3	41.4	44.2	46.8	49.1	51.3	53.3	55.2
7	10.4	17.0	21.9	25.8	29.2	32.0	34.6	36.9	38.9	40.9	42.6	44.3	45.8
8	9.1	14.7	18.9	22.3	25.1	27.5	29.7	31.6	33.4	35.0	36.4	37.8	39.1
9	8.0	13.0	16.7	19.6	22.0	24.1	26.0	27.7	29.2	30.5	31.8	33.0	34.1
10	7.2	11.6	14.9	17.5	19.6	21.5	23.1	24.6	25.9	27.1	28.2	29.2	30.2
11	6.5	10.5	13.4	15.8	17.7	19.4	20.8	22.1	23.3	24.4	25.3	26.3	27.1
12	5.9	9.6	12.2	14.4	16.1	17.6	18.9	20.1	21.2	22.1	23.0	23.8	24.6
13	5.5	8.8	11.3	13.2	14.8	16.1	17.3	18.4	19.4	20.3	21.1	21.8	22.5
14	5.1	8.2	10.4	12.2	13.7	14.9	16.0	17.0	17.9	18.7	19.4	20.1	20.7
15	4.7	7.6	9.7	11.3	12.7	13.9	14.9	15.8	16.6	17.3	18.0	18.6	19.2

The above Internal Rate of Return (IRR) chart is used as a standard by the American venture capital industry to estimate possible rates of return based on an assumed sale price. It is normally employed when considering the purchase of securities. The chart provides an approximation. In order to precisely determine an actual IRR, the exact timing and amount of payments needs to be known. To calculate a comparable IRR for the owner of a royalty

contract, assuming a redemption by the issuer or a sale by the royalty owner, an amount equal to the purchase price of the royalty would need to be included in the calculation.

The DVTP royalty issuer does not need to make offers or conduct negotiations in order to redeem its royalties. Redemption takes place automatically when the necessary amount has been paid to its royalty investors. And since the required payments are cumulatively calculated and do not need to come from only a percentage of revenues, the company can choose its own time to redeem, by adding the required amount of total payment to the royalty payments made to date.

Here is an illustration, built from the Royalty Calculator tool:

The company and its investors agree in advance that if the investors can double their money in six years, they will be satisfied, given the risk. The company starts off with \$10 million in annual gross revenues, projecting 45% annual growth, and paying a 6% royalty after an investment of \$5 million. If the company actually meets that 45% annual growth target, investors will more than double their money in six years. It is agreed that a redemption of the royalty is justified at that point; investors will have received a 20.4% IRR (Internal Rate of Return).

But in the fifth year after the royalty investment has been placed, the company wants to retire the royalty obligation early, before going to the public market. They have paid \$8 million in royalties to date, and the required redemption price is \$10 million. The difference can be made up in cash or in other acceptable forms of liquid payment.

Thanks to their far-sighted decision to accept capital support from a group of royalty investors, these business owners are especially pleased that they did not sell equity, taking the dilution of their ownership share when they started out. That stock is now worth many times what the private market would have granted five years ago, compared to its valuation today on the public market -- and all the capital gain belongs to the business owners.

In the case of a successful, fast growing company, the owners, having avoided equity dilution, would be enriched and the results would be very favorable and fair to the royalty investors. Royalty investors in companies having revenues begin receiving income immediately, it grows constantly and they make a very good return as the revenues of the royalty issuer increase.

Arthur Lipper is acknowledged worldwide as an innovator in the field of financial services. He pioneered breakthroughs in the fields of mutual fund analysis and stock index futures. Mr. Lipper formed two New York Stock Exchange member firms, Arthur Lipper Corporation and New York & Foreign Securities, and served both as Chairman. These firms specialized in serving institutional investors, and their services included the creation of mutual fund investment performance analysis.



阿瑟利普因在金融界的发明而知名于世界。他领先的打通了共同基金分析领域和交易所指数的未来。阿瑟利普创建了两个纽约交易所会员机构：阿瑟利普合作和纽约与外国证券，并担任主席。这些机构专注于为投资者提供服务，包括建立共同基金投资绩效分析。

Michael North directs [America-China Bridge](#), a company committed to building peace and understanding between China and America. The Bridge works across several bilateral fields, including business, education, culture, technology, communications, citizen diplomacy and investment strategy. It seeks to bring the best of America to China, and the best of China to America.



麦克诺斯是《美中桥》的董事长和创始人。它是建立在中国和美国之间的一座和平和理解的桥梁。《桥》的工作跨越了几个阶梯的领域，包括：商业、教育、文化、科技、通讯、公民外交和战略性投资。它旨在将美国的各界最优秀的人和领域带给中国，并将中国的各界最优秀的人和领域带到美国。

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This is our vision and wish: that China will become the place where the world's private businesses are financed.

我们的设想和愿望是这样的：中国可以成为对世界范围的私营企业进
行投资的投资者。

The creation of an exchange for the trading of royalties in China is currently under discussion. If the discussions are successful, such an exchange could become significant -- and available to companies and investors worldwide. Small and medium-sized companies are the engines of growth, innovation and employment for the world economy -- and they would find a new channel for investment that makes more sense than debt or equity.

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