

Summary

- ▶ *Currency:* USD
- ▶ *Country:* United States
- ▶ *Sector:* Finance & Securities
- ▶ *Private Offering:* USD 17.6 million
- ▶ *Investment:* for 10% of capital
10,000,000 shares of common stock
- ▶ *Stock Price:* From USD 1.00 to USD 2.20
- ▶ *Minimum investment:* USD 100'000

Issuer

Intellectual Property Securities Corporation
251 Little Falls Drive,
County of New Castle,
Wilmington, 19808, State of Delaware, USA
Incorporation number: 6880180

Legal Counsel

Deschenaux & Partners, LLP
Rue François-Bonivard 10
1201 Geneva, Switzerland
Phone :+41 (0) 22 510 25 00
info@deschenaux.com

Use of Proceeds

- Securitization of 3 Super Blockbusters
- Installation of staff in LA and NY
- Launch Public Relation Campaigns
- TV Bloomberg

Key Facts

- ▶ Intellectual Property Securities Corporation (IPSE) is:
 - A novel approach towards cash flow oriented, value creation;
 - An asset valuation, neither a debt valuation nor a collateral securitization.
- ▶ IPSE creates a new Asset Class: IP securities beginning by securitizing movies.
- ▶ Some figures to better understand the market potential:
 - Royalty and licensing fee revenues rose from USD 2.8 billion in 1970 to USD 27 billion in 1990 and hit the USD 180 billion mark in 2009;
 - Intangible value of the global entertainment and media market rose from USD 1.39 trillion in 2011 to USD 2.2 trillion in 2021. Cinema spending is forecasted to grow by 29 % annually between 2020 and 2025;
 - Intangibles owned by US companies are estimated at USD 14.5 trillion.
- ▶ Fund raising
 - 10% in shares of common stock for USD 17.6 million
 - Competitive bid price from USD 1.00 up to USD 2.20 per share
 - 6 months-timeframe to execute an Exit strategy via an IPO on the NASDAQ

1. Intellectual Property¹

Intellectual property (IP) refers to creations of the mind, such as inventions; literary and artistic works; designs and symbols, names and images used in commerce. IPSE focuses on the following domains:

A **Copyright** is a legal term used to describe the rights that creators have over their literary and artistic works. Works covered by copyright range from books, music, paintings, sculpture and films, to computer programs, databases, advertisements, maps and technical drawings.

A **patent** is an exclusive right granted for an invention. Generally speaking, a patent provides the patent owner with the right to decide how - or whether - the invention can be used by others. In exchange for this right, the patent owner makes technical information about the invention publicly available in the published patent document. This includes Business Method Patents

A **trademark** is a sign capable of distinguishing the goods or services of one enterprise from those of other enterprises. Trademarks date back to ancient times when craftsmen used to put their signature or "mark" on their products.

An **industrial design** constitutes the ornamental or aesthetic aspect of an article. A design may consist of three-dimensional features, such as the shape or surface of an article, or of two-dimensional features, such as patterns, lines or color.

Specific domains as Plant Breeders Rights.

To create this market, IPSE will focus on defined IP rights (mainly songs and movies) which will serve as the basis for developing the relevant processes in order to enter the market.

2. Issuer

Intellectual Property Securities Corporation (IPSE) was created in Delaware in December 2014 to finance movies, patents and all kinds of IP rights. It will conduct its operational, legal and IT activities from Los Angeles, New York and Geneva. Its business is the conversion of IP rights into IP securities with the view to sell a part of those to get financed through the securities markets. All brokerage activity will be led from New-York City.

3. History

In 1998, Marc Deschenaux founded World Intellectual Property Securities Corporation (WIPSEC). WIPSEC set up the first securities market that made IP rights tradable. WIPSEC served as the genesis to create IPSE in December 2014. In 2015, the new securitization and trading process was established. In 2016, it was submitted to the S.E.C. and to the NASDAQ. Discussions extended to the end of 2017. On June 28th 2018, Marc Deschenaux received the Business Method Patent 62/691,500 filing receipt number 8987 that will be sold to IPSE to guarantee a ten years monopoly position. IPSE is now ready to make its Initial Public Offering in order to start operations duly financed. To bring its IPO to completion, IPSE needs USD 17.6 million covering the costs listed in the overleaf Use of Proceeds (see the margin).

¹ Source: World Intellectual Property Organisation (WIPO) - <http://www.wipo.int/about-ip/en/>

4. Objectives

The objective of IPSE is to transform IP rights into negotiable securities. The system of IPSE works in the same way as pass-through securities. IPSE begins by securitizing the rights and lists them on the NASDAQ where transactions are concluded between IP holders and investors.



To optimize the securitization process, IPSE will develop an integrated software that classifies all IP types. The purpose of the software will be:

- ▶ To automate transaction processes and reporting;
- ▶ To better manage prospecting for new clients;
- ▶ To ensure transparency and the stability of the service;
- ▶ To maximize "straight through processing";
- ▶ To meet high securitization demand;
- ▶ To grant licenses to other companies.

5. Milestones

The Issuer defined three strategic milestones for the 36 months of the company launch following the IPO

- ▶ 2018: Patent
- ▶ 2020-2022: IPO funding
- ▶ 2022-2023: IPO execution of IPSE, software development, broker-dealer license & start of operations
- ▶ 2024: Expansion of business activities.

6. Market

A new study by the World Intellectual Property Organization reports that the global market for IP is now worth USD 180 billion a year. According to the World Property Report 2011- The Changing Face of Innovation, royalty and licensing fee revenue rose from USD 2.8 billion in 1970 to USD 27 billion in 1990 and hit the USD 180 billion mark in 2009. This is faster than global GDP has risen over a similar time period. Moreover, and according to recent global forecasts for the entertainment and media market, cinema spending would grow by 29 % annually between 2020 and 2025. Intangible value of the global entertainment and media market rose from USD 1.39 trillion in 2011 to USD 2.2 trillion in 2021. It is estimated to reach USD 2.6 trillion in 2025.

Coming just after such a report which states that intangibles owned by US companies are now worth about USD 14.5 trillion, the case for IP as a lever for growth and innovation has surely never been stronger. "New market intermediaries have emerged, such as IP clearinghouses and brokerage... Evidence shows that knowledge markets enable firms to specialize, allowing them to be more innovative and efficient at the same time. In addition, they allow firms to control which knowledge to guard and which to share so as to maximize learning – a key element of modern open innovation strategies," the WIPO report states."

IPSE will start its operations with movies financing representing a total addressable market of USD 10+ billion in 2023/2024, growing at 3% each year. IPSE intends to capture up to 10% of the market in the long run.

Following its movies financing activities, IPSE will expand to technology base and healthcare, intellectual property financing. Due to the variety in geographic and domain specific IP protection systems, it is very difficult to perform a comprehensive analysis of the IP market and therefore its valuation. To understand this market, see (<http://www.iam-magazine.com>).

7. Services

The core services of IPSE are the following:

- ▶ The securitization of existing IP rights
- ▶ New project financing
 - securitization of coproduction agreements
 - crowdfunding
- ▶ The management of securitized IP syndicates
- ▶ The brokerage of IP securities

For the investor, the rewards can take different forms: a right to own something (e.g. ticket for a movie, DVD, CD) or an IP security.

8. Positioning and Business Model

IPSE positions itself between an IP asset and the market, private or public. The business model is based on several income sources:

- ▶ Flat fees for the analysis of the securitization request
- ▶ Flat fees to process the securitization
- ▶ Variable fees based on the value of the security
- ▶ Transaction fees on the value of the traded security
- ▶ License fees from using the integrated software

IPSE's business is based on a cash flow-oriented system, meaning that even when there are no dividends, the Issuer is able to produce and to distribute funds through IP securities. This system is favorable to investors.

9. Investment Process and Exit Scenario (see point 4 above)

To accommodate this higher risk, it is of the opinion of the Issuer's management that it is both appropriate and necessary to incentivize early investors by offering them the shares of the Issuer at a premium. The Incremental Price system is intended to reward early investors by offering them a lower purchase price for shares than offered to subsequent investors. Based on the development strategy, the objective is to promote issuer growth and development in order for the promoters to define the best Exit scenario. Whilst the preferred method of Exit is via an IPO, alternative options include sector consolidation and vertical integration.

Any investment must be based on the reading of the Issuer's Offering presentation. No investment decision can be based only on this short summary.