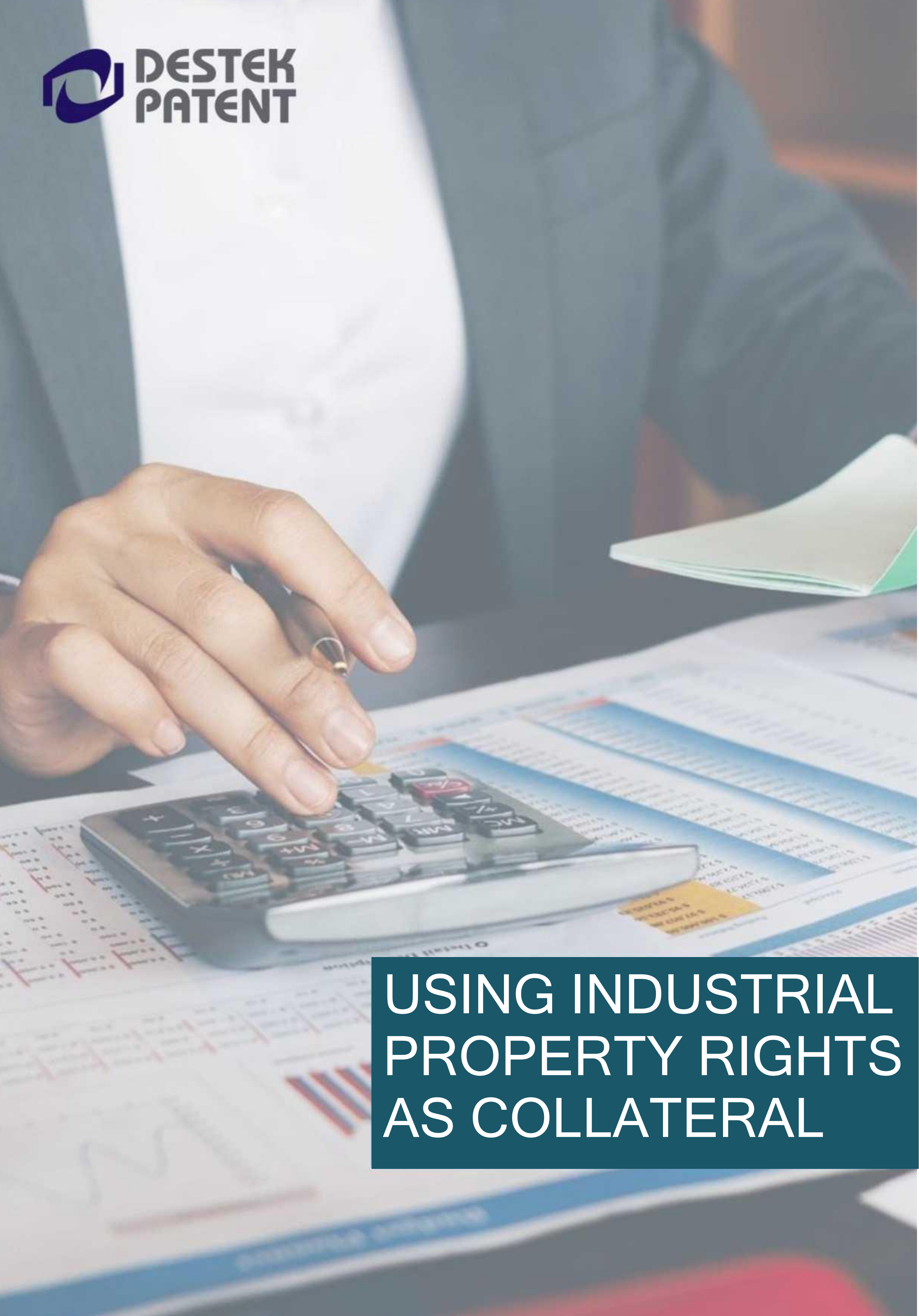

DESTEK PATENT

USING INDUSTRIAL PROPERTY RIGHTS AS COLLATERAL

Using Industrial Property Rights as Collateral

Turkey's economy grew rapidly with the free market economy flourishing swiftly from the beginning of the 80s and the free movement of capital becoming effective at the start of the 90s alongside the developments and technological progress.

Within this climate of change, the firms institutionalized, invested in their brands, and accelerated patent and R&D studies, resulting in creating value-added products and increasing turnover.

Every growth has problems within itself. Production costs, high short-term financial expenses, and currency pressure in every period caused the profit to not expand as high as the growth rate. The biggest reason for the lack of growth in profit despite the turnover increase is the deficiency of net working capital. In this case, the companies work to increase their capital or take loans.

When discussing loans in Turkey, banks are the first to come to mind. Banks finance credits from the deposits they collect, which has some regulations within.

In his Anadolu Ajansı interview dated 2018, Deloitte Turkey Audit Services leader Ali Çiçekli stated that 9 out of the top 15 long-established global firms are Japanese and that Japan has firms of 1250 years while in Turkey the average is of 25 years.

Unfortunately, banks do not allocate project credits for firms with an average life of 25 years. Whereas in European Union countries, if you prepare and present your project to banks for financing, they provide long-term funds with a grace period.

In Turkey, company owners are required to show **"deed of real estate"** to banks to take a loan. Even if you lay the greatest scheme and present it to the banks, it is certain that you will be asked for the deeds you own and the one you will pledge for.
Although the Turkish Commercial Code allows the use of property rights as collateral,

banks do not use this method. In real estate procurement, a minimum of 75% of the expert's value is lent for a loan. Since property rights are not evaluated in this manner, this affects the economy adversely.

In terms of brand recognition, many consumers remember brand names but do not know or recall the companies that brands own. So, in reality, brands are greater than companies.

In cases where the collateral requirements are not met, firms should be able to pledge property rights as collateral and the Banking Association should guide banks.

It is time for the disregarded but existing property rights of companies to be recognized by banks.

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