



Raising Fresh Capital for SMEs

Much has been conversed recently with regards to assisting Small and Medium Enterprises (SMEs) in raising fresh capital.

During Budget 2014, the government announced a top up of SGD \$150 million to the 'Co-Investment Program', and raised the risk it underwrites in its 'Micro-Loan Program' to 70 per cent to encourage banks to assist SMEs. On the same note, the government also announced that they are looking into the potential of crowdfunding, hence resulting in the recent emergence of numerous crowdfunding sites online.

However, the post 2008 regulatory environment has forever changed the way banks operate. Appetite for risk is reduced, banks are lending lesser, deal thresholds are higher and counterparty credit limits are tougher. In fact, the Institute of International Finance reported in May this year, that bank lending in emerging economies have deteriorated in Q1 2014 to the lowest since 2011.

The reality as most SME CEOs and CFOs will attest to, is that it is still a challenge to raise fresh capital.

Instead, enter the world of private debt funds.

In a continued low interest rate environment, capital seeking yields are actively finding businesses to lend to. With over 270 dedicated Asia debt funds as of 30 May 2014, a combination of home grown Asian dollar plus larger Asia allocations, from global US and European funds, are now competing to find quality transactions.

AsiaDealBox.com, launched recently in Singapore, helps connect that capital to Asia-based business owners, focusing particularly on the USD \$5 million to USD \$100 million secured lending space. As an extension of an existing network of deal makers, AsiaDealBox.com allows business owners and intermediaries to post headline deal requirements on a platform that reaches over 200 private debt funds, Family Offices, Ultra High-net Worth Individuals and High-net Worth Individuals, focused on private lending deals. Some are sector specific, some sector agnostic, each will often have mandated yield and tenor criteria, but all of them are hungry to put capital to work.



A credible independent platform for the Secured Lending Market in Asia Pacific.

The key to any lending deal is the quality of the collateral. Particularly in Asia, cross border transferability of collateral is often seen by investors of different jurisdictions as make-it or break-it deals. The hunt for yield and competition from private funds to lend should please business owners across the region. There has never been a better time for them to look a little closer at forward sales contracts and trade receivables to realise that they can be put forward as collaterals.

opportunities and debt refinance often require quick thinking. AsiaDealBox.com is the first live platform focused on Asian secured lending, but I suspect it will not be the last. **E**

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