

Royalties Are Clearly Better For Those Investing In Privately Owned Companies – and Are Also Better for Business Owners[©]

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To be blunt, most people buying stock or other equity-related securities in privately owned companies have an unsatisfactory experience. This is not to suggest that investors lose all that is invested. It is to say the inevitable and irreconcilable different perspectives of investors and founding business owners result in adversarial positions.

Investors invest to profit from the value of the securities purchased becoming more valuable to other investors and thus allowing the securities to be sold at a profit. Both disappointing revenues and management decisions as to how the company is run, especially in the implementation of tax strategies, can work against the investor's need for ever-increasing reported profits.

Royalties, an agreed percentage of revenues for an agreed period as sold by a company, are 100% focused on revenues. Of course, revenues can be less than expected but it is far easier to predict a long-term trend of revenues than it is to predict per share, net after tax, earnings as is necessary for successful equity related investing.

Royalty holders do not have, or make any attempt to have, the ability to influence management. They are not owners of any part of the company issuing the royalty, though they do own the agreed percentage of revenues.

By studying the free website calculators www.REXRoyalties.com and www.REX-PV.com the returns and relevant Internal Rates of Return (IRR) can be immediately determined, assuming the projected revenues are achieved. The impact on return of a sale of the royalty is also displayed, as is the likely investment experience of the buyer of the royalty from the original holder. In the website calculator www.REXScaledRoyalties.com consideration can be given to the possibility of revenues being either greater than projected for an agreed period or be less than projected. The website allows for user entries of the period of adjustment and the result of greater than projected revenues occurring.

Royalties are simply the better way of investing in and financing of privately owned companies. For full information see www.Royalties.Website.

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