

Royalties Sold By Companies To Investors Provide Increasing Payments as Revenues Increase ©

Arthur Lipper

In the current world of low and negative interest rates, conservative income investors are being punished.

The patented approach to using royalties in the financing of privately owned and established businesses we have developed meets the specific needs of conservative income investors.

Company owners who believe in the increased future profitability of their businesses do not want to share ownership at realistic valuations. However, having more capital to work with will allow their businesses to grow larger and presumably more profitable.

Business owners have traditionally only two courses of action to get the additional capital. The first is to borrow money, and that is difficult without providing the owner's personal guarantees.

The second way is to sell shares in the company representing partial business ownership, reducing the percentage ownership level of the business owner. Once shares are sold, the controlling business owner becomes responsible for the money invested by investors and must make all decisions based on what is best for all of the owners of the business. Of course, investors only buy stock in companies with a view to selling that stock at a profit in the future and the profit will depend on the multiple of per share earnings that future buyers are willing to pay. Therefore, investors generally want companies to report ever-increasing levels of profits, irrespective of the income taxes to be paid.

A portfolio of royalties purchased from companies with growing revenues produces growing levels of royalty payments. In our patented approach, royalties are collected from the companies selling the royalties whenever revenues are received. Also, we recommend the assignment or transfer of critical assets of the royalty issuers to an entity granting free, international, exclusive right to the companies

to use the assets without cost, for as long as they are in contractual compliance with the investors.

Pacific Royalties LLC, a licensee of British Far East Holdings Ltd., the patent holder, is in the business of advising those interested in forming and managing royalty income funds.

Due to the attraction of the approach and the newness of this alternative class of investments, the levels of royalty rate are currently higher than will likely be the case as royalties become better understood and used by business owners and investors.

Those interested in learning more are invited to review the numerous writings and website calculators assessable at www.Royalties.Website and by contacting Michael North at www.PacificRoyalties.com.

Royalties are the better way of both investing in and financing of privately owned companies.

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