

Creating and Managing a Royalty Income Account © for a Single Investor

Arthur Lipper

I believe that royalties are the better way of both investing in and financing of privately-owned companies. From the investor's perspective it is far easier to assess the probability of company projected revenue trends than the achievement of a company's projected per share profit levels. Also, in the case of privately-owned companies there is only an objective of reporting the highest level of profits possible if the company is being prepared for a sale or equity related financing.

Royalties should only be bought from companies having good profit margins and where the use of proceeds from the sale of a royalty produces an acceleration of the upward trend or revenues sufficient to offset the added expense of the royalty.

In our patented approaches, the royalties are collected through an approved bank's required lockbox account at the time of all revenue deposits and there is an assignment or transfer of the royalty issuing company's critical assets to a mutually acceptable third-party trustee-like entity which licenses the exclusive use of the assets to the company while the company is contractually compliant. The company also issues an exercisable at maturity 60-month option to repurchase the royalty for the investor's cost, less the royalty payments received. The royalty issuer also has a right of redemption permitting the termination of the royalty on an agreed multiple of cost, less royalties paid, if occurring within agreed periods.

Therefore, the process of creating a portfolio of royalties issued by companies with increasing revenues results in a capital pool having a high and increasing return, with a minimal, if any, capital risk. The royalty issuing company has a fairly priced, issuer terminable, revenue sharing and non-equity dilutive, source of expansion capital.

The royalties we structure, using the approaches shown in the following proprietary website calculators, would have as a minimum return of a 15% IRR. The calculators are: REXRevenue.com, [1](http://REXdebt-</p></div><div data-bbox=)

shareRoyalties.com, REXScaledRoyalties.com and REX-RIAR.com. In each of the different approach calculators there are a number of samples.

For additional information about the approaches to royalties we have developed the library of PacificRoyalties.com may be reviewed as well as: REXRevenueRoyalties.com, RoyaltiesWritings.com arthurlipper.com and www.Royalties.Website. Googling “Royalties Arthur Lipper” will also produce a number of articles, etc.

We seek exploration with those substantial investors wishing to achieve higher levels of income with less risk. The investor group should be able and willing to either select or approve of our selection of privately-owned companies from which to purchase a 10- to 20-year royalty.

The royalty issuing companies will be required to pay an annual fee of 50 basis points to British Far East Holdings Ltd., (BFE) which I chair and manage. BFE will also expect to be retained by the funding source to advise on the structuring and other details of royalty investment for both a fixed and performance-based fee.

In the event the investors wish a royalty payment assurance, equaling the net amount invested, for a diversified portfolio of royalties, during the period of required royalty payment, this can be accomplished by the payment of a premium.

For additional information, please contact:

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