

Revenue Royalties

as defined, recommended and used by
British Far East Holdings Ltd.

By Arthur Lipper, December 10, 2014

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Revenue royalties are payments of a percentage of the gross revenues, possibly net of returns and discounts, for which a company, community or project obligates itself in return for receipt of a payment, usually cash, though it can be for the use of other assets.

The period of time during which the revenue royalty owner is entitled to receive a percentage of revenues is subject to negotiation, as is the percentage of the revenues which have been sold.

Revenue royalties can have a minimum and/or maximum percentage payment during any agreed period, as agreed between the revenue royalty issuer and the revenue royalty investor.

Revenue royalty agreements can permit the revenue royalty issuer to defer and accrue, probably at interest, revenue royalty payments under agreed circumstances.

Revenue royalties may be subject to redemption on agreed terms in order to permit the revenue royalty issuer to know in advance the maximum amount that it will cost to terminate the revenue royalty, less the revenue royalty payments already paid.

Revenue royalties can, under agreed circumstances, be convertible into an agreed number or shares or percentage of outstanding shares of the revenue royalty issuer.

Revenue royalty obligations of a particular revenue royalty issuer can be endorsed or guaranteed by a third-party. In such a case the revenue royalty would have a greater

market value, as there would be a lessened investor concern as to the receipt of revenue royalty payments.

Revenue royalty issuers may, for the purpose of making the revenue royalty more attractive to investors, choose to grant to investors a right to “put” the revenue royalty back to the revenue royalty issuing company at an agreed value, less the value of the revenue royalty payments received by the revenue royalty investor.

Revenue royalty issuing companies and others are free at anytime to make offers to revenue royalty owners to purchase the outstanding revenue royalty obligations. The offers can be to individual owners or to all owners and may be on a Dutch auction basis of a set amount being established to pay for as many revenue royalties issued by the company, or through a simple tender for whatever amount of revenue royalties the buyer wished.

Revenue royalties are both an ancient and newly evolving method of rewarding those wishing to have and use the assets of others and tend to be dependent on the experience and imagination we, British Far East Holdings Ltd; possess, including the ownership of a U.S, patent issued in 2010.

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and online at

<http://www.pacificroyalties.com/resources/revenue-royalties/>