



Funding With Support of *Platinum's* Principal Protection Program Backed by Financial Instruments Guarantee

For Educational Purposes Only—Not a prospectus or offering

What are we talking about?

Platinum Business Group, Ltd seeks to remain on the cutting edge of mortgage and equity financing solutions for businesses and projects. In our quest to find safe, secure and financially rewarding solutions to bring mortgage and/or investment money to a business or project, we have developed a program that utilizes unique financial instruments. This innovative program assures that the initial investment is returned regardless of the ultimate success of the project or business. The safety and soundness of these financial instruments are not influenced by any financial markets, (stocks, bonds, commodities, etc.) nor are they influenced by political or economic upswings or downswings. All financial instruments are issued by A-rated or better multi-billion-dollar domestic (United States) companies. In addition to the protection of the investor's investment capital, the investor will generally enjoy additional collateral, revenue streams, and profitable business activities thus making the investor's ultimate return extremely attractive and lucrative while minimizing any chance of losing the initial investment capital.

What is the genesis of this concept?

This funding method was envisioned by *Platinum* in February 2007 when several worthy projects could not get funded because our investors would say, "I want to invest in this project, but I cannot afford to 'risk' my principal."

With this **obstacle** all too well known to developers, business owners, mortgage brokers, and investors, we set out to find a solution to this situation once and for all. We made a diligent 18-month search, learned all that we could about the niche industry, and settled on only two organizations that have the resources, experience, track record, and business acumen coupled with sound investment insight to solve our clients' funding challenges.

Here's how *Platinum's* program works

- Our **client** (borrower) presents a development, mortgage need, or business opportunity to *Platinum* requesting that *Platinum* secure the mortgage, equity funding, or requested capital for that need.
- If the opportunity does not readily lend itself to routine mortgage, equity funding, or angle/venture capital funding, *Platinum* submits the request for funding to our financial **instrument provider** and asks the provider to submit a pricing and terms quote.

- Generally, for every dollar of capital the **client** needs for the project, loan or opportunity, the parties should plan on an **investor** requiring twice that amount in capital—about half to purchase the financial instruments through the **instrument provider** (*Platinum* affiliate) that have been carefully vetted and selected to meet the particular needs of the funding request and the other half of the investment to go directly to the funding need (borrower's project).
- The deal (underlying project financing transaction) must then be structured among the **instrument provider**, **investor**, and **client** (borrower). It might be a straightforward purchase of financial instruments with lending or equity participation in the underlying project (purpose for the funding request). Or parties may negotiate a joint venture, trust, limited liability company, royalty or other arrangement that would best serve the collective needs of the client and the investor. The financial **instrument provider** maintains a significant role in these recommendations based on investment, tax, fairness, and other considerations that should be weighed by the parties (**client** and **investor**) at the time of contracting with an eye toward maximizing the investor's return and minimizing the borrower's costs.
- As the funding request "matures", the investor receives the value of the object of the initial investment—the repayment of the mortgage, the buyout of the equity position, or the royalties/profit-sharing of the new or expanded business (e.g., the **client's** project) as initially negotiated among the parties.
- As the financial instruments reach their full term the investor is further assured to always receive sufficient amounts to cover one hundred (100%) percent of all principal *and in most cases* additional interest return as additional collateral from this source.
- To protect all parties, invested funds and all related documents are processed through a third party holding trust/escrow established through the instrument provider.

An example of how our program benefits all of the parties

There is no single scenario with this highly flexible program. For purposes of illustration, however, submit the following example.

Client has an urgent need to refinance a \$3,000,000 first mortgage that has just been called. The property appraised for approximately \$7,000,000. The *Client's* underlying business is in a downswing and either traditional mortgage lenders are leery or the cash flow of the project/business is insufficient to cover the debt servicing during the economic downturn.

Platinum makes a request to our *Instrument Provider* for approximately \$6,000,000 in financial instruments to meet the needs of this specific project. The suggested timeframe for the investment is five years.

Our *Instrument Provider* identifies, analyzes and structures financial instruments to the specific needs of the *Client's* need or project.

Client introduces an investor who knows with certainty its/his principal is ultimately safe. The structure of the transaction is then critical—does the investor take a simple mortgage position on the \$3,000,000; an equity position in the property and underlying business and become essentially a co-owner with the *Client*; or do the parties establish a trust that owns the financial instruments and the property to be disbursed in accordance with an operating agreement that is mutually acceptable to the investor and the Client.

In the end, the \$6 million investment is placed into the newly established entity, purchases a debt-free \$6 million face-value instrument that matures in five years, pays off the \$3 million debt of the *Client* business, and the title of the debt-free \$7 million business is also placed into the new entity. For \$6 million investment, the investor and the *Client* together create a \$13 million debt-free business that is robust and able to grow without the lag of debt service!

NOTE: *Platinum Business Group, Ltd* is not a licensed financial planner or insurance agent. *Platinum Business Group, Ltd* has established strategic alliances with licensed professionals that enjoy years of experience in this field.

Revised: 03.12.09