

## Opportunities from the Credit Crunch

Hi John,

In the current economic climate, where financiers have become far more credit conscious, it has become difficult to raise debt finance for property and business.

So to fund property developments, investment properties and businesses, a more innovative approach is required.

At Global Pacific we have negotiated a number of funding arrangements where investors have taken an extremely profitable position to enable sound business and property proposals to proceed.

Following are a few examples.

- Business owner starting a new business needs to raise funds for the purchase of plant and for working capital requirements. An Investor has unencumbered bare land that is returning no income. He puts up the land as collateral security to facilitate 100% plant financing plus overdraft facility. In return the Investor receives a fee and a shareholding in the new business, thereby converting an inactive asset to a revenue generating one.
- Developer needs to refinance a large land bank holding with future development potential. An Investor purchases the property for a sum now and the vendor takes a call option to purchase the property back at some months in the future at a higher sum. This provides the Investor with either an attractive interest rate if the call option is exercised or the property at a substantial discount if it's not. The vendor may have the right to extend the call option date for up to an agreed number of months by further monthly payments in advance.
- Property investor requires funding to purchase and refurbish an empty commercial building which will then be let to new tenants. There is no return from the property in the meantime. An Investor can show good income and acts as a secondary guarantor to show debt servicing ability for the project. If the loan goes into default, and the primary guarantor cannot rectify this, the Investor takes control via a call option to complete the project and benefits from the increase in value of the property.
- A developer has a consented sub-division which he is unable to fund, in this climate, due to exposure to other financiers. An Investor comes in as a guarantor to the facility to enable the financing to proceed. The Investor charges a negotiated fee for his guarantee, and has a call option over the shares in the borrowing entity should a default occur.

So if you have clients you'd normally be happy to assist if it weren't for the current credit conditions, we'd be happy to discuss these sorts of arrangements further with you – or with them.

There are also numerous investment and buying opportunities at a time like this when cash and cash flow are king.

My contact details are given below.

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JP



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