

Trends in Project Finance



In Project Finance, a project (generally infrastructure) can be backed with:

Private investor money,
Public investor money (municipal debt notes or
Federal bonds), or
Complex, structured debt.

Essentially, it is a claim on the project's future earnings.

This can be different from R&D pharma monies, or asset-backed securities, which are exactly as they sound.

Research and development for drugs developed and then brought to open market can span \$100/hour in expense, for example testing a hybrid grain's nutritional benefits on gerbils and rabbits, to north of \$500 million/year for cancer healthcare, birth defect prevention, and elderly care programs.

Life sciences and pharmacology testing can easily double that loan interface number.

When the formula, or drug, makes it to market, most companies can double or triple their investment.

In project finance, the debt comprises the issuance of a certain \$/value based on the current value of an asset, or the sum of all of its talents, as stated for its planned projection. This can be an oil field, an elaborate telephone network, a fleet of cars, or undeveloped land.

If there is no existing debt on the assets, and their value is significant, i.e., greater than \$200,000, then security instruments can be granted for the project's development. The investment is non-speculative, and that is why the projects tend to be for very large amounts.

In project finance matters, money to build out a science lab, upgrade pressurized hydro lines, or build additional City and region infrastructure is often private money lending, at a floating or set rate. [Note: It is not real estate money.] This private lending is from wealthy factions, who already know the project will be successful. International investors often like project finance investments because it offers steady rates of return and tangible benefits for their invested dollars. This does not necessarily include the end-users of the project, i.e. workers at the lab, recipients of the water, or owners of the City's building.

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Our mailing address is:
400 Gold Avenue, Suite 7000
Albuquerque, New Mexico 87102

Telephone: (505) 209-2489 *Find us on Linked-In.*