

# *Development Profit Partnership (DPP)*

Secure high returns from the best international emerging markets, without the responsibilities of property ownership.

- *Return of initial capital in month 12*
- *Interest of 40 to 70% per annum*
- *70% security, balance to approved budget*
- *Interest paid in month 24*
- *7% pa advance monthly interest payment option*

Midas PLC is UK based, British, international property development company offering property purchase and investment clients the opportunity to buy and invest in the best international emerging markets. Clients will do business with Midas PLC in euros or sterling, in the UK with the full protection of the Law Society and English company law. Midas offers clients and investors escrow account and trustee security for their funds.



OVERSEAS PROPERTY & INVESTMENTS



## *Introduction*

Midas DPP Investors enjoy security, transparency and accountability together with high levels of profit. This overview seeks to explain all aspects of the Development Profit Partnership programme.

All Investor funds are received and held securely by Midas' solicitors The International Law Partnership LLP (ILP) formerly John Howell & Co of Covent Garden, London. Funds are only released from their control on pre-agreed terms and conditions authorised by the Investors themselves.

## *Development Profit Partnership (DPP)*

Midas is pleased to offer overseas property investment clients the opportunity to benefit from the excellent returns available in the best international emerging markets, without the responsibilities of property ownership. The Development Profit Partnership (DPP) is a secure vehicle through which funds can be used to provide a high return for our clients.

Midas is constantly being offered excellent international property development opportunities and unfortunately sometimes Midas has to decline these highly profitable developments because the company's funds are tied up in current developments and cannot be released in time to secure new developments. The DPP is the solution to this challenge.

## *A brief outline:*

- Prospective Investors examine the generic DPP overview which forms page 7 of this overview. Having had their questions answered by their Midas Agent or by Midas itself, Investors should request and complete a DPP reservation agreement and send it together with a refundable £500 reservation deposit to Midas.
- Investors will have an additional 28 days to consider and sign the relevant agreement which will include a financial overview of the development that the Investors funds will be invested in and also provides full security of clients funds which should then be forwarded to Midas solicitors ILP where an escrow account will have been opened for this purpose. The funds will be used to purchase the land and commence the build.
- The land will be placed in Trust as security for the Investors' funds. Security will only be released when Investors' initial capital has been returned to them.
- Investors' capital is repaid in twelve months, from drawdown. The interest is paid in 24 months from drawdown.
- The rate of interest is contracted at 40 – 70 % per annum. There is an option whereby part of the return is paid as 7% p.a. paid monthly to allow Investors who wish to service their capital the means to do so.

Midas often has to move quickly to secure the best land. As an example, the recent Midas Bansko (Bulgaria) DPP was sold out within 14 days and this enabled Midas to complete the purchase of a very special site alongside the new Bansko golf course.

## What Clients Say

*Although the offer did seem 'too good to be true', I was reassured by the fact that John Howell of the International Law Partnership was linked in with the Company.*

**Marguerite**

*I will no longer believe the statement that 'if something looks too good to be true, then it probably is'. I was one of the last investors to the project and as you know, I was very sceptical due to the high return on offer.*

*I am writing to not only thank you for introducing me to Midas but also to request further details regarding the new investment opportunities available.*

**Jim**

*I must admit, that when the project was first mentioned to us, we approached it with a certain amount of scepticism. We had not had any dealings with the company before and the returns on offer were exceptional.*

*I must compliment Midas for making this a very smooth and stress free procedure.*

*We have now had all of our initial capital returned to us, as promised, and are looking forward to our profit share on completion.*

*We have found the whole experience to be a very pleasurable and profitable one. We would happily invest again and can only recommend very highly, Midas PLC.*

**Nigel**

*I would like to take this opportunity to say how pleased I am that I made the decision to become an agent for Midas Plc; & on behalf of my clients I can confirm that they are all very pleased with their decision to invest with your good selves.*

*You predicted that my clients would wish to re-invest with Midas once their 12 month investment period had expired, and you are proving to be right on that count, as several clients have already called into my office to ask if this would be possible, there-by giving my company continuous income.*

*Due to the Due Diligence of Midas, you have not let me down.*

*The words "Too good to be true" are no longer an issue for myself or my clients, you are more likely to hear the words "Don't look a gift horse in the mouth"*

**Barbara**



**MIDAS PLC**

## Development Profit Partnership Structure

Each Midas plc development is structured as a stand alone special purpose vehicle (SPV) company. Investors are invited to participate by way of a loan to the development company. The minimum level of participation is £50,000 / €75,000 and there is no maximum limit. There is a choice of 2 interest payment partnership options as follows.

### Option 1.

Investor Funding	£50K+	£100K+	£250K+	£500K+
Interest Payable	40%	45%	50%	55%

Of the above interest percentages, 7% of the total payable will be paid monthly. ie one twelfth of 7% each month to allow Investors who wish to service this capital with the funds to do so.

### Option 2.

Investor Funding	£50K+	£100K+	£250K+	£500K+
Interest Payable	55%	60%	65%	70%

1. Funding may be made in euro equivalents in which case capital repayment and interest payment(s) will be in euros.
2. In both options capital is repaid in month 12 following drawdown.
3. All interest is payable in month 24 following drawdown except the 7% paid on a monthly basis in option 1.
4. All Investors will be invited to participate in a new DPP when their capital is repaid to them. Investors continuing this process for 5 years will earn astounding compound returns on their capital.

## Profit Levels

Some people may regard the interest paid to Investors as being too good to be true. This is not the case because, as any property investor knows, the key to maximising profit lies in effective fund leveraging. Investors' start up capital is only part of the actual development funding. All Midas property is sold off-plan. By selling off-plan it is the property buyers themselves who fund the major share of the development costs by way of their with order payment or stage payments. Payments in this way provide the bulk of the build capital and thereby leveraging to the DPP funds already raised and result in a typical ratio of between 4 - 6 times the value of the funds provided by the Investors. This means that whereas the net profit may be between 20-30% of the turnover of the development, this same profit in relation to start up capital equates to a very high return on the capital employed being possible ( the DPP start up funds.)

## *Profit Levels Examples*

Sales Income (turnover)	£ 10m
Profit	£ 2.5m
Start up capital	£ 2.0m
Development profit against turnover	25%
Development profit against start up capital	125%

## *Procedure*

Land prices in the countries in which Midas plc operates are increasing rapidly and landowners are generally in the driving seat. To give Midas the edge in securing the best land on the best terms, it is essential for the company to be able to act quickly. For this reason, and to provide maximum security together with a structure that enables Midas plc to secure the very best land at the best prices and therefore maximise profits, the following procedure has been set up.

1. Following interest generated by this document, potential Investors will advise Midas of their decision to become Development Profit Investors and quantify their funding intentions by means of completing a DPP Reservation Contract (a fully refundable reservation fee of £500/€750 is payable at this time) which will contain, a copy of the Loan Agreement and a copy of the Escrow Agreement and Deed of Trust.
2. Investors commit to participation by signing loan and escrow agreements. The Loan Agreement includes a condition that Investors' funds must be available for drawdown on 5 days notice anytime within 2 months of signing.
3. During the 2 month period, commitment to providing loan capital to the level required for the development will be secured by Midas. This normally takes 3-4 weeks from the announcement of a new development. The 2 month period is a maximum. Once the required level of funding has been committed, agreements are passed to ILP, who will then write to all Investors and request transfer of agreed funding.
4. ILP will hold Investors' funds in escrow (earning interest at bank rate) for the period between drawdown and land purchase, which is typically 2 weeks.

An SPV is formed as the development company for each development. ILP will receive all sales income into the SPV and distribute all funds to meet build obligations. ILP will also distribute Investors interest. A separate SPV will either purchase or have first charge over the land and this SPV will be 100% owned and controlled by ILP, as a Trustee for the Investors.

## *Funding Requirement*

Midas plc seeks funding of £500k upwards. Each development requires different levels of funding, some as low as £500k and others up to £15m, to support Midas resources and to enable the completion of the land purchase, initial infrastructure, 1st phase build and show houses. All other funding requirements come from existing Midas resources and cash flow from property sales. Funding can be via one or several Investors and security will be structured to meet the needs of all Investors as detailed below.

## *Transparency & Accountability*

Midas Development Profit Investors will benefit from full transparency and accountability throughout their Partnership with Midas plc. Each development will have its own Development Director appointed to ensure full liaison with Investors whose funds have been invested in this development at all times. Every 3 months, throughout the life of the development, Investors will receive a comprehensive development report. When, at the end of the development, ILP pays Investors their loan interest, a full set of development accounts will accompany the payment.

## *Security of Capital*

The majority of Investors' funds are used to purchase land. Midas plc can often buy at highly competitive prices because of their contacts and knowledge of how to add value through unique and innovative project design. All land purchased is owned or secured for the benefit and protection of the Investors by the formation of an SPV to buy or to receive a first charge over the land. 70% of Investors' capital is used to purchase land. All remaining Investor funds are held by ILP in escrow and are only released for work done against the agreed business plan.

## *Risk*

Risk is very limited because of the structure that has been developed for Investor protection.

Midas sets the selling prices of properties. Investors are able to do their own comparisons to see that Midas plc offers an excellent deal to property buyers and are therefore able to achieve a rapid sale of off-plan properties. Prices are often discounted in the early stages of a development. A "Pre-Release" price is generally offered to bring cash in quickly. Thereafter higher prices are charged and they are increased further as the development progresses and as market conditions allow.

In the area of cost control, fixed cost contracts are secured for building, architecture, marketing and legals. In this way Investors can be totally confident of the feasibility of the development, the profit forecast and the return on capital.

As already stated funds are secured against land held in an SPV, with the balance being held in escrow by ILP. Risk is thereby limited to a reduction in land values in the operating market. It is highly unlikely that land values will fall and the most likely scenario is that they will increase substantially over the duration of the project. Property prices in the main Midas plc markets have risen by an average of 30% PA for the last two years and the perceived wisdom is that they will continue to rise at this rate for another five or six years.

All sales contracts are processed by Midas plc's UK solicitors ILP. They are probably the most experienced and respected UK solicitor in the overseas property industry. They have specialised in overseas property for the last 25 years, and have a team of more than 60 staff at their London offices.

ILP receives all funds from Investors and holds them in escrow until the company meets its contractual obligations. Ultimately ILP distributes interest to Investors as agreed in the Loan Agreement. This provides final protection for Investors and guarantees that they will receive the projected interest and the return of their capital.

## *The need for legal advice*

The International Law Partnership LLP will not be able to act for Investors as they are representing Midas PLC. IPL and Midas PLC are, therefore, pleased to recommend the services of:

Name: The International Property Law Centre  
Address: Suffolk House  
21 Silver Street  
Hull  
HU1 1JG  
England  
Tel: +44 (0)870 800 4500  
Fax: +44 (0)870 800 4567  
Contact: Tarra Hickson Tel: 0870 800 4523 E-Mail: tarrah@maxgold.com

This is a firm of very respected solicitors, experienced in dealing with overseas property related transactions. They are familiar with the Midas PLC developments and documentation and so are able to give Investors a good and reasonably priced service.

When Investors choose to use this firm they will be acting in the Investors interests alone. They do not represent Midas PLC or look after the interests of Midas PLC. Neither Midas PLC nor ILP receives any payment or other benefit by making this recommendation.

Investors are of course, free to use any lawyers of their choice.

## *More Information?*

Chris Bennett

Property Consultant

UK LANDLINE: + 44 (0) 845 456 7737

MOBILE + 44 (0)7956 425590

MSN USERNAME: [Chris.Bennett\\_1@hotmail.com](mailto:Chris.Bennett_1@hotmail.com)

WEBSITE: [www.hollingworthandtaylor.co.uk](http://www.hollingworthandtaylor.co.uk)

Hollingworth & Taylor

7 Marlborough Place

Brighton BN1 1UB

E N G L A N D

UK Company reg.no: 5714405



### Feasibility Overview for typical "Development Profit Partnership"

(The type of development and the Country will both effect profits, this is just typical a condensed example, Full feasibility will be provided relevant to each development.)

<b>LAND and Build</b>			
Land area m2			20000
What % of m2 on ground we can build	0.15	15.0%	3000
Build m2 adjustment if relevant			0
Number of floors in addition to ground	1.5		4500
Build Area			7500
Less Public Space, corridors, leisure etc (Only Large Apartment Complex, then 3 or 4 floors)	0	0.0%	0
<b>Saleable m2 build for development =</b>			<b>7500</b>

<b>Costs</b>			
Cost of Land at stated price m2	€ 100		€ 2,000,000
Legal and Agents costs regarding land equal to All design, planning, legal's and build costs shown as m2			€ 94,000
Project Management costs being stated % of build/land costs above	€ 480.00		€ 3,600,000
Investors Marketing/Management Fee 7%	0.03	3.0%	€ 170,820
Sales Marketing/Advertising costs being stated % of below sales total	0.07	7.0%	€ 186,726
Marketing Costs including ground staff and inspection tours	0.12	12.0%	€ 1,270,728
<b>Total Costs</b>	0.03	3.0%	<b>€ 317,682</b>
			<b>€ 7,639,956</b>

<b>Sales Income</b>			
Based on stated % selling at prices as development progresses			
	30%	€ 1,200	2250
	30%	€ 1,440	2250
	20%	€ 1,512	1500
	20%	€ 1,588	1500
M2 Build area as above calculation, see "Land and Build" section			7500
<b>Total Sales Income</b>			<b>€ 10,589,400</b>

<b>Profit</b>			
Profit as % to Turnover			<b>€ 2,949,444</b>
			<b>28%</b>

<b>Capitalisation of Development</b>		<b>Euros*</b>	<b>£ Sterling</b>
From Funding Partners for land purchase being 60-70% of partners funds	€ 2,094,000	73%	£1,444,138
From Funding Partners for start up costs being 30-40% of partners funds	€ 760,232		£524,298
<b>Total Partnership funds from Partners</b>	<b>€ 2,854,232</b>		<b>£1,968,436</b>
Balance funded from Buyers Pre and Stage payments, Available sum.	€ 10,589,400		£7,303,034
<b>Total funds available</b>	<b>€ 13,443,632</b>		<b>£9,271,470</b>
Total Costs	€ 7,639,956		£5,268,935

