

1. Best high yield investment (2 to 15 times the initial capital)

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The concept

The best high yield investment in Romania is investing in agricultural land and convert it to land for Construction.

Investments early in the value chain have a higher ultimate potential than mature opportunities. Intuitively one probably adds that early opportunities also have a higher risk. This is only partly true.

Investing in real estate in mature and over mature regions and countries actually have a substantial risk. If there is little to gain, there is a lot to lose as we have recently seen. This goes for real estate, but it goes for any mature investment, finance for instance! Limiting ourselves to real estate, let's consider the following value chain: agricultural areas -> areas converted to construction land -> individual housing lots -> constructed houses.

It is clear that an investment at the start the chain (large agricultural areas) will yield far more return than an investment in "constructed houses" if one considers that the an areal is bought at a fraction of the value of the land with a house on it.

Most people realise this, however they lack the substantial time required to invest in earlier stages of the value chain. If one wants to buy agricultural land to convert this into a project for house construction a lot of research needs to be done.

There are no complicated concepts that investors need to understand with land, just that there is an ever-increasing demand for building and a restricted supply of plots for sale.

The value of land increases in two different ways: by natural inflation and by gaining permission to build on the land.

First of all, land will increase in value over time as a function of natural inflation in addition, it will respond to supply and demand which can have a distorting effect on the price, creating large gains or speculative losses if the wrong decisions are made. Currently pure agricultural land is considerably cheaper than western agricultural land in general, so it is likely to see something of a renaissance in the next few years.

Secondly, value of land will increase by altering the status of the land to gain permission to build, which is possible in principle with any land providing certain criteria are met.

Changing Designation

The act of changing the designation of agricultural land and converting it into building land involves a process of removing the land from the land register, and including it into the city, town or village plan. This process is regulated through a general (master) plan and detailed plans.

The change of the designation of land is regulated by the land registry commission, which has regional departments in all major cities, and also local departments in the regional towns and villages.

Risk, Reward and other Considerations

Although the price of agricultural land is relatively low, if you are buying you are taking a number of risks:

- there is no absolute guarantee that you will really achieve in converting the land;
- there is no predictable time period within which this process should be completed;
- you cannot forecast precisely all actual costs for the conversion process.

Calculates risk – we invest with the investor

However, if the risks are well calculated, agricultural land is a great investment after being converted into building land, and designated for development. The difference in price before and after the change is anywhere between 2 and 15 times.

If you cannot convert the Agricultural land then the land will go to 6000 Euro/hectare in a couple of years (1-4 years). Today you can buy on average at 1500-2000 Euro/hectare – compacted.

The initial amounts are small – 20.0000 – 50.000 – 100.000 Euro because we buy agricultural land.

Low risk investment as second option

There is a second possibility with a probability of 99%. Zones that are already affected by near future urbanistic planning, large investments, important construction projects, etc...can be bought without risk at 2 – 12 Euro/sqm. The initial amount will double or triple in a time horizon of 1-3 years.

The initial amounts are bigger and we take 0.5 – 4 hectare maximum in order to spread the risk.

We have selected a number of cities and we can offer land and we reduce the risk because we have an in-depth knowledge of the procedures, files and urbanistic planning targets. We have a close relation with experts and local authorities and they cooperate with our investors.

We do not promise miracles but if you are willing to take the risk we invest with you as proof of our craftsmanship.

We are willing to give full information and we reveal the procedures during an intake session in our offices.

2. Saving with high yield as a strategy of a personal financial plan.

Before you decide it is important to know whether you're a saver or investor. If you are a saver you do not want a lot of risk. If you want a higher risk with a probability on a higher return than you are an investor. It is again important to know which type of investor you are.

Someone who has put money in a savings account knows exactly what he has after several years of incubation. An investor can only dream of this situation.

Savers/investors are characterized by extreme risk aversion and they have little investment experience. These people have a large dependence of the savings balances/assets and this group savers/investors does not want value fluctuations. The savings horizon is full of risk aversion from short to long. Most of the time the investment horizon is less than one year.

We have some specific advice for savers. We have selected products with a good defensive performance in times of crisis.

There is probably no safer way to get wealth than a high yield savings account. Sceptics will immediately reply: "and very slow!". It's not quite right. The return on a high yield savings accounts is lower in many cases than the return on investments but there are exceptions to this rule. We provide advice for those exceptions and we have selected some specific high yield saving accounts..

Banking institutions and insurance companies have developed many different savings products, with the most imaginative names. It is so complicated that you cannot see the trees in the forest...

We have published a European study after the crisis and we can recommend a selection of products with a yield between 14 and 20% (annually).

We do not sell financial products but give financial advice. You will have full control over your money flows within a legal framework. Call today for an appointment at your home or our office. We do not give advice over the telephone but inform you free of charge in our office.

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