



Logical Investment Options

If you could find a buy-to-let property with a guaranteed rental yield of 5%, index linked, then buy it at a discount of almost 20%, get a mortgage of over 95% on it with the tenant being responsible for the maintenance, no property insurance costs and no voids guaranteed for a minimum of 11 years, you'd be interested right?

Well it is available, and it's the next big thing in buy-to-let. Here's a brief outline; Firstly, it's not a UK based scheme, it's French and is referred to as "leaseback". It's not new; the French government introduced the scheme 20 years ago so it's been possible to buy these properties for quite a while, although only in the last few years have the Brits and Irish "discovered" it.

In a nutshell the French Government want to increase tourism levels in France (it's their second biggest industry), so they offer builders / holiday companies a significant tax break by operating a "leaseback" scheme in certain parts of France.

This is how it works; the builder constructs the properties (usually apartments or small houses). He sells a property to you, usually off plan. He then finds your tenant, a holiday company, who agree to lease the property from you for between 9 and 11 years. Your tenant will be a large established company who agree to pay you a guaranteed level of rent which is index linked. They are also responsible for routine maintenance during the term of the lease.

In return for entering into this arrangement the French Government will refund to the purchaser (that's you), within 6 months of completion of the build, the full amount of the VAT on the property - which in France is 19.6% !

Sounds too good to be true? Well actually it gets better! Logical Investment Options have arranged a French Bank to advance between 80% and 100% of the gross price of the property (pending application). So, if for example you purchase a 'leaseback' property at 119,600 Euros you would have a 95,680 Euro mortgage (at 80%) - then within 6 months of build completion you would receive back the VAT which amounts to 19,600 Euros. That equates to 95.6% borrowing based on the net cost of 100,000 Euros,.

How about one more reason to invest in French Leasebacks? Our current development is in Southern Normandy. Its 40 houses and apartments are built in the grounds of a beautiful golf course and hotel. In addition to the golf course there is a tennis court, heated swimming pool, clubhouse, two bars, an equestrian centre and mile upon mile of beautiful countryside.

The owner, Andre, wants to increase the number of clients using his golf course, bars, restaurants etc but his hotel is often full. So he is building these properties on his site and wants to sell them via the 'leaseback' scheme and rent them back from the owners for 11 years. This solves his accommodation shortage problem and having sold the properties to people like you he has not tied up millions of Euros. So, that's why *he* is doing it, but what about that last reason to invest? Well, Andre is offering a 5% annual rent based on 12 months of the year, but he has agreed to occupy it for only 11 months. In other words, you get the use of your property for four weeks of the year yourself, rent it out, or give it to friends and family.

For more information please contact Sandy Grange on 01603 813913 and we will arrange a meeting with an LIO representative.

Yours sincerely

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