

---

## **Leaseback frequently asked questions**

### **How does it work? - Leaseback Explained**

- \* We assist you in the process of buying a new, or sometimes refurbished, French or Spanish holiday apartment or cottage, which will be in a tourist resort by the sea, on a golf course, in the mountains, a capital city or the countryside
- \* The management company leases the apartment from you for a fixed lease period, anything from nine years upwards, at a guaranteed, increasing, inflation proof rent
- \* You retain ownership throughout and can sell your property at any time without penalty, making this a very low risk investment
- \* There are no management charges or costs relating to your ownership during the nine year period. All breakages, wear and tear and management of leaseback properties is taken care of by the management company
- \* Because you are normally buying 'off plan', there is the potential for short term capital growth
- \* In French and Spanish leaseback developments you receive a VAT discount, which represents a saving of up to 19.6% on the property purchase price!
- \* At the end of the lease, you can sign another, sell your property or live in it if you wish
- \* We arrange suitable financing. You do not need a huge capital sum to become the owner of your own overseas property

### **Why Leaseback?**

- \* Leaseback property growth - You could benefit from the prospect of excellent medium and long term capital returns in France and Spain.
- \* Low risks of leaseback investment - Many investors have lost confidence in traditional types of investment. Will world stock markets fall? People have to invest in something. Property is tangible, no more land is being made and populations are increasing. This simple fact alone explains why property prices must always rise in the long term.
- \* No Leaseback property maintenance! - Whilst most agree property is a good investment, not everyone wants the hassle and risk involved in buying and managing their own property.
- \* No other investment we can think of gives you an increasing, inflation proof income, with the prospect of your capital increasing alongside it. Traditional investments tend to erode your capital to provide an increasing return

Call 0800 294 9688 to experience  
"a whole new world of expert advice"



- \* Flexibility - Compared with a traditional pension plan, where your benefits are age restricted, have to be taken mainly as an income and will probably die with you; you can sell your apartment at any time and spend the proceeds as you like.
- \* Peripheral benefits - You could receive discounts off a holiday taken at your 'own' resort and even discounts from other developments managed by the same management company
- \* You do not need access to large amounts of capital or income. We have arranged deals where groups of friends have purchased together to spread the load and there are various financing options available, even up to 100% of the purchase price in France, subject to income criteria
- \* Edison Ford's directors have over 30 years experience in the property market and can provide expert advice on an impartial, pressure free, basis

### **Can I use the leaseback property myself?**

Yes, there are various options available if you would like leaseback holiday usage. This will reduce your rental income depending on the amount of usage required and the relevant holiday season. [Contact us](#) for more details of the options available.

### **The income seems low?**

Low compared with what? Remember this is a **NET** return with no costs whatsoever to the owner (apart from a small annual property tax). Most buy to let investors who have purchased in the last year or so are lucky to be achieving a yield of 3% after taking into account voids, repairs, refurbishments, insurance etc. The same applies to those who have bought foreign properties under the illusion they will easily rent them and make a worthwhile return. In most cases, owners are showing negative returns when all true costs are taken into account.

### **Risk v Reward**

It is important to recognise guaranteed leaseback returns are only as strong as the company which makes them. Small leaseback companies offering very high guaranteed incomes for short periods, may have no track record and when the small print is examined, may not actually fully guarantee their proposed incomes. There is also no guarantee they will be able to sustain those returns in the long term, therefore making the selection of a worthy leaseback provider of paramount importance.

Call 0800 294 9688 to experience  
"a whole new world of expert advice"



---

## **How do I know I can sell the property?**

These are freehold properties and as such are subject to the same market forces as any other property (or indeed asset) you might buy. The difference between this property and a buy to let or overseas property is that in the latter case, once the property is yours, the company or person you bought it from has no interest in it whatsoever.

The leaseback provider on the other hand, has a vested interest in maintaining and promoting both your property and the development, as it makes most of its money from letting properties. You will therefore have access to a captive audience of people who visit and stay at your development when it comes to the point of sale.

Traditionally, most buyers have been happy customers ([see testimonials page](#)) and have stayed at the resort where they decide to buy. This is supported by the fact that most leaseback property is held for the long term to take full advantage of the available benefits.

## **Capital growth is lower in Europe?**

This may have been the case in the past, however in recent years many European countries, France included, have experienced impressive capital growth. However, it is important to remember capital growth cannot be guaranteed with any property, leaseback or not and past performance is no guide to the future. The major advantage of this product is the guaranteed income, which is not the case with 'conventional' property investment.

This guaranteed income provides an 'underpin' to the property value as any asset with a guaranteed income must have a consequent capital value, which will vary depending on interest rates generally. There is no other investment, which can provide this kind of reassurance.

## **How do I know the management company will take care of the property?**

It's important to understand the management company has as much, or even more of an interest in the quality and condition of the property than the purchaser. This is because the use of your property and it's peers is the main source of income for the management company. Therefore, in order to maintain its income through reputation

Call 0800 294 9688 to experience  
"a whole new world of expert advice"



---

and repeat visits, it must maintain high standards for both the property and its developments.

In addition, the legally binding lease you sign with the management company, contractually requires them to maintain, insure, clean and sometimes refurbish the property, so it is returned to you in much the same state as you bought it.

For details of our current Leaseback offerings, please use our comprehensive property search, which can be found on any page of the EFIP website - selecting any property type preceded by Leaseback in the type of property field.

Having said this, it always pays to [contact us](#) as some of our recommendations will sell out almost instantly as they usually come with very lucrative incomes or additional benefits.

The above information is prepared to the best of our knowledge. Edison Ford accepts no liability for errors or omissions.