

A fresh lease of life

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Timeshares have a poor image, but two Scots are backing a new system, writes **Alastair Robertson**

Timeshare property schemes do not have impeccable reputations – that's a fact. Costa rip-offs, high pressure selling and the involvement of organised criminals in some developments over the years have scarred the reputation of shared-ownership holiday homes. But now a new form of timeshare appears to be offering the impossible – a holiday home and a good investment – and it is attracting investors as well as those after a dream second home.

The scheme is known as sale and leaseback. You buy a property from the timeshare resort or holiday letting company, lease it back and pick up the rent each month.

With a traditional timeshare, people buy a period of time in a property each year for an agreed number of years – that could be for life.

Leslie McCann, of Seasons Holidays, which is promoting the new venture, explains: "In France, where this type of ownership really began, there are 500,000 families who own homes this way. Because the second homes are so well used, they are seen as an asset to rural areas."

Seasons Holidays is marketing apartments at Brunston Castle in Ayrshire. Sale and leaseback prices are from £174,000, plus £13,500 fittings and fixtures. The firm tries to keep properties almost fully let throughout the year, enabling it to pay annual rent that currently equals 6% of the original investment. So over 10 years owners are promised 60% of their outlay returned in rent. They may spend four weeks there themselves each year. At the end of the period, owners can offer their properties for lease again, or keep them to themselves. Brunston, not far from Prestwick airport, is pitched at golfers – it's close to the championship course at Turnberry and within easy reach of another 19 courses.

Keith Miller is about to add a £400,000 buy-to-let apartment to his portfolio of six properties. At a time when interest rates are on the rise and buy-to-let owners, including Miller, are beginning to mutter about market saturation, it sounds like a brave move. But barring unforeseen misfortune, their timeshare should be worth more than the purchase price at the end of the 10-year tie-in period.

Miller, 48, an Edinburgh-based aircraft industry executive, and his business partner Phillip Stringer, are repeating an earlier move into what has been dubbed "DIY sale and leaseback".

The catch for some, although Miller and Stringer are happy with it, is that despite all the dressing up, it is still a timeshare.

The pair's first venture was in Perthshire at Duchally Country Estate. This time they are heading for Cornwall with the same company, CLC Country Homes.

Duchally is close to Gleneagles hotel and golf courses. The development includes a hotel with restaurant, bar and leisure centre, heated swimming pool and spa.

When the men first heard of the advertised leaseback scheme, it guaranteed rental returns of 7% for 10 years. Following Bank of England base rate cuts, that figure has gone down to 6.5%. Miller says he was initially skeptical about the returns. "If I'd invested £250,000 with a bank or purchased another buy-to-let, the best return I could expect would be 5%, while for the same money CLC were offering a luxury two-bedroom lodge, fully furnished, with a 7% guaranteed rental for 10 years, plus property appreciation," he says.

The rental money has been deposited on the first day of each month. Gone are the problem tenants, excessive wear and tear, payment problems and emergency call-outs that can all be part of the buy-to-let experience.

CLC has bought two new resorts in Cornwall, Trenyhton Manor near St Austell and Hustyns at Wadebridge. Plans for 100 holiday homes at Feddal Castle, Braco in Perthshire, will go for planning permission later this summer.

The traditional image of timeshare should not necessarily be a turn-off, according to Sandy Grey of the Timeshare Consumers Association, an independent watchdog, but it should act as a warning. He says: "Timeshare will suit a great many people and has proved popular. But there are still questions which any sensible person should ask. They include: is there any solid bonding or insurance guarantee to cover the promised dividends if the company runs into difficulty or changes hands?"

Grey says other important questions concern reselling, and the resale price.

Seasons Holidays says there is no penalty if an apartment is sold, but the new buyer must continue with the 10-year agreement. Fortunately for investors, Britain is not overrun by timeshare properties. Highland Club on Loch Rannoch is up and running, and Dalfaber at Aviemore is well established. Cameron House on Loch Lomond has applied for another 56 apartments. Where there is demand, prices tend to hold up. How long it takes for demand to become oversupply may also be a question worth asking.

- CLC Country Homes, 01764 661 075
www.countryhomes.com ; Seasons Holidays, 01727 899 959
www.seasonsholidays.com Timeshare Consumers Association,
www.timeshare.org.uk; Guide to leaseback



The Mansion is part of the Cameron House timeshare complex at Loch Lomond

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Apartments at Brunton Castle in Ayrshire are let almost all year round and return an annual 6% of the owners' investment; right, the pools at Brunton

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