Propertyline
INTERNATIONAL®

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About Us

The Company operating **Propertyline International**, In-Sight Ltd, was incorporated in 1986 by two brothers Graham Busuttil LL.D. (Commercial Director) and Trafford Busuttil (Managing Director). The Company operates from a Head Office in Malta with five branch offices and a staff complement of 35 employees specialising in different fields of the property market.

Graham Busuttil – born in 1961, was conferred with the degree of Doctor of Laws in 1986 and with the warrant to exercise the profession in 1987. He was elected to the University Senate in 1983 and 1984 and was appointed Curator and Advocate for Legal Aid in 1988 and in 1989. Graham Busuttil holds the position of Director in a number of Companies and is a member of both the Chamber of Advocates and the Chamber of Commerce. He is also a member of the International Trademark Association (INTA) and the European Communities Trademark Association (ECTA) through which he attended a number of Conferences in the United States and Europe. In 1992, he was awarded an Honorary Life Member of St. Julian's Aquatic Sports Club.

Trafford Busuttil – born in 1967, founded In- Sight Limited in 1986. Trafford Busuttil is a Director in a number of Companies and has been a member of the Chamber of Commerce for over 20 years. He is also a member of The National Association of Estate Agents (U.K.) and is the President of the Federation of Estate Agents in Malta. Trafford Busuttil

has contributed in a number on Seminars on the property market and has participated in a number of TV programmes and debates on the subject. In 1991, Trafford Busuttil was appointed Sales Director of a leading property development in Malta. His duties here included the sales of up market luxury apartments and the leasing out of 50 retail units within a shopping Mall. In 1999 Trafford was elected as a Local Councillor for his hometown St. Julian's and was responsible for infrastructural projects in the locality. In 1992, he was awarded an Honorary Life Member of St. Julian's Aquatic Sports Club in recognition to his contribution to the Club.

The Malta office of **Propertyline International** has been recognized by the International Organization Bellevue with the Best Estate Agency Award in 2006 and 2007. In-Sight Ltd is a Registered Company bearing registration number C 8006 (VAT MT 1525 - 8725).

Our Vision is to be the front runners in the International Property Market

Our Philosophy is Quality Service and Superior Customer Care

Our Motto is Our Clients are Our Best Advert

Steps to Investing in Property Abroad

Prior to embarking on adventurous road to investing in a property overseas there are a number of steps to be taken.

Information

The **first** step is to research as much information as possible on the various countries in which to invest and seek professional advice in order to feel comfortable in taking the next step. A lot of information may be obtained from our website and we are more than willing to part with our knowledge and give our support.

Assessment of Personal Requirements

The **second** step is to assess what your requirements are, what type of investor you are, what return you are expecting and what element of risk you are prepared to take. If you intend to make use of your newly acquired property, the extent of use must also be evaluated. If you are looking at a retirement home, the following considerations will come into play, namely, weather, proximity, safe environment, stability, medical facilities, cost of living and lifestyle. Other important considerations of a financial nature are the capital growth of the property as well as taxation and inheritance. The same would apply to people relocating to another country but would also include education and language as their main concerns. In both cases, the newly acquired property would become the ordinary residence as opposed to the investor who is merely seeking a holiday home which give a turn to the considerations to be taken into account.

If you fall within the category of a holiday / second home investor the emphasis shifts mainly to a country associated as a holiday destination with primary considerations such as sea and sun, culture and lifestyle as well as environment. This type of investor does not expect spectacular returns and usually opts for established markets with economic stability. The cautious investor looks at the investment long term and could be qualified as looking at lower capital growth as against higher rental yields from which the mortgage may be financed, as well as to cover the costs of having the property maintained whilst away from it.

The Buy to Let investor is principally buying as an investment and wants to see an immediate steady rental income which is higher than all the costs involved in owning, running and letting out the property. Amongst the fixed costs are those of utilities (water & electricity), costs related to swimming pool, repairs and maintenance, marketing and management of rentals as well as taxes on the rental income. The rental income must not only finance the mortgage and all costs ancillary to its rental but must leave a profit whilst the value of the property is appreciating in value making an ideal scenario.

The pure investor aims mainly at receiving the best financial return in the form of yield and/or of capital appreciation on the property in the shortest time. It is the way the investor faces risk that will play an important role to where he will invests his money. The pure investor might be more concerned on the capital growth and purchases multiple off plan properties in order to acquire the property at a very favourable price and re-sell it on its completion. The risk taker might also invest in a market where there is an oversupply since this would equate it to a buyer's market and would buy at a bargain price.

The pure investor would consider investing in emerging markets with potential rather than the traditional ones knowing that generally speaking property has risen above general inflation levels and has outperformed stock markets. Naturally, all due diligence would be taken prior to taking the plunge but as in all forms of investment the greater the level of risk, the greater the potential return. Serious risk takers are after low cost investments with an expectation of very high profits and, unlike the cautious investor, are looking at high capital growth as against lower rental yields.

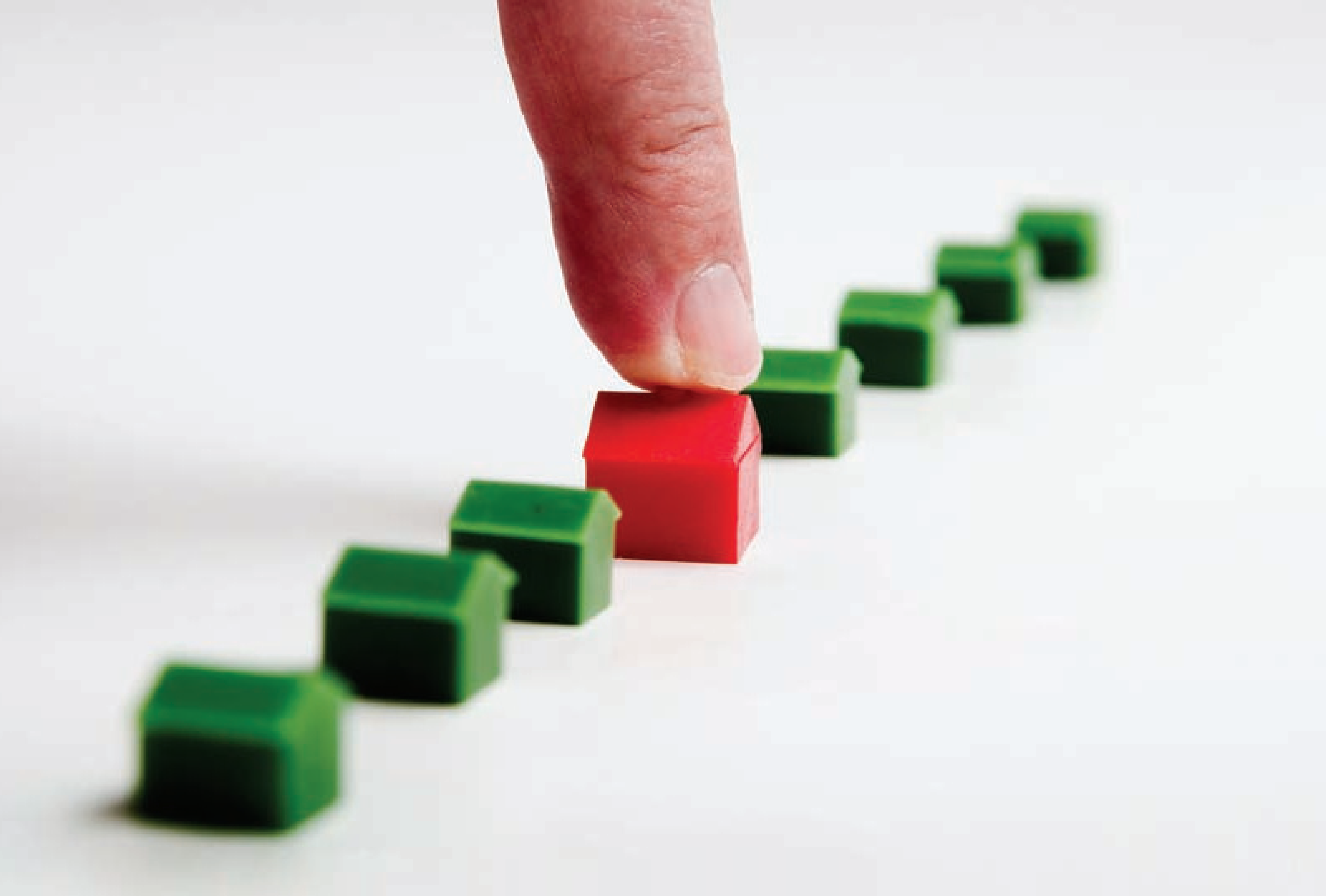
There is a third type of investor who represents most overseas property owners, namely, the investor who is not extra cautious nor a risk taker. This type of investor will avoid emerging markets and seek stability and is after medium capital growth and substantial yield.

Identification of the Property Market

The **third** step is to identify your market. One of the major questions with which a potential investor is faced is whether to invest in an emerging market or an established one. Traditional markets are in demand by all types of investors since it is easier to obtain bank finance and have very stable legal structures providing very favourable capital growth and yields. Emerging markets are predisposed to offer bargain prices with the prospect of very lucrative capital appreciation but obtaining bank finance is stringent if at all possible in certain countries. This shortcoming coupled with intricate legal systems and no track record makes these markets more volatile but are still tempting to the pure investor looking at high capital appreciation.

Only you can decide in which country you are interested to invest in. But it is imperative to bear in mind the basic principle of economy, namely, that of supply and demand when taking your decision. This will help you make your investment more lucrative. Obviously, where demand for any commodity is superior to its supply then the price will increase owing to this fundamental principle. Property investment over the years has proved to be a good investment with prices rising in excess of inflation. However, like with all investments we cannot guarantee the performance of the investment but we can forecast the performance of property investment based on factors and conditions that affect the market. Some markets have even defied the basic principle and have experienced high levels of capital growth despite the oversupply.

Various factors affect a demand by property investors within a particular region or the whole of a country, namely, the rate of exchange, influx of foreign companies carrying out their business in the country thus creating employment and optimism, political and economic stability with an increasing Gross Domestic Product, improved infrastructure and increasing tourism. Newly acquired European Union membership enhances the economy owing to the influx of EU funds thus creating a better standard of living and consequential increase in the demand for property. We have witnessed this scenario in the countries which have reached the criteria established by the EU in the 2004 enlargement where the price of property has risen pre and post EU accession owing to numerous factors. For this and other reasons the pure investor will consider the potential of investing in EU applicant countries.



Identification of the Type of Property

The **fourth** step is to identify type of property to suit your pocket and requirements whether it is a Villa, a Country House, a Chalet or an Apartment in a finished state or Off Plan. Whilst purchasing off plan will generally allow the investor to realise a higher profit there are a number of considerations.

There is the risk that the development will not be built to the required standards. All necessary checks must be performed to ensure that the developer is reputable and has a bank guarantee so that if the latter faces bankruptcy, the deposit paid will be refunded and the only loss suffered in this particular case will be the potential capital gain. Another consideration is that all the building permits are in order. Delays in completion of the project by the developer are a gain to the investor who has only committed to an initial minimal deposit with eventual payments on completion. Sometimes the property is sold prior to completion which means that a small deposit would have secured a substantial capital gain as well as the local stamp duty avoided.

In emerging markets, which have unsystematic structures certify that you own the title to the land purchased and check out on the development of the infrastructure in the area which is of particular interest since an improved infrastructure will give added value to the property invested in. Determine also if there are large developments of the same type in the same area so as not to be faced with a situation where there is a glut of property without a suitable demand for it.

Financing your Property

The **fifth** step is to finance your property and most investors will opt to take on a mortgage.

Re-mortgaging an existing residence is relatively cheap and quite easy to access and nowadays there are a number of mortgages offered to buy-to-let investors. In the case of buy-to-let mortgages the bank is not really interested in the income of the borrower but whether the property will acquire a rental income to pay off the loan. Most banks will advance 85% of the value of the property but will apply rigid criteria to the rental income which is to constitute some 125% of the loan repayment. The rental yield is established at 5%. Interest payments on buy-to-let property can be offset against income tax which means that tax is only payable on the rental income which is over the interest payment.

Alternatively, funds are to be raised in the country where the property is being purchased and local banks, in some countries, are offering competitive packages to attract foreign investment. In traditional markets, there is a wider range of mortgage products such as fixed rates available with varying terms up to 20 years and more. However, in developing countries, rates tend to be less attractive and financial institutions complicated, making a re-mortgage on the main residence a better choice.

Remember to allocate funds for Notary fees and stamp duty fees.

When investing in property abroad, considerable savings can be made by obtaining the most favourable currency rate of exchange through a reputable broker. A financial broker can offer the best fixed rate of exchange for a period of time independent of currency fluctuations. There are different possibilities offered by financial brokers depending on the individual requirements.

Addressing Legal Issues

The **sixth** step. As with purchasing property on home soil, it is beneficial to seek independent legal advise locally in order to have peace of mind that your investment is above board. This is mainly the case when purchasing in emerging markets, which are known to have complex legal structures. Amongst the various important considerations: ascertain that you own the title to the land and the property and ensure that there are no outstanding claims; ascertain, that the building conforms to the building permit and in the case of an off plan investment ensure that the developer is reputable and covered with a guarantee in the case of non performance.

In some countries it is necessary to purchase property through a company incorporated in the country where the purchaser is included as foreign investors cannot own property on their personal name. This, in some cases is also advisable to minimise tax liabilities.

At the stage of purchasing property it is essential to obtain advice to minimise tax liabilities including income tax, inheritance tax and capital gains tax when you come to depart with your property.

The Next Step

For the first time buyer this may all seem complicated. Obtaining all the necessary information to feel at ease is of the essence. For others, who are thinking of their second, third or more property overseas it is more simple. When building a portfolio of property it is advisable to diversify in different parts of a country or even better in different countries so as to balance out you investment. In this way you can derive a wider benefit from varying sources in the form of rental income and capital growth.

Nowadays purchasing property at home and overseas is considered as one of the most lucrative investments and with the advances in technology it has become all that more simple and accessible. The increase in flights and destinations by low cost airlines have opened the road to investing abroad. The internet, however, brings all these destinations to your door step. You are just one click away!

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