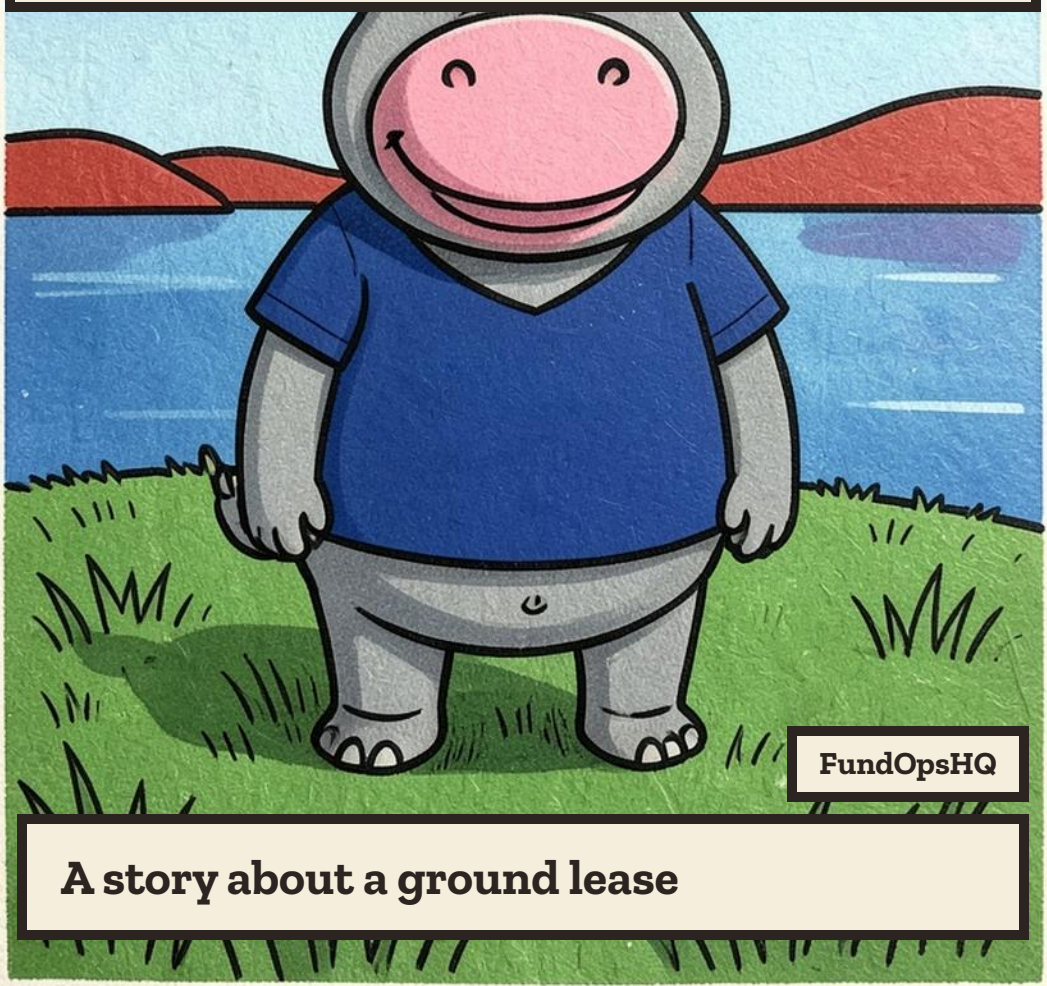
HUGO AND THE HARBOUR MEADOW



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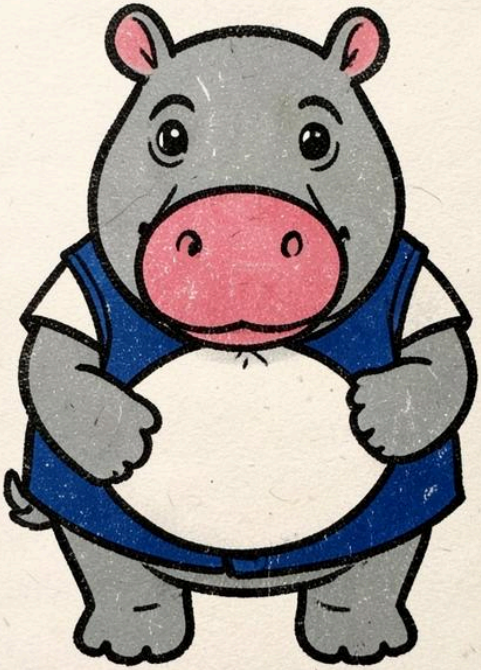
A story about a ground lease



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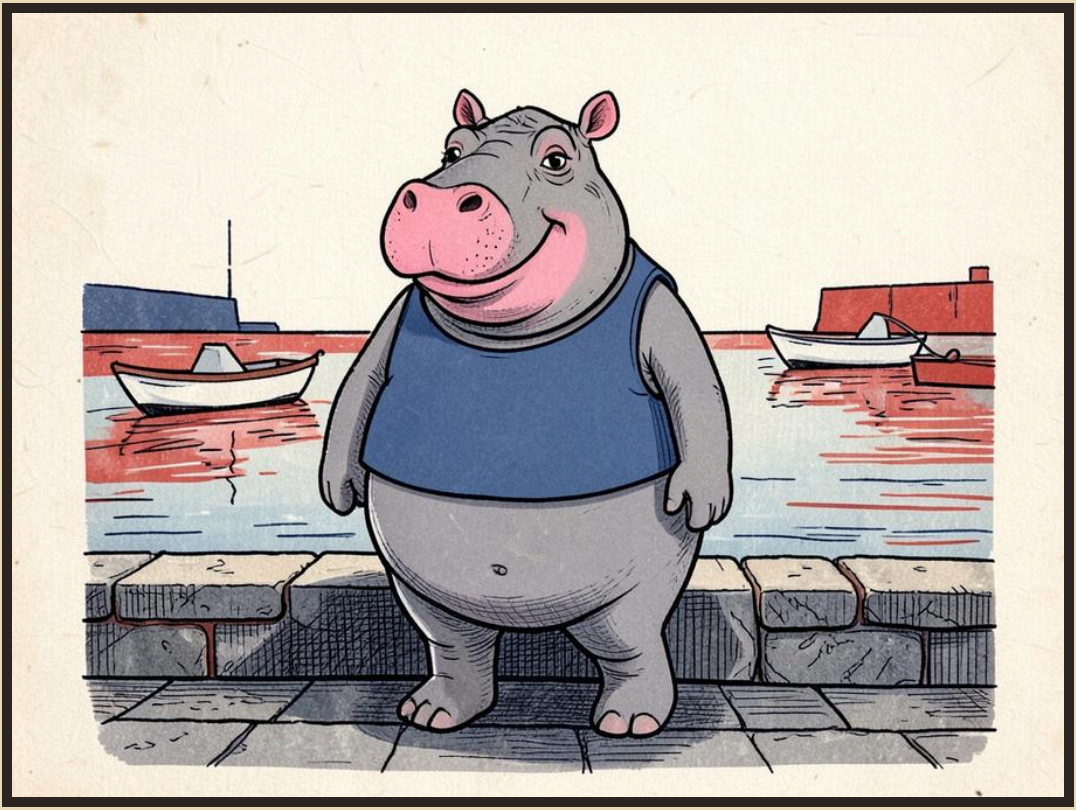
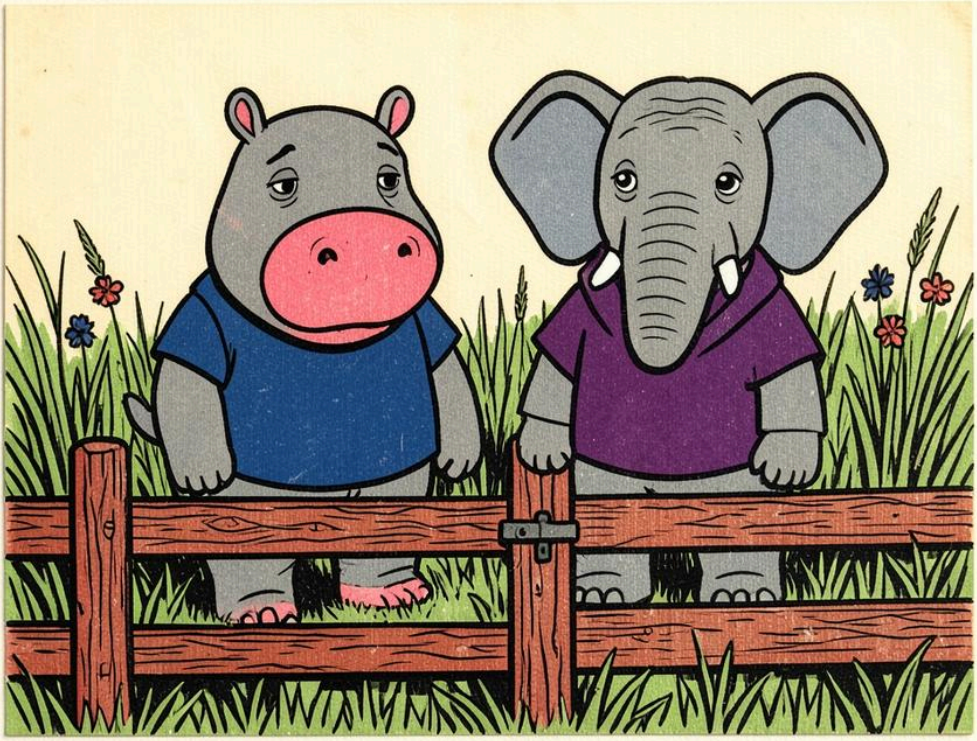


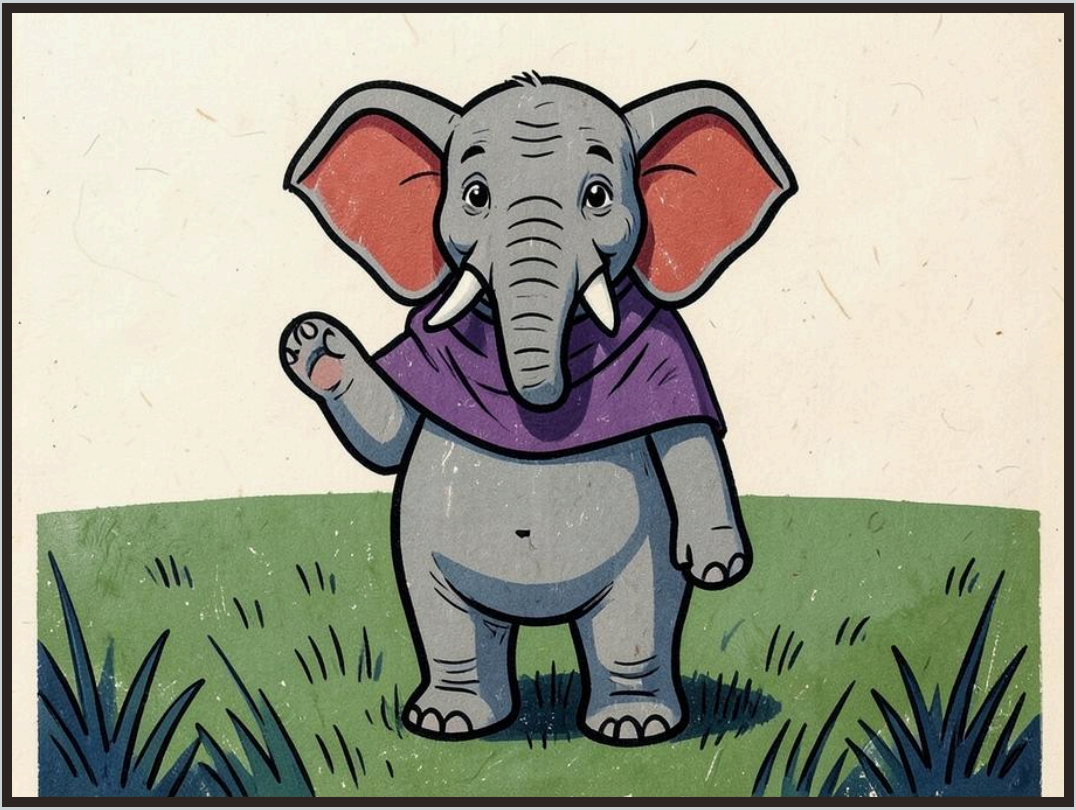
Hugo the hippo ran a fund that built buildings and rented them out. He dreamed of building workshops by the harbour.



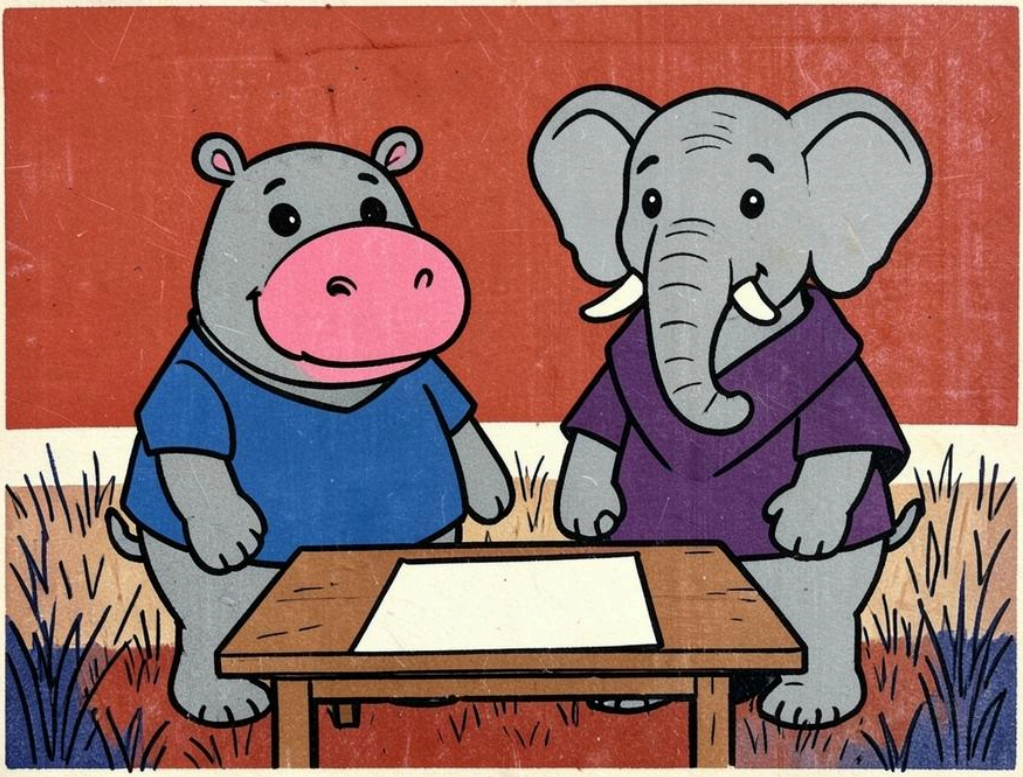
The best spot was a meadow by the water. It belonged to Ottoline the elephant, as it had to her mother and grandmother.



"I will never sell this land," said Ottoline kindly. "It belongs to my family." Hugo was sad, but he understood.



"But I could rent it to you," she said, "for a very long time."



They agreed that Hugo's fund would rent the land for 99 years and pay her rent every year. This is called a ground lease.



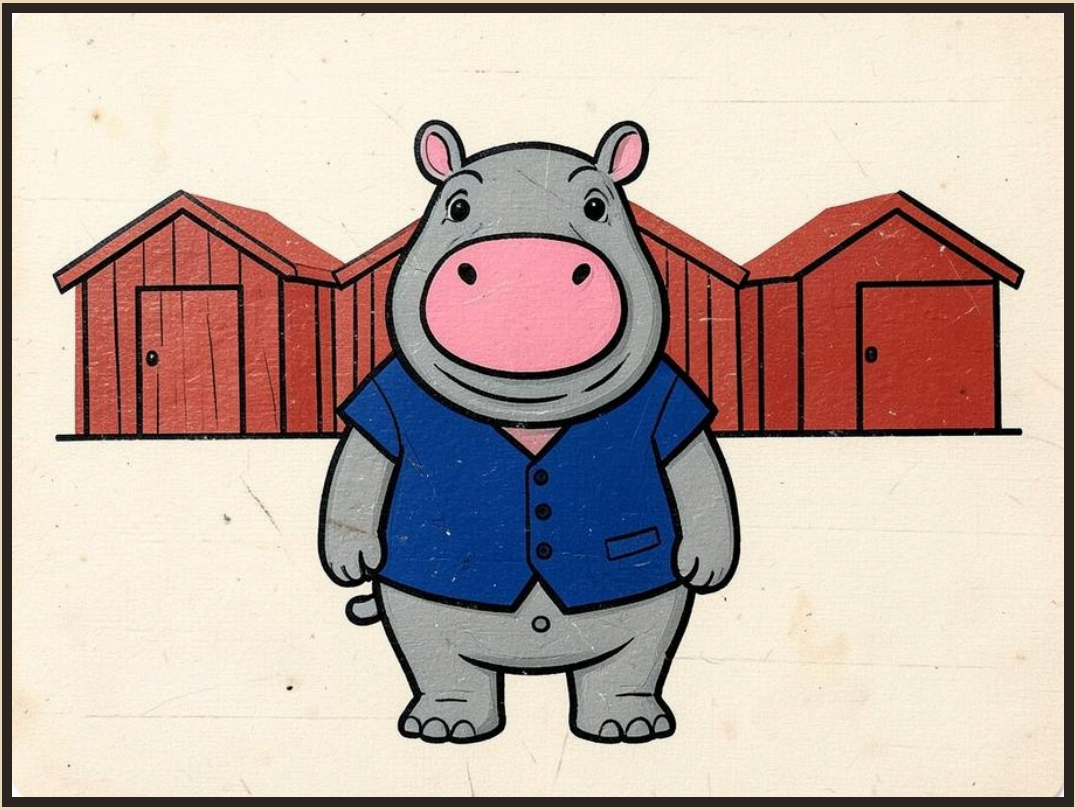
Hugo's fund would build the workshops, own them and look after them. Ottoline would still own the ground underneath.



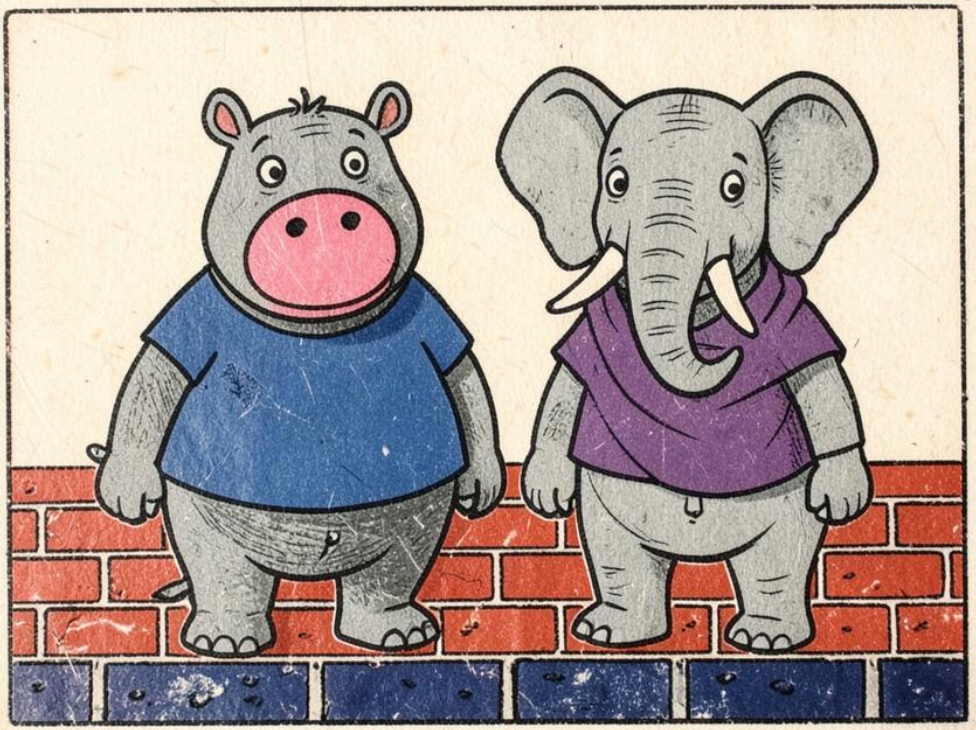
Because the fund did not buy the land, it needed fewer coins to begin. It could put them all into the building.



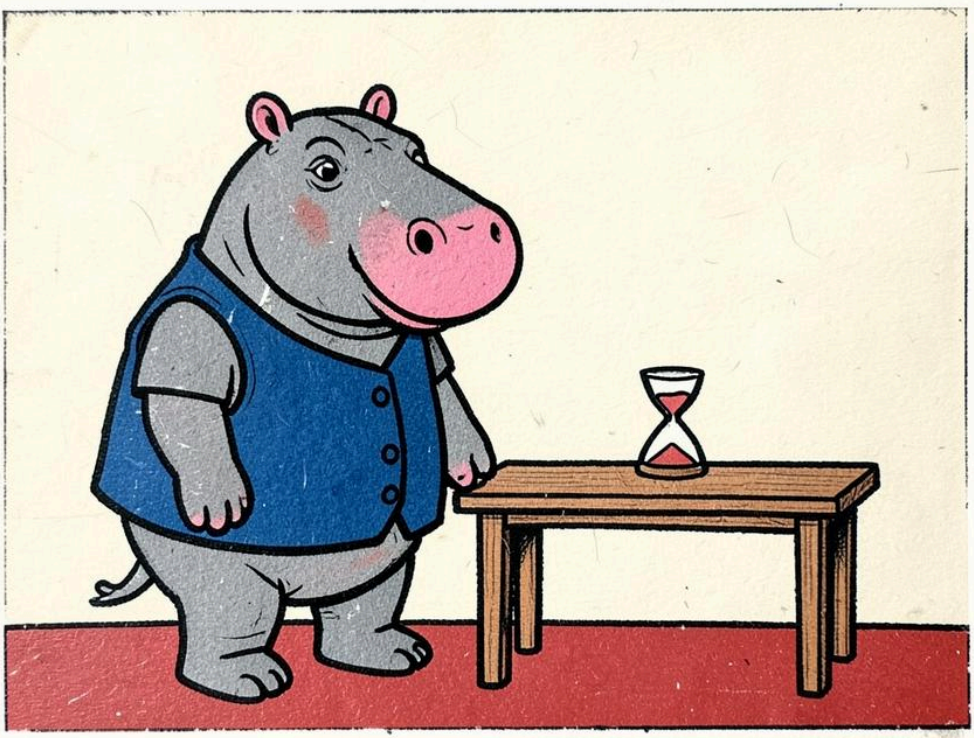
Ottoline was glad too. Her land stayed in the family, and the rent came every year, rising a little now and then.



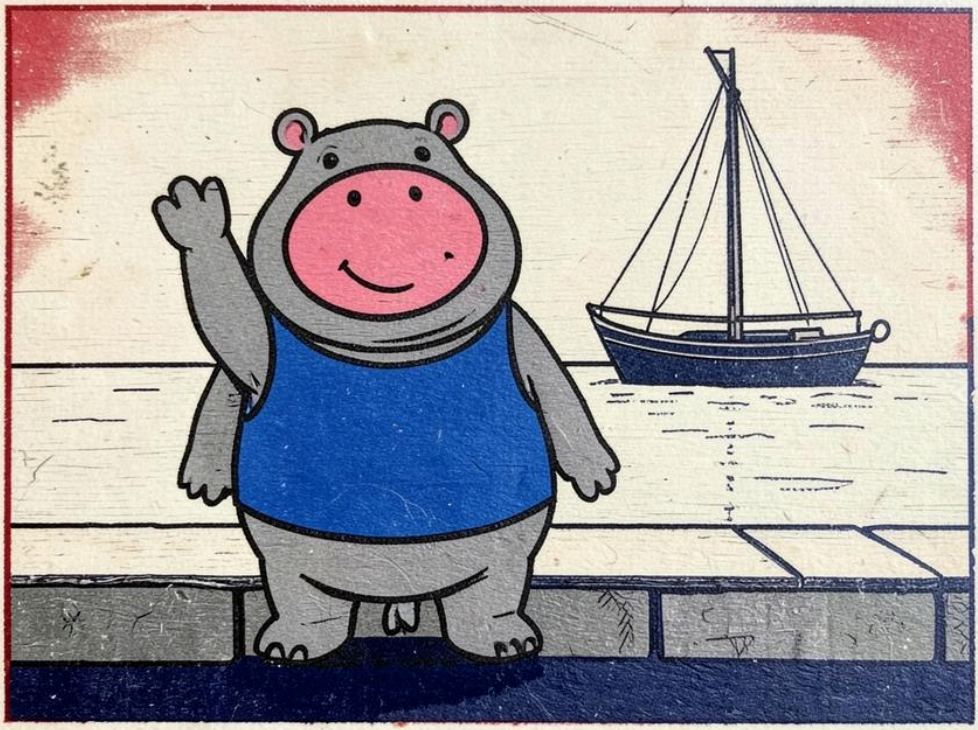
The workshops went up. Sailmakers and rope makers moved in, and they paid their rent to Hugo's fund.



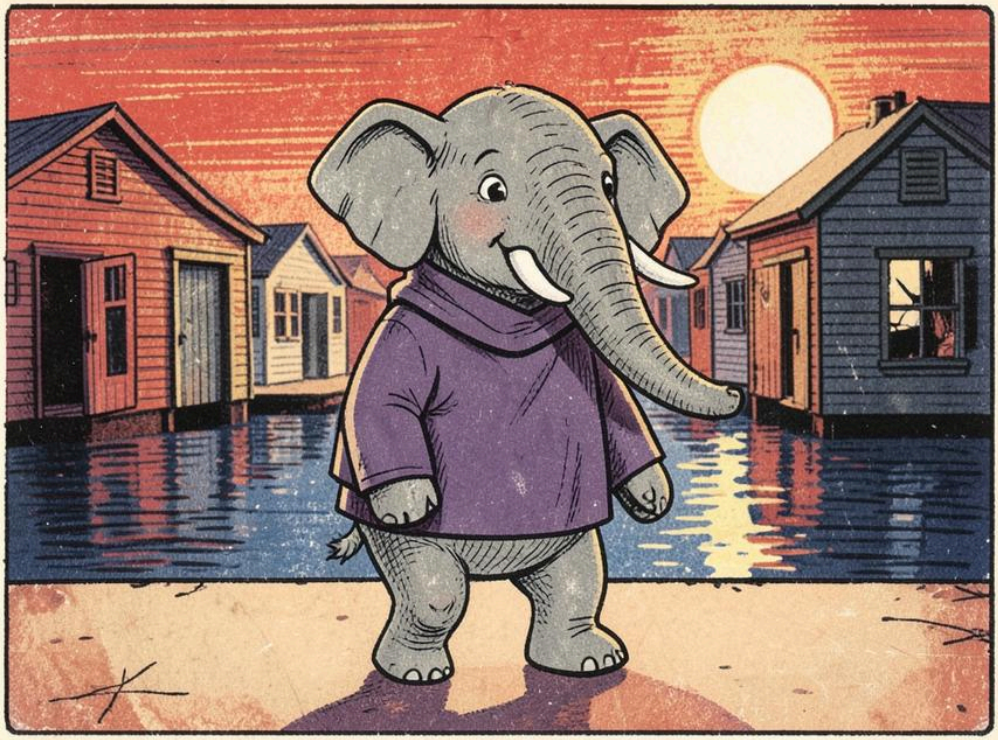
One day Hugo asked, "What happens when the 99 years end?" "Then the land comes back to my family," said Ottoline, "and the workshops with it."



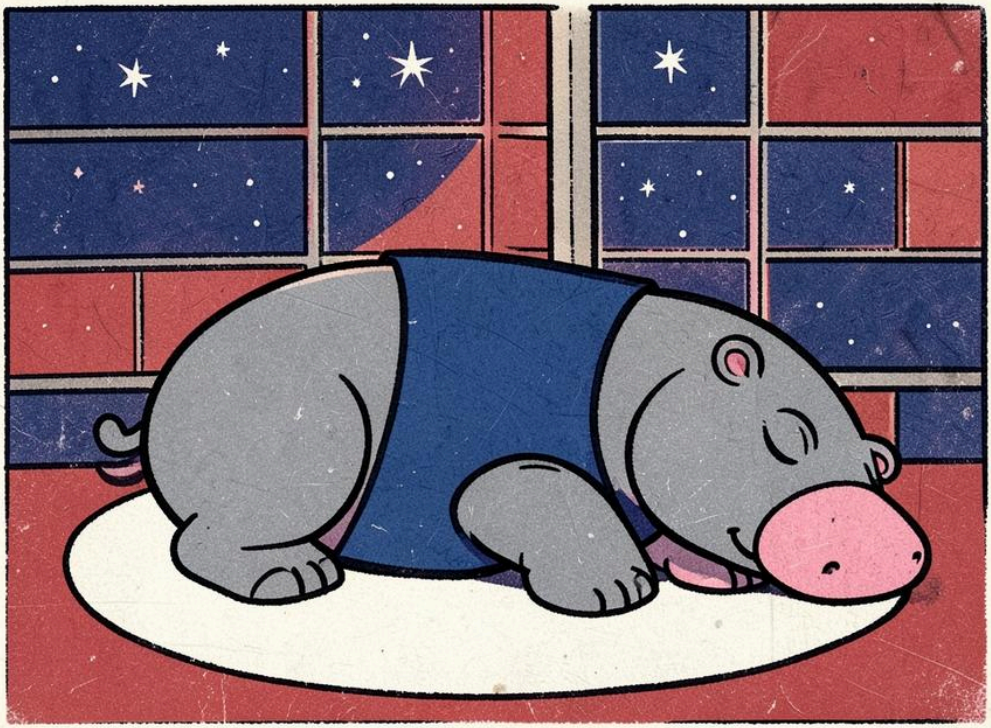
As the years ran down, the workshops would be worth less, and buyers and lenders would grow more careful. Hugo planned for that.



After ten years his fund sold the workshops, with 89 years still to run. The buyer took on the lease and kept paying Ottoline.



Ottoline walked by the busy workshops in the evening sun. "It is still our meadow," she said, "and look how full of life it is."



A NOTE

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