IVO AND THE CANDLE WORKS



FundOpsHQ

A story about a sale-leaseback



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Ivo the hedgehog made candles in an old brick works by the river. He owned the building outright: walls, roof, chimney and all.



His candles sold so well that the shelves were always empty by Friday. He wanted to build a second works, across the river.



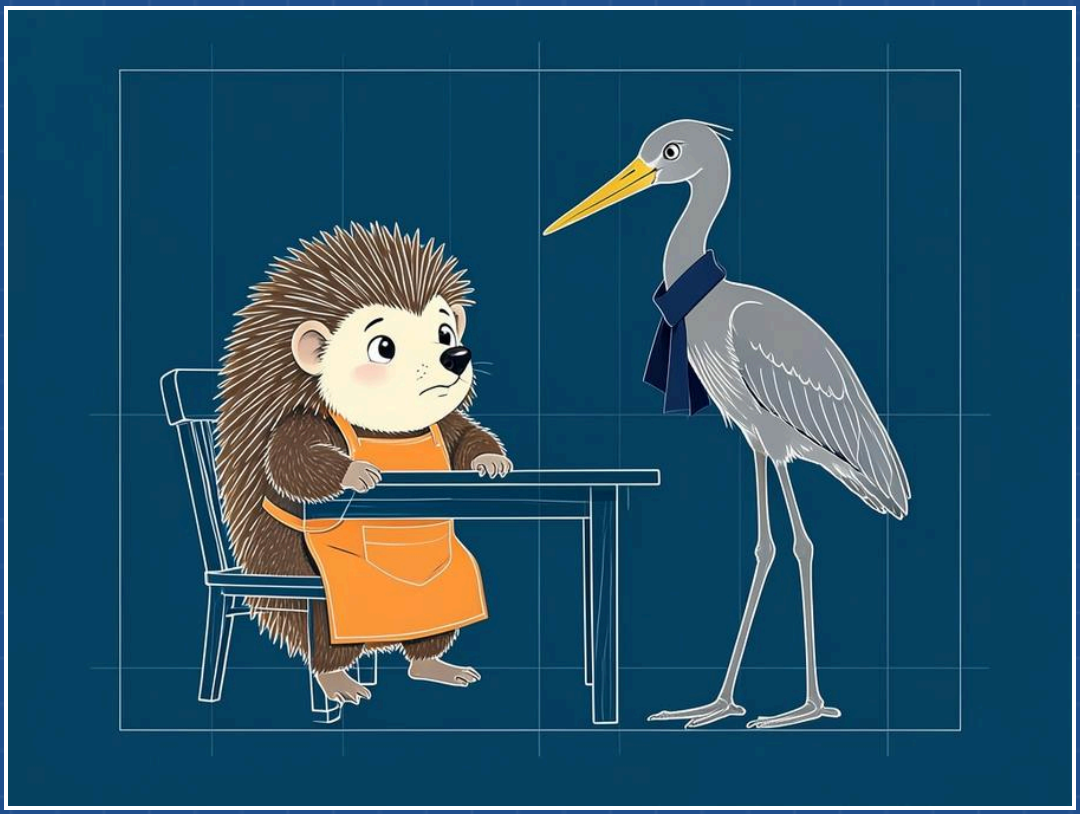
But a second works cost 80 coins, and nearly all Ivo had was tied up in the building itself. A building is hard to spend.



Lark the heron ran a property fund. Its money came from pension savers, and it bought buildings that brought in steady rent for many years.



"Sell me your building," said Lark, "and rent it back from my fund. You stay, you keep making candles, and you have the money to grow."



That is called a sale-leaseback. The fund would pay 100 coins for the works. Ivo would pay the fund 7 coins a year in rent, for twenty years.



"What if you want me out one day?" Ivo asked, worried. "You may stay all twenty years, if the rent is paid," said Lark. "The lease says so."



The lease said one more thing. Ivo would pay the taxes, the insurance and the repairs himself, as if it were still his own. That is called a net lease.



There was a cost, too. If the building grew more valuable, that gain would now be the fund's, not Ivo's. Ivo thought hard about it.



Then he chose. He loved the old works, but he loved making candles more. And the money would let many more animals have them.



The fund paid Ivo 100 coins. He spent 80 on the second works across the river, and kept 20 aside in case of a hard winter.



Every year Ivo paid his 7 coins on time: 7 in every 100, a yield of 7%. From it, Lark's fund paid steady money to savers in their old age.



On winter nights, both works glowed across the river. "It isn't mine any more," said Ivo, "but it is still my home."



A NOTE

The words in this book are real ones, explained simply. The animals and examples are made up, and real terms vary from fund to fund. It is not advice. The pictures were drawn with an AI image model and checked by hand.

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