

A €1.2m inheritance, and the instinct to rebuild the problem it came from

He inherited property jointly, the family couldn't hold it together, so they sold. Now he wants to put the proceeds back into Greek property. The plan has to respect that instinct and correct it at the same time.

Romanos Valeontis · full financial plan and model · figures anonymised

THE SITUATION

Aged 33, married, salaried. He receives **€1.2m after tax** from the liquidation of inherited property and owns a small office suite outright. He wants a home of his own and **€5,200 a month of household income**.

He is comfortable with real estate and knows nothing about equities. Cash flow matters more to him than growth.

€1.2m capital to deploy	€5,200 monthly income goal	33 years old	36 age at financial independence
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The thing he cannot see

The capital exists because inherited property had to be sold. Several heirs, one illiquid asset, no way to divide it, so the only exit was to liquidate the lot.

His instinct now is to put €1.2m back into concentrated Greek property.

He is about to rebuild the problem he just escaped, and this time with leverage on top. Naming that is most of the job. Everything else in the plan follows from it.

THE ADVISER'S ACTUAL PROBLEM

His goal is achievable almost entirely through property. The arithmetic works. That does not make it advisable, and the distinction between "can be done" and "should be done" is the whole value of the advice. A plan he will not follow is worth nothing, so the answer is not to override the instinct but to satisfy it inside a structure that fixes what is wrong with it.

Where the money goes

Use	Amount	Why
Primary residence, outright	215,000	No mortgage on the home, as he wants
Deposits on three rental units	157,500	30% on 3 × €175,000, held in a company
Short-let property, outright	250,000	Unlevered — short-let income has no lease protection
Acquisition costs and furnishing	89,700	Transfer tax, notary, legal, fit-out
Emergency reserve	40,000	Roughly two years of fixed costs
Immediate household spending	20,000	Agreed, and not an investment
Investment portfolio	427,800	The residual, and the diversification

He controls **€990,000 of property for €622,500 of equity**, at a loan-to-value of 37%. The home and the short-let carry no debt at all.

The decision worth more than any of the property choices

At three or more rental properties, Greek rental income is reclassified as business activity. This plan holds four. **The structure question is therefore not optional** — the only choice is whether he crosses that line deliberately or has it happen to him.

Having crossed it, the arithmetic is decisive. For an individual, rental income is taxed on a scale reaching 45% with only a 5% deemed repairs allowance. **Mortgage interest is not deductible.** For a company, interest and real costs are deductible at 22%, plus 5% on distribution.

	Personal	Through a company
Gross rental revenue	54,888	54,888
Taxable base	52,144	(3,486)
Tax charge	(16,265)	(318)
Annual advantage	—	13,446

THE PART MOST OWNERS GET WRONG

Held personally, the tax charge can exceed the cash the properties produce. Tax is levied on rent that has already left for the bank as interest, so a leveraged landlord can owe tax on money he never received. This is the single most misunderstood feature of Greek property investment, and it is why the company is worth roughly **€13,400 every year** on identical assets.

Why the properties look like they earn nothing

In year one the property portfolio delivers about **€6,051 of cash** to the household. Against €407,500 of income-producing equity that looks like a poor return, and a client checking his bank balance will conclude the plan has failed.

It hasn't. The properties generate **€21,895 of genuine economic return**. The reason only a quarter of it arrives as spendable cash is that **€18,025 goes to repaying mortgage principal** — which is not a cost. It is forced saving that buys equity he keeps.

On €407,500 of property equity	
Cash yield — what it feels like	1.5%
Economic return — what it is	5.4%
Total return including principal repaid	5.9%

Before any capital appreciation. Telling him this *before* year one, rather than explaining it afterwards, is the difference between a client who trusts the plan and one who abandons it.

Does it hit the number?

Year one produces **€5,167 a month against the €5,200 goal**. Thirty-three euros short.

It clears the target in year two, reaches €6,500 by year ten, and steps up sharply around year eighteen when the mortgages clear. He also stops paying rent, which removes roughly €800 a month of expense that the income line does not capture.

The €33 is a genuine choice, not a rounding error. The plan includes a €3,000 voluntary mortgage overpayment each year. Suspending it for twelve months closes the gap immediately; keeping it clears the debt two years sooner. That is his decision to make, and putting it to him is better advice than quietly picking one.

Retirement is not the problem

He is 33, with 34 years to state pension age. Passive income covers his personal spending by **age 36** and never falls behind again.

At 67, on these assumptions, he has roughly **€6.6m**. A 3.5% withdrawal rate covers his inflated spending need **4.5 times over**.

So the recommended €600 a month of additional investment should not be labelled retirement saving. It is discretionary capital — a deposit on a further property within eight years, an opportunity reserve, or the means to stop working long before 67.

The useful conversation with him is about when work becomes optional, not whether he can retire.

What protection actually needs to cover

His salary is not proportionate to his wealth, because the wealth was inherited rather than earned. That inverts the usual analysis: replacing income matters less, and protecting the debt matters more.

Decreasing term life cover matched to the mortgage balance means his wife inherits the properties unencumbered rather than the debt along with them. Modest income protection insures the gap rather than the whole, since passive income already covers most of his spending. Total cost around **€1,340 a year, or 2.2% of household income**.

THE EXPOSURE NO POLICY COVERS

If he is incapacitated, someone still has to run four rental units, a short-let and a company. That needs a power of attorney, a property manager who could step in, and his wife understanding how the company works and where the documents are. The last of those costs nothing and is the most commonly neglected part of any plan.

Stress testing

A plan that only shows the good outcome is not a plan.

Base

Rates to 6%

6 months vacant

Debt service coverage	1.24×	1.08×	1.07×
Household monthly income	5,167	4,819	4,764
Versus goal	(33)	(381)	(436)

Neither scenario breaks the plan. The reserve and the discretionary overpayment absorb both. But coverage gets tight, and **he should know that before signing three mortgages** rather than discover it afterwards.

What I would tell him

The goal is reachable and the property instinct is not wrong. Greek residential yields are genuinely attractive, he understands the asset, and a plan built on something he does not understand would not survive its first bad month.

But three things need saying plainly. **Property will still be 63% of his net worth** after all the diversification in this plan, which is a lot for someone whose capital exists because concentrated property had to be sold. **The company structure matters more than any individual purchase.** And **the cash will look disappointing in year one** for reasons that are entirely benign.

The part of this that is advice rather than arithmetic is the first one. He did not ask about concentration. It is the thing he most needs to hear.

Method

Full financial plan built to the standard framework: client position and goals, balance sheet and income statement, ratio analysis, then supporting schedules for property, debt, portfolio, company tax, retirement, protection, estate and stress testing. Sixteen sheets, 658 formulas, nine integrity checks.

Greek tax treatment throughout at 2026 rates: the 15 / 25 / 35 / 45 rental scale with its 5% deemed repairs allowance, 5% on dividends, 15% on interest, 22% corporate tax, and ENFIA calculated from zone price and floor area rather than estimated.

The case is real and used with permission. Amounts, locations, property types and personal details have been altered so the individual cannot be identified. The analysis is unchanged.

Educational case study prepared for a portfolio. Not investment, tax or legal advice, and not a recommendation. Any real decision should be taken with licensed Greek tax and legal counsel. Figures are illustrative.