JULY/AUGUST 2022 – ISSUE 17 – PRICE £6.99

Blue Bricks

MAGAZINE

THE PROPERTY INVESTOR MAGAZINE

THE HOME OF THE FUTURE
A NEW STANDARD FOR SUSTAINABLE LUXURY COUNTRY HOUSES

THE WHITEBOX WAY

HOW TWO FRIENDS BUILT A £40MILLION PROPERTY PORTFOLIO FROM THE GROUND UP

TEJ SINGH- 15 PROPERTIES IN 9 MONTHS

DAN EATON- A REAL LIFE MONOPOLY STORY

DAVID WESTWOOD- BUILDING A GREENER FUTURE

CONTENTS

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ISSUE 17 | JULY/AUGUST 2022

Features

HELLO

SAM COOKE
EDITOR

And just like that, we're over halfway through the year.

Issue 17 of Blue Bricks perfectly incorporates everything you want from a property magazine: inspiration, information, case studies and top-tier advice from seasoned property professionals who have decades of experience in the industry.

We have Dan Eaton, sharing his story of how he bought an entire street. We have Windsorpatania, showing us the sustainable villa of the future and David Westwood, sharing how you can be more environmentally friendly with your refurbishments. If that's not enough, then our main features, Lloyd and Andi from Whitebox Property Solutions, share their story of how they went from no money or experience, to full-time property developers.

Anyway, I won't give you any more spoilers, you'll just have to read the articles!

What's Going On At Blue Bricks HQ?

We have some really exciting things coming your way. First of all, we are hosting our first ever in-person event. This will take place in Leeds City Centre, on the 22nd of August, at Thewlis, Park Row, Leeds, LS1 5JQ. At the time of writing, we have our main speaker confirmed, Sarah Ponton-Ryan. Sarah was the main feature of our May/June issue, and she'll be sharing all things property and business related with us on the 22nd.

Doors open at 6:30 pm and the event is free, since it is our first one. After this, there will be a cost, but only if you're not a member of Blue Bricks Magazine.

The online meetups are not stopping and we will eventually be hosting events across the UK, but we're just starting in Leeds City Centre for now.

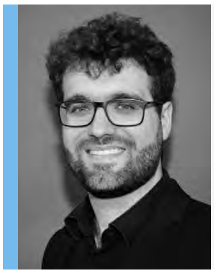
If you would like to attend this event, then you can book through our website or email us at:
hi@bluebricksmagazine.com

On Your Marks... Get Set... Read!

Well, that's all from me. I hope that you enjoy this issue. If you do enjoy it, then would you mind doing me a small favour? Can you just upload a picture of the magazine to social media and let everyone know what you liked about it? If you have any friends that you think would enjoy the read, then please invite them to our community.

Thank you once again for being valued members of our magazine. Now, grab a brew, sit back, relax and enjoy our latest issue.

MEET THE COLUMNISTS



Giovanni Patania

Giovanni is the Lead Architect and Co-Founder at WindsorPatania Architects. Originally from Siena, Italy, Giovanni has worked as a Project Lead Architect at Foster+ Partners. During his time with them, he designed Apple stores across the world. Giovanni understands property from an investor perspective and from a technical perspective as an Architect.

Andi Cooke

Andi has been running a successful construction company, Red Box Developments, since 2007. Redbox is now contracted by Whitebox Property Solutions; a property development and education company that Andi co-owns with his business partner Lloyd Girardi.

Lloyd Girardi

Lloyd has a strong background in property. After working for a major home builder, Taylor Whimpey, and having experience as a mortgage broker, Lloyd is now co-owner of Whitebox Property Solutions with his business partner, Andi Cooke.

Bushra Mohammed

Bushra is a practising property solicitor who offers no-nonsense auction legal packs to time-poor clients or those lacking the necessary insight to make informed decisions. Alongside this, she runs her own property development business in the Southeast and has operated as a landlord for the last 13 years.

Lewis Perren

Lewis is a property investor, developer, and business coach. Starting his journey in 2018, he has gone on to complete a series of flips, refurbishments, and developments whilst growing his portfolio of buy to lets and HMOs. He now spends his time working on his own projects while helping his mentees to grow their property portfolios.

John Corey

John started in Silicon Valley working for the tech industry. In 1994, the Swiss Bank made him a job offer which included relocating him and his family to London. This switched his focus from technology to real estate and financial regulations. John now focuses on helping property professionals to stay on the right side of the law by raising finance legally.

David Westwood

David is a sustainable property developer whose approach to construction minimises the impact that the build process has on the environment. David is a father of four who transitioned into property development in 2021 and is keen to change the approach of the construction industry.

Dan Eaton

Dan Eaton started investing in property in 2017 after attending a property event. Since then, he has left his full-time corporate job and built a multi-million-pound property portfolio consisting of Serviced Accommodation units, new build developments, and his favourite property strategy of them all, Commercial Conversions.

Liz Baitson

Liz is a property investor and entrepreneur who connects business owners, and ultra-high-net-worth individuals (UHNWIs) so that they can learn from each other and grow together. Liz now has multiple successful businesses, runs several successful networks and has coached hundreds of people to start or grow their business ventures.

Tej Singh

Tej became prolific in the property industry after starting his podcast in 2018. It now has over 800,000 listens in over 120 countries and has the most 5* reviews of any UK Property podcast. Since building his property portfolio, Tej now mentors and educates people on property investing. He's written two books and loves public speaking.

Nathan Winch

Nathan is an entrepreneur and private equity investor of over 12 years. He's started, grown and sold companies in the medical sector. With a passion for property, he owns a portfolio across the UK, but is now an FCA registered private lender and investor, with investments in over 14 businesses.

Kal Kandola

Kal is a property investor and developer. Her hands-on experience in the industry mixed with her background in lending is what helped her to launch The Funding Collective. Alongside being a funding specialist, Kal also runs a property development business that focuses on building sustainable homes.

OVERCOMING THE FEAR OF LEASEHOLD PROPERTIES

EVERYTHING YOU NEED TO KNOW BEFORE YOU INVEST

LEASEHOLD CONSIDERATIONS

Leasehold, you either love it or you hate it. Some investors are fine purchasing buildings which have a lease, others avoid them altogether and only purchase freehold properties. In my experience, the latter group do so because they don't fully understand leasehold or how it works. They believe that funding these deals is harder or that it is more difficult to sell them. However, I am here to tell you that these common fears are myths; myths that I will dispel in this article.

WHAT IS A LEASEHOLD PROPERTY?

The owner of a leasehold property owns the building individually. They do not own the land where the property stands but do have the right to use it throughout the term of the lease. Ground rent will usually be payable to the owner of the land (the freeholder), and when the fixed term ends, ownership of the building reverts to them.

LEASE

Leases detail everything concerning the ownership of the property. They confirm the term of the lease and set out all obligations and responsibilities of both the freeholder and leaseholder.

The other points it will cover are:

- Decorate, Maintain & Repair – who deals with maintenance of the property.
- Access Rights – a clause to allow the landlord or management company access to fulfil their obligations.
- Property Usage & Alterations – this will include clauses on how you can use the property, such as having pets or making alterations to the building.
- Alienation – this relates to if you can underlet the property.
- Landlord Covenants – such as insurance, etc.
- Ground Rent – this can be fixed for the duration of the lease or increased every few years.
- Service Charge – The charge may include contributions to the cost of repairs, maintenance, insurance, or management of the estate. The lease itself won't state the amount of service charge as work can vary every year and will increase with inflation. However, the landlord is obliged to give you an annual service charge budget to allow you to plan annually.

Bushra Mohammed
Property Solicitor

LEASEHOLD MANAGEMENT PACK

When buying a leasehold property, the buyer's solicitors will likely receive a leasehold/management pack completed by the freeholders. In some cases, the seller may have to pay two separate companies. For example, a freeholder might only manage the ground rent, whereas a managing agent might handle the management of the freehold and is paid the service charges. The cost of the pack is paid by the seller and can take weeks to turn around.

The documents within this pack give more detailed information about not only the property in question but also the block, ground rent, service charges and future planned maintenance works. The main documents included in the pack are:

1. Ground rent statement – This shows the paid and due rental payments. It also shows how they will be apportioned to you as the buyer on completion.
2. Service charge statement – evidence that the current service charges have been paid and will be apportioned on completion. Other information will include what reserves are held for service charges for future planned maintenance and improvements.
3. The last 3 years of annual accounts for the management company – these will show how profitable the company is and if they have any cash reserves.
4. Firm EWS1 External Wall Fire Review – A review for blocks of flats over 18 meters to review the external materials used and confirm if it is combustible or not.
5. Asbestos Survey.
6. Building Insurance – It is the freeholder's obligation to ensure that adequate cover is in place and the leaseholders will have the cost shared between them.
7. Notice fees, deed of covenant fees and other freeholder fees.
8. Major Works Planned – Important for a new buyer to understand what work costs they will be liable for once they become the new owner.

The government has abolished leasehold ground rents, and the current Leasehold reform (Ground Rents Bill) is set to become law soon. This bill aims to stop homeowners from having a low ground rent initially, which then increases significantly at an unexpected rate due to a clause in the lease. The consequence is that it ties the homeowner into the lease, potentially becoming unaffordable, making the property unmortgageable and unsaleable.

It is worth knowing that completion can take longer on leasehold properties than on freehold. Also, the remaining lease duration can affect the property's value and affect lenders' views on financing it.

IN SUMMARY

Although there is more to consider when buying a leasehold property, this doesn't mean you should avoid investing in them altogether. Knowing how leasehold works means you can go from fearing these deals to financing them. While many investors avoid them because of their lack of understanding, you can start making new additions to your portfolio which have less buying competition.

If you have any questions about leasehold properties, then contact me using the below email. I am always happy to help wherever I can.

bushra@lynwoodsolicitors.co.uk
bushra_propertyinterest
in bushra-mohammed

15 PROPERTIES IN 9 MONTHS

HOW YOU CAN LEVERAGE BRR TO GET THE SAME RESULTS

Three Magic Letters

Like most people, I set off from a standing start. I knew that I wanted to get into property but I had no experience. It was 2018 and I finally decided to take the step. The step to educate myself and learn more about an industry that intrigued me.

I purchased my first house in 2019, through a cumulation of money from my recruitment Business – which I ran for four years – and investment from a family member, who was happy to support me.

To cut a long story short, I managed to go from zero properties and zero experience, to fifteen properties, £500,000 of private investment and a £1.2million property portfolio, in just nine months.

The secret to this was a lot of tenacity and three magic words: 'Buy, Refurbish and Refinance' (BRR). You might have heard of BRR, you might even be using it as an investment strategy already. No matter how educated you are on this three-letter life changer, I hope that sharing my mistakes, successes and experience in this article, will give you some value and allow you to rapidly grow your property portfolio, the same way I did.

Choosing a Strategy – it's Not as Simple as it Seems.

Many people start in property without a clear plan. They pick a strategy because it looks attractive or has sexy figures, rather than picking one that takes them a step closer to their goals.

I chose the Buy Refurbish Refinance (BRR) and flip strategies because they allowed me to achieve a much higher return on my investment and pull some, if not all, of my money back out. Since I was taking from my business and borrowing from my family, getting my capital back as soon as possible, was an attractive prospect.

My advice for anyone looking to scale through BRR, is to have the right team behind you. Most of my early projects were completed in 6-8 months. But the moment I got the right team, I completed one in 3 months and 3 days. Don't get me wrong, this is still a record, but it goes to show the effects of having good tradespeople. Make sure you vet each one. Find them via referral if possible. Make sure they have time for your project and work with speed, without compromising on quality.

My latest project in 2022, a cute cottage in Cambridgeshire, is a no-money-left-in BRR that cashflows £400+ per month.

Hopefully, the figures below demonstrate just how profitable a BRR deal can be if the figures stack.

Case Study: 51 Station Road

Purchase price: £141,000

Fees/SDLT etc: £10,080

Refurbishment: £31,907

Investor interest: £15,048
(over a 12-month period)

Resale price: £280,000

Profit if sold: £78,785

RICS valuation: £290,000

Money left in: minus £17,935 (cash out)

However, the lender reduced the 'Loan To Value' (LTV) because they are ridiculous and it's now about: minus £3,435 (cash out)

Rent: £1,000

Monthly cash flow/profit: £432

Finding the Deals

I love auctions. They are a great place to find the kind of deals you need for BRR. The ease and speed of transaction, mean you're not waiting around, chasing slow solicitors, agents or vendors. People talk about creating strong relationships with estate agents but many people don't realise that you can create an equally strong bond with auctioneers.

Before COVID, I formed a relationship with my local auction house. This paid off in many ways. Relationships are central to any deal sourcing avenues, whether it's 'Direct To Vendor' (DTV) or through agents. You want to be front of mind and people should enjoy working with you. Having a social media presence really helped here. Build a brand, post regularly and provide value. Make sure your social media shows what you do and shows that you do it well.

Agents provided me with a few deals; the key here was to always follow up. I have a master spreadsheet tracking all viewings, offers and updates on properties. I regularly check in with agents to see if a property has fallen out of a sale or to check if a vendor is getting itchy after being on the market for so long. Even just calling and asking what the agent has coming onto the market, is a great way of viewing deals before they're made available to everyone else. You'd be surprised how many people put in an offer and never follow up. You'll stand out by being consistent and showing you are serious. We're all looking for the same deals and agents are inundated with qualified buyers, so now is when your personality can shine. Remember, people buy from people. And, in the world of property, they sell to them too.

How to Manage your Refurbishments (even if they're two hundred miles away)

I once managed five refurbishments at the same time. The hard part was, that they were all two hundred miles from home. Even just remembering this makes me feel anxious.

It was incredibly stressful; I didn't have the right people around me and I had no real support. I felt a lot of pressure to get it right, to not ask for much help and to figure it all out myself. If I'd had a mentor or understood how to project manage properly, I would have saved and made so much more money. The list of mistakes is endless and to this day, I'm paying for some of them with maintenance calls, to fix what should have been right from day one.

Tej Singh

Ensure you have a solid network around you, experienced people supporting you and that you don't try to grow too quickly. If you're investing from afar, consider using a project manager. Most importantly though, you seriously need to understand refurbishments and construction. I'm not asking you to pick up a trowel and 'plaster-me-pretty' but a basic understanding is important. An understanding of construction means you carry more weight in conversations with your builders and are harder to trick or overcharge. This is the riskiest stage of property, so hire slow, fire fast and do your due diligence.

Mental Health

This doesn't get enough attention. Property is hard, it really is. There is a new challenge every day. Someone is doing something dumb most days and it's your job to fix it. Sometimes, you're the person and you've got to fix yourself. It can be lonely, which is why I find social media and networking events such a positive aspect. If social media is done the right way, it can connect people. Finding time away from property and life is important. I go for long walks in the countryside and just be present. The gym and cooking help too. Find your passions and 'non-negotiables', i.e. things that you must do, no matter how busy property gets.

Build a community (or join mine) and be around people who are going through the same things as you. We can help and elevate each other. Eat healthily, move your body and bring peace to your mind. I've had breakdowns in property; mentally and physically. Yes, I rebuilt stronger and it was part of my journey but let's keep ourselves healthy. "Prevention is better than the cure" (as they say).

Refinancing

I wish I knew more about this earlier on. I learned on the job, when I had the pressure and cost of investor finance adding up every month, on multiple projects. Now, I always run any house I buy past my broker. Even the smallest issues make borrowing difficult and I've had many down valuations, lenders messing me around and headaches when trying to refinance. Just when I thought I was at the end, I got slapped with a lender issue.

Get all your paperwork in order, understand your credit score, company structure, what the bulk of lenders look for and how to ensure you fit their ideal borrower profile. A good broker will support you with this. Be prepared for all sorts of 'old-school mentality' and processes from lenders, most still operate from the 1980s.

Tenants

I have had no real issues with tenants or letting my properties. Rental demand is always high, especially for the design and finish I offer. I am very careful and particular about the tenants I rent to. My agent knows this and he carries out detailed checks, asking the right questions early on. I usually have guarantors on my tenancies, so I'm extra protected in the case of any nonsense, which has helped me out and proved to be very effective.

Be a good landlord, respond quickly, fix things and put yourself in their shoes. Tenants also have a huge amount of protection from the government; even when they trash your place and don't pay rent. So, don't rush or be pressured. Take your time and cover all angles.

Scaling the Right Way

When it is done the right way, the BRR strategy can be a fast track to building your portfolio. I hope that my article has given you some helpful tips that you can use on your next project. If you have any questions about my article or my past projects, then contact me on the details below. I'm happy to help you with anything you need and I'm always looking to grow my community. Remember, having a great team around you is important for your mental health!

tejtalks.learnworlds.com
hello@tejinvests.com
@tej.talks
Tej Talks

Tej became prolific in the property industry after starting his podcast in 2018. It now has over 800,000 listens in over 120 countries and has the most 5* reviews of any UK Property podcast. Since building his BRR portfolio, Tej now invests in Crypto, Stocks & Shares. He has now started buying businesses (MOT/Car Garages) and mentors and educates people in property. He's written two books and loves public speaking.

PropertyData

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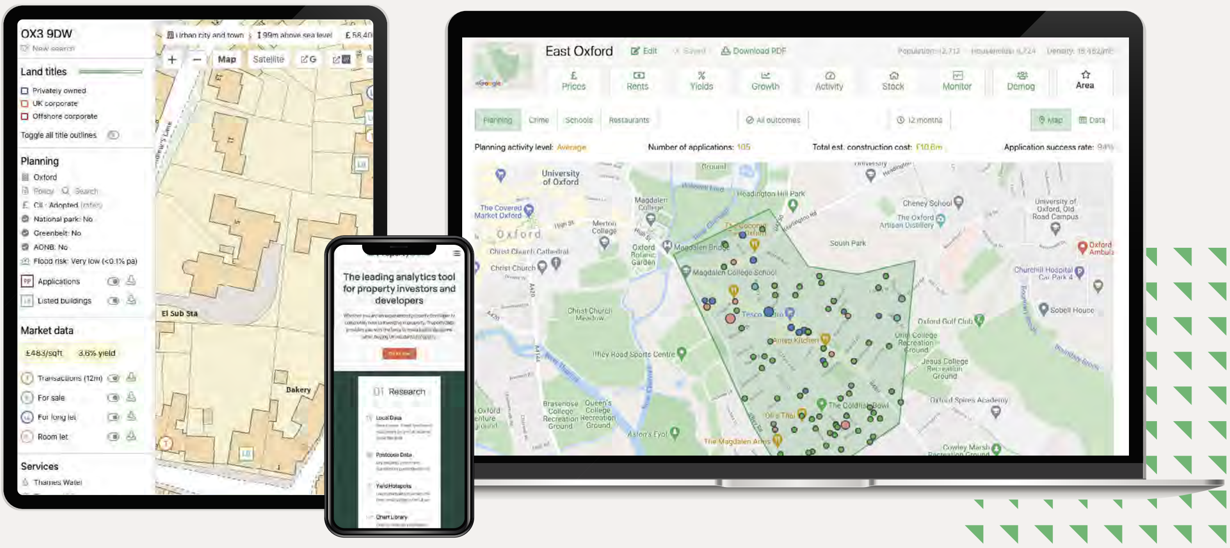

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JILL STEVENSON

A Slowdown but Definitely Not a Crash

The predicted slowdown in the UK property market is about to make itself felt over the next few months, according to analysts.

As the Bank of England continues to raise interest rates in a bid to curb raging inflation, mortgages become more expensive and property upgrading less attractive. This is especially as the cost of living really begins to bite in the supermarket and at the petrol pump.

The good news is that it appears the UK will avoid a recession. House prices haven't dropped. Yes, they may be about to level out and stay depressed for years to come, but they're not expected to fall like they did in the 2008 recession.

The reason for this is that lenders have been more sensible (stringent, even) about who they give mortgages to. At the same time, mortgage rates are still very low. So, although house owners may feel a squeeze on their income as interest rates start to rise, they aren't going to be financially overwhelmed.

Demand for New Builds Flourishing

Another pointer that the housing market isn't going to crash anytime soon is the fact that demand hasn't let up; if anything, it's increasing.

Two major UK house builders say they're confident the market for new builds will continue to flourish – despite the cost of living crisis. Bellway says it is selling more homes this year than it did in 2021, while Crest Nicholson says it has increased its revenue predictions for this year. Both builders acknowledge that the cost of materials has gone up, due to the energy crisis and that build costs, in general, have risen, but the cost of the houses themselves are covering these increases.

One analyst said trading hadn't abated – far from it. Chris Millington of Numis, added: "The sales rates are really strong compared to pre-Covid; order books are where we've never seen them before.

"Inevitably, the market is going to moderate; you can't see that not happening with rates going up amidst economic uncertainty. But this makes it look like a moderation, not a crash."

Buy-to-Let Rental Market is Canary in Coal Mine

But what about the private rental market? That's where a housing crisis will show itself first. Because once low-income families can no longer afford to pay rents, buy-to-let landlords will start selling off their properties, according to property experts.

The most recent Office of National Statistics report, published in March, shows that housing rents rose by 2.7 percent in April compared to the same period in 2021. The highest rise was in the North Midlands, at four percent, while renters in the Capital had the lowest increase, at one percent.

The Association of Residential Letting Agents (ARLA) says that the average tenancy length has now jumped to 23 months. They attribute this to a lack of choice in rental properties or an inability to afford to move. These circumstances are set to worsen further with the Royal Institution of Chartered Surveyors (RICS') reporting that rental demand from prospective tenants continues to flourish.

A Market of 'Haves' and 'Have-Nots'

From first-time buyers and others at the lower end of the market to older buyers sitting on thousands of pounds of equity at the top, the experience differs greatly. To the extent consultants Capgemini said the UK housing market had created 36,000 new millionaires last year. Escalating property prices – up 13 percent in June 2021 on the previous year – had nudged many homeowners into the 'newly minted' category – 6.3 percent more than in 2020.

In March this year, the average property was worth £278,000, according to ONS figures. That was an increase of £24,000 compared to last year. Any increase in property prices a year from now is expected to be much more subdued.

COMMUNITY IS SECURITY

When I started my property journey, over five years ago now, I had no concept of how important my property community would be. When you say the word, “community”, it conjures up visions of cake sales at the town church or those lovely mum and baby groups at the local nursery... ‘Community’ and ‘Business’ didn't appear in the same sentence for me. I'd come from the corporate world, where, if you were given a job to do, you did it. You would communicate and engage with your team, which may be just a handful of people. You were not there to create relationships; you were there to complete a task.

So, when I entered the world of property, I didn't call myself an entrepreneur and I certainly didn't think I was part of a community. I felt as though I was on my own, searching for the best people to guide me in this new and exciting journey to financial freedom.

As a naïve, inexperienced property investor, I did most of my research online, with a couple of little kids running around my ankles, distracting me and I ended up falling naturally into the local ‘Property Groups’. At first this was terrifying, I felt like a complete fraud. What the hell was I doing in a property investor meeting? I felt like everybody was looking at me, as if there was this giant neon sign above my head saying, “I'm not a property investor, I'm an imposter”.

I'm sure many of you recognise that feeling when you walk into a networking meeting and you don't know anyone? It feels very unpleasant. I'd heard some wise words somewhere along the way that, “It's not what you know, it's who you know”. It was probably a meme, as they usually stick in my head a lot longer than an inspirational quote. So, I persisted, I showed up and I kept going.

Before long, much to my amazement, the property community started to open up. It's an incredibly friendly bunch; if you know where to look. There're so many people out there in a ‘nine-to-five’, trying to release themselves from the system. So, when you go along to a meeting, there's a hell of a lot of camaraderie. The people that are a couple of steps ahead, desperately want you to succeed. Now,

this was a massively foreign concept to me. In the corporate world, you focused on your career ladder and only yours!

The world of a business owner is very different. I was, without knowing it, being enveloped by the incredible generosity of some fantastic people and communities. In time, I became friends with many, many people and I couldn't believe that they wanted me to succeed. Don't get me wrong, there are many people I wish I had never met. Networking without a guide or without discernment, can lead you into incredibly treacherous, shark-infested waters!

Please, do your due diligence on everyone you come across. It's incredibly seductive to get invited into property deals with brand new, happy, joyful faces, who can be full of empty promises! I admit, I made some mistakes in my enthusiasm. I put some money and trust into people

I shouldn't have. I took on some training which, in my case, was a big waste of money. But my word – did I learn! I made networking my job because I had nothing else to give. I had no experience, I had no knowledge, I had nothing of any real value to offer. The only thing I had was my presence, my energy, my drive and my willingness.

A lot of people, when they start out in property, feel they've got nothing to give of any value when networking, but I disagree. One of the many things that established property professionals look for when taking on new team members, is energy. We're looking for creative and bright, problem-solving minds, who can bring fresh ideas to the table.

Finding people of high value, high integrity and high loyalty is like gold dust. There are many people like that out there but they often don't shout very loud. So, you have to find them – which is one of my main activities these days.

Going back to the beginning of my career when I started ramping up my networking game. I gave my heart to certain communities and I got my fingers burnt. But I also had some successes. Slowly but surely, my radar became refined.

I started to be able to tell when somebody had a hidden agenda. I started to be able to discern when a deal was actually legit. I started to be able to figure out who was really worth my time; this took a few years though!

Those people that were just in it for the money, were making huge sums of cash but at what expense? When deals went wrong (which they inevitably do, if you do enough of them) they would not correct things. They would fight for the money or hide, leaving others in a huge mess; they lost everything. Whereas others, I saw in similar situations, handled things differently. When things went wrong and deals collapsed, they would sort things out. They would call upon other people that they had built relationships with. These people shone brightly and overcame the obstacles because they had an incredible community and wealth of knowledge to pull upon, in these dark situations. This massively inspired me and made me realise that actually, community is your security.

Things will go wrong, I guarantee you. You will not make as much money in some deals as you thought. You may be in a situation where you lose money or you may struggle to pay your investor back on time. What happens then? Where do you

Liz Baitson – Serial entrepreneur

go for help, especially if you haven't built up your network of supportive, like-minded individuals?

I turned my attention to holding a space for as many people as possible, so that they did have access to a community to guide them when things went wrong and to celebrate with them when things went well. Community is true wealth!

If you find yourself with nothing financially, with no one around you to help, you call out to your community. I've seen people become bankrupt and be pulled up again by the people around them. I've witnessed a man at the brink of bankruptcy, being crowdfunded out of it, by his community. I was overwhelmed by these acts of kindness.

Community is not just about financial wealth; it is not just about pulling on skills and knowledge. It's also about mental wealth and mental health. If you do not have stable mental-health support while in the business of high stakes and high money (property being one of most highly lucrative of all businesses) you're taking a massive risk.

Your financial and mental health can be resuscitated with the right community. Trust me, it happened to me. I made a few mistakes along the way and I almost lost everything. But, the relationships that I had invested in, brought me back to life. As an entrepreneur, you're not the same as somebody with a job. You do not have the protection of an HR department. You do not have a boss to tell you what to do and when. You are the master of your destiny and as this master, you need to insure yourself against all eventualities. Now, while no amount of money can do that for you, it can certainly help. But when the chips are down, the only thing you've got left is other people.

This has captured my heart and now I devote so much of my time nurturing spaces for entrepreneurs. My business partner, Kal Kandola and I, created the 'Property Support Network PSN'. It does exactly what it says on the tin. While it's exciting to learn about all these amazing ways and strategies to create wealth through property, you're going to need a support network and that can't just be your inner circle. It's important to have people around you that are detached from your personal circumstances. This is a huge passion of ours, as we watch time and time again, so many people tripping up on their property journey and having nowhere to go.

You always have a choice. When you feel that there's no way out and there's nothing you can do. Maybe there really is nothing you can do – but maybe – we can do something together? Join a supportive, heart-led community, with high integrity and no hidden agenda to profit from your circumstances. I can't tell you how valuable it is. Not only will you find friends, colleagues and partners, you will find peace of mind because no matter how bad things get – "a problem shared is a problem halved".

Nowadays, I have many businesses which give me great joy. I still work in property and I still run a couple of property finance companies, as finance is my speciality. However, the work I get the most reward from, mentally, emotionally and spiritually, are my networks. The PSN and my entrepreneur network – 'High Net Connect', which is for business owners looking to work with and become themselves – 'high, net-worth individuals'. Running these networks has given me a new lease of life.

There's a song out there that goes, "People who need people, are the luckiest people in the world", and I never really understood what that meant, until now!

You can't have too many friends in this world and if you don't have anyone, I'll be your friend. I'm a great friend to have, as I can introduce you to a whole new world of awesome friends, who can bring you the deepest security and peace of mind you can imagine.

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A LOT OF PEOPLE, WHEN THEY START OUT IN PROPERTY, FEEL THEY'VE GOT NOTHING TO GIVE OF ANY VALUE WHEN NETWORKING, BUT I DISAGREE

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WHERE IS THE MONEY FOR ALL YOUR PROPERTY DEALS?

"Find the deal and the money will come to you."

We have all heard this – time and time again!

If your deal is good enough, then the money will come to you. But how? What do you do? Facebook posts?

Tell everyone that you have this fantastic deal and you are waiting for someone to come running through your door with all that money? Has that ever happened?

Or, do you have to go out and FIND THE MONEY?

So, what funding is really out there for you?

- Buy To Let Mortgages
- HMO Mortgages
- Bridging
- Commercial Funders
- Crowdfunding
- Private Investors
- Development Finance
- Angel Finance
- Auction Finance
- Vendor Finance
- Cross Charge Lending
- 100% Lending
- Family Offices
- Pension Funds

These are just some of the funding options that we have for our clients and this is why it's important to work with brokers that not only understand funding, but also property and how to structure your deals. So, what are the key steps to getting funded for your property deals?

Get your Paperwork in Order

Credit Profile

You may have heard of Equifax and Experian, but have you heard of **checkmyfile.com**?

They will provide you with a multi-agency credit report.

There are also some free reports you can access from a number of other sites but be careful... make sure that you check them out before giving out your private and financial details.

Don't get fixated on your credit score because that is only really relevant when you are applying for personal loans or hire purchase credit etc. Mortgage lenders will, of course, check your credit report, to see how you are conducting your accounts, who you have financial associations with and how much credit you currently have – they will not care what your credit score actually is.

Funding File

We recommend that all our clients have an updated funding file at all times. This can be a physical folder or box file with all the documents printed or an electronic file with everything uploaded, it's your choice. What you must include in your funding file collection are the following:

1. **Proof of Identification (ID)** – This must be a valid, up-to-date and in-date photographic ID, such as a passport, photocard driving licence or national identity card.
2. **Proof of Residence** – This must be a recent utility bill such as water, gas, electricity or internet bill, dated within the last three months and have the correct spelling of your name, address and postcode – you will be amazed how often this has been wrong.
3. **Bank Statements** – Your personal and business statements if they are relevant. Check your statements, the lender will be looking to see how you are conducting your accounts, as an example – are you running into your overdraft each month?
4. **Proof of Income** – If you are employed, this is simply your payslip and P60. For the self-employed, this will be your full accounts.

If you have a great deal and need us to process your application quickly, we cannot do this if you have lost your P60, your driving licence is out of date or has the wrong address and so on. These things take time to get rectified.

Get your Approach in Order

Legal Status

How are you structuring the ownership of your purchase? Will it be solely in your name, a partnership or a Special-Purpose Vehicle (SPV) which is basically a limited company. This is not something that we as brokers can advise you on, but it is something that we need to know from the outset. This decision should be made after seeking appropriate tax advice from a qualified tax advisor and not just your accountant. Your advisor will need to know what your long-term plans are, not only for this acquisition but also your property business.

Personal and Team Profile

When we talk about your CV for the funding, we don't mean a chronological list of jobs that you have held, instead, we are looking for transferable skills that are relevant for the project that you are now planning to undertake. If you don't have the experience yourself, then you can leverage that of your professional team. Obviously, the more professionals you have involved in the project, the more fees you will need to pay out. So, bear this in mind when training courses tell you that, "you can sack the boss and replace your income by charging a project manager fee," it is not entirely true! If YOU do NOT have the necessary skills and experience to be the project manager on your project, then you will need to pay someone who is suitably qualified to do this.

Acquisition Structure

There are many ways to acquire a property or project, from a straightforward purchase, in which case, you need to be working with your broker to secure the funding immediately, to various creative structures like Option Agreements, Exchange with Delayed Completion etc. With these more creative acquisitions, don't be fooled into thinking you don't need to worry about the funding right now. Even if you are not looking to complete for many months, you DO need to plan where the funds will be coming from.

In order to complete on your acquisition, you may be looking at any other of these options or perhaps a combination of the funding options listed earlier.

The main concern is that you need clarity on what funding you need and when. In order to do that you need to have the right funding team with you.

It always surprises me how many people are reluctant to work with a broker because they don't want to pay a fee. Or, they will ask for free advice from anyone and everyone that they meet. If you learn nothing else from this article, please remember – FREE advice is worth every penny you paid for it!

At The Funding Collective (TFC) we work with our clients on their two-year and five-year funding strategies, to ensure that we have a clear plan for their success. This is not something that you should look at transactionally, as it is key to have clarity, not only on your acquisition but also your development and exit.

At TFC, it is essential that we know exactly what your short-, medium – and long-term plans are for your project. When you speak to any broker about your project they should not only be questioning you on your plans for the refurbishment or conversion but also the exit. When we say exit, we mean:

- Will you or any family members, be living in this purchased property?
- Will you be renting this property out?
    - If yes, then will it be a single Buy-To-Let (BTL), a House in Multiple Occupation (HMO), flats or serviced accommodation?

Your answers to the questions above will have an impact on what type of funding you can apply for and which lenders we will look to for your funding. This is a very difficult process for you to be able to undertake for yourself. If you have to contact five different lenders to get the funding you need and spend two-to-three hours explaining your circumstances to each one, this equates to at least 10-to-15 hours and that is just the start of the enquiry process to see whether any of those lenders will even lend to you. You may have heard the saying, "You don't know what you don't know."? This is so relevant when it comes to funding. Every week, we are contacted by property investors who have incorrect funding on their projects and it is usually because they followed the advice of someone unqualified, putting them in this difficult position.

BUILDING A RELATIONSHIP WITH THE RIGHT PROFESSIONALS CAN MAKE OR BREAK YOUR BUSINESS

Building a relationship with the right professionals can make or break your business because these individuals will work with you, to ensure that you and your investors are protected. For us at TFC, it is not only about arranging funding for our clients, instead we look to educate our clients, so that they can negotiate their deals with confidence. We ensure that the business is structured correctly by collaborating with accountants, tax advisors and legal professionals. This is usually where property developers have problems because these professionals and their services are usually disjointed, so we have worked together to provide a holistic service for our clients.

Our mission is to build a community of financially astute property professionals and we are doing this with our events and training.

There is a very long list of all the funding options available and places to find the money for all your deals but you don't need to know all of them. You just need to know someone who does.

That someone is potentially your broker if they offer a full, holistic service like we do. If they don't, then we are here to help you.

Kal Kandola
The Funding Collective

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THE WHITEBOX WAY

HOW TWO FRIENDS BUILT A £40MILLION PROPERTY PORTFOLIO FROM THE GROUND UP

If you haven't heard of us before, then we like to think of ourselves as the 'Ant and Dec' of developments. Well, at least that's what people call us because of our light-hearted approach to teaching. We are Lloyd and Andi, the founders and directors of Whitebox, a training company which teaches people how to build and develop properties. Since starting our journey, we have created a property portfolio worth over £40million, most of which we have built from the ground up, with our build-to-rent strategy. Although we are a training company, we are developers first and actively practice what we preach. In fact, as we sat down to write this article, we'd just received planning for our latest project.

We didn't start with piles of cash or years of experience. All we had at the start of our journey was an idea. An idea and the desire to do something more with our lives. We hope that this article shows you that anything is possible when you dream big and put the work in. As we always tell our students, "if us idiots can do it, then anyone can."

A Standing Start – Lloyd's Story

For as long as I can remember, I've wanted to own my own business. The question was, what kind of business? Not knowing what direction I wanted to take, mixed with the fact that I had no idea how to start, meant that I spent most of my early years procrastinating. Looking back, I don't think it was just those two things. Deep down, I was consumed by the fear of failure; a fear that I have since learnt, is shared by most people. I let this fear get the best of me and decided that going travelling and seeing new places would be exactly what I needed to get my head together and put a plan in place.

Although I was travelling from country to country, I never forgot my dream. I carried a journal with me and I would update it with new business ideas or plans. After a while of travelling and dreaming, my finances ran out and I accepted that I needed to crack on with life. Thanks to my mum, I came back to a job as a sales representative for *Taylor Wimpey*. This is where I found my first love, property. I liked staging the homes and showing people around them. It was the first job I'd had where I genuinely enjoyed it and it was the first time that I felt I'd found something which was right for me. As I presented show homes to potential buyers, I was amazed that some of them were investing in more than one property. I wondered where they got their money from and was inspired by the fact that they had the ability to buy multiple houses. Looking at investors, in their nice cars, with their nice watches, gave me a passion for property and got me wondering how I could be the person buying homes, rather than decorating them with cushions.

2012 was the year that gave me the kick I needed to follow my dreams. My dad was diagnosed with a brain tumour. Sadly, he passed away the next year. This made me realise that life is short, we're not here forever and we only have a limited time to do the things we dream of doing. My dad had always wanted to start investing in property but never got around to it. I promised myself that I would do it and I would do it for him. He was and still is my inspiration. Just as I made the promise to pursue my goals, I met Andi.

Andi Cooke and Lloyd Girardi

The Other Half – Andi's Story

Hi, I'm Andi and I'm arguably the better half of Whitebox! There isn't much to write about my school years. I wasn't the bottom of the class or the top. I wasn't in trouble all the time but I wasn't the teacher's pet either. Things changed for me when, like Lloyd, I decided to do a bit of travelling to get my head straight and understand what I wanted from life.

However, unlike Lloyd, it wasn't sunny beaches that attracted me; it was the ski season in Italy. I had no money while I was out there, so I did what I could to earn it, like shovelling snow off driveways. After all, the pints weren't cheap. Although it was hard work, I loved every second of it and spent four-to-five years out there, travelling home between seasons. Eventually, I decided it was time I cracked on with a career, so I came back to England and started working for a library fitting company.

After a few different jobs, I decided to start my own business as a carpenter, at the age of 30. My wife was on maternity leave with our second child and I'd hit the point where I knew I wanted a challenge, I wanted something new.

This was the start of *Redbox Developments* and ultimately the start of Whitebox – though I didn't know it yet. Although I started as a carpenter, working on my own, my business quickly developed into much more. I said, "yes," to anything that was asked of me, even if I didn't know how to do it. I'd just go away and research how to do it or get a team around me who could. This meant that I was quickly in at the deep end and was soon building extensions and managing other contractors. 2012 arrived and I took everything I'd learnt from my business and completed my own self-build, a dream I'd always had. However, this dream came with a realisation. If I could build one house, then why couldn't I build more?

WE BOTH SHARED A LOVE FOR PROPERTY AND A DESIRE TO START INVESTING

A Match Made in Heaven

Lloyd: We are going to fast-forward now, to the part where Andi and I decided to get involved in property investment. It's worth noting that it wasn't until this point that we really knew each other and we'd only met a handful of times. Andi is my wife's cousin and we started getting to know each other properly at a family BBQ. I was drawn by the fact that Andi owned his own business and I had a lot of questions about how he started. Andi was drawn by my charm (in my opinion) and our friendship quickly grew from there.

Simpson-Milton Keynes

We both shared a love for property and a desire to start investing. So, we decided to enrol on a three-day, property investment course, which taught us all the different strategies, like house of multiple occupation (HMO) buy-to-let (BTL) and serviced accommodation (SA). At the end of this training, we were offered mentorship. We won't lie, this came at an eye-watering price and we didn't have too much money at that time. However, we both knew that this was the path that we wanted to take, so we pooled our money together and paid for the extra support.

During our mentorship, we started looking for sites. We both decided that we wanted to go straight into property development. Although this wasn't taught by our mentor, the knowledge picked up from them did give us a spark of inspiration. Why build and sell properties if you can keep them as investments? So, on the 19th of February 2014, we went to our first ever auction. A plot of land had caught our eye, a derelict site that was inhabited by 22 run-down garages. The council was looking to rejuvenate this area and we won't lie, the site certainly needed clearing, so we were confident about getting planning permission.

Now, if you have ever been to an auction, then you'll agree when we say, "it's a terrifying experience." We had never invested in property or looked at buying a site; the whole thing was completely new to us and we were the least experienced people in the building. However, we had come with the intention of buying the plot, regardless of fear. We'd spent two weeks debating the risk and looking at the worst-case scenarios. Were we willing to put the work in to make it a success? Absolutely! Were we willing to take the risk of it all going wrong? The answer was yes! Even if we broke even and made no money, we'd still have the experience needed to do it right the next time.

So, here we are 'bricking' ourselves (no property pun intended). We're huddled together on the chairs, hardly able to speak and would you believe it, the first lot to open for bidding was the one we wanted; we didn't even get a warm-up round! Pretty soon we were bidding on the plot and our emotions were getting ahead of us. We had our 'walk away price' in mind but that soon went out of the window. We didn't go too far over what we'd promised ourselves but it still taught us that buying property can get emotional, even when we do vow that we won't offer above a certain amount. Because we'd gone over, Redbox (Andi's company) needed to lend us the 10% deposit. This should have been the point where we felt victory but it was actually the point where we realised – we now had to find £157,000, in 28 days and we didn't know a single investor!

Raising Finance – The Highs and Lows

Andi: We started with the low hanging fruit – friends and family. This was almost as terrifying as our first auction. We had no experience investing and yet here we were asking people for tens of thousands of pounds. After a while though, we realised that it wasn't just us that people were investing in, it was the deal. The numbers stacked and I had experience in construction, so this gave us a level of credibility. Eventually, a family friend invested £50,000 in the deal. We didn't expect it and we were blown away when it happened. It goes to show that you never know who has spare cash lying around. Don't be afraid to ask the question when it comes to looking for investment.

If you're wondering why we didn't use bridging finance to fund the purchase, then it is because we genuinely thought that bridging finance was used to build bridges! Looking back now, it's funny but it goes to show how inexperienced we were when we started. This is why we tell our students that they can start building houses straight away, regardless of their background. It's not empty advice that we give, we've been there ourselves.

Eventually, we discovered what bridging finance really was and used it to fund the difference between the private finance and the cost of the site. This still left us with £110,000 to pay but it removed the 28-day time

limit and allowed us to focus on the next steps – obtaining planning permission for demolition of the garages and the building of eight new homes.

Planning was accepted and we received 100% development finance. In September, 2014, seven months after buying the site, we started work on our first ever development; *St James's Place*. Talking about the build of this property would be an article in itself, so we'll just give you the overarching figures.

St James Place Development

Purchase price:	£157,000
Build costs:	£600,000
Total costs:	£810,000
Gross Development Value (GDV):	£1,180,000
Profit:	£370,000
Rental Income (gross):	£6,500

Rather than sell the site, we decided to refinance it with a commercial mortgage. A commercial mortgage meant that we could take one mortgage out against all the properties as a portfolio, rather than taking out an individual mortgage for each one. We refinanced the site, paid off our investors, had a brand-new portfolio of eight properties and still had money left over from the refinance to invest in our next deal.

Build-to-Rent vs Build-to-Sell

Lloyd: We often get asked, why did you start with Build-to-Rent? There isn't a right or wrong answer when it comes to what strategy you should follow. We took what we learnt from the three-day course and bought into the whole investment mindset of understanding assets and liabilities. This enabled us to look at how developments were traditionally completed, where a builder would purchase a small plot of land, build a house, sell it for a profit and then use that profit to invest in another plot. We saw this as a 'boom or bust' cycle, where you either have the money in the bank following a sale, or you don't have any money, as it's all been invested in your next project.

We wanted to keep building properties but we wanted to create long-term wealth at the same time. The downside was, that we didn't get a large chunk of money at the end but what we did get, was cash-flowing assets that we knew would appreciate in value. The equity will continue to build in our developments as house prices rise, so we can continue to refinance them whenever we need the capital. Some people like having large chunks of cash that they can either reinvest or use to treat themselves to an all-inclusive. Other people, like us, prefer monthly cash flow and a portfolio of assets that increase in value year-on-year.

Build-to-Rent projects work best in areas where the costs are low but the rent value is high. You need to ensure you don't spend more than 75% of the GDV. If you're developing under a LTD company – which we always recommend – then you must be able to demonstrate that your rental income is 125% more than your mortgage payments.

If you have a broker or lender in your 'Power Team' already, then it will be worth running the figures by them before you place an offer, to make sure the refinance will be possible. Remember, even if you can't pull out enough money to pay your investors back, then you can still sell the

HAVE CONFIDENCE THAT YOU CAN DO IT, GET EDUCATED AND PUT THE WORK IN

properties for a profit, so you have an exit strategy either way.

The Whitebox Way

Andi: We want to help people and we always have. This is what sparked the idea behind Whitebox and turned it from 'two t*ts' who were building properties, into a training company which was and is transforming the lives of hundreds of people. We have always wanted to show people that it is possible to do exactly what we did and we started demonstrating this as early as our first project.

Once St James's was built, we began to show people around it. At first, this was other people who were on the three-day course or doing the mentorship with us. We also showed a few friends around it and even our investors, who had put money into the project. We found that this was an excellent way of finding more investors, we showed them St James's, informing them that it was too late to invest in this project but explaining that we were starting a similar development in a different area.

Eventually, we realised that we couldn't keep spending time on site for free when we had so much else that we needed to do. We monetised our site visits and turned them into two-day events with a meal and Q&A at the end. This two-day event has since developed and is now a three-day course called 'The Property Developer's Secrets'. It is no longer a site tour but it is three, jam-packed days with us and our team, who give you everything you need to find and develop your first site.

We were also part of a community when we started, so we understand how important a support network is. That's why we have our very own 'Mastermind Network', where we mentor and guide our students through their own deals. If you want to improve your fitness, you get a personal trainer. If you want to learn to drive, you get a driving instructor. Property is no different. Yes, you can do it on your own but you can go so much further and at a much quicker pace, when you have a mentor.

How to go From Investor to Developer

Lloyd: First things first, there is no special formula. If you are already investing in property, then this makes it easier because you'll already have experience running figures and negotiating with agents. But how do you go from buying single buy-to-lets, to doing property development deals? It all starts with confidence. Developments are larger than your average buy-to-let but that shouldn't put you off. Have confidence that you can do it, get educated and put the work in. We work on the 100:20:10 rule. We find 100 sites, complete a desktop analysis on 20 of them and make an offer on 10. Finding a profitable deal isn't easy. You're not going to find one straight away unless you're lucky.

Our Lessons and Advice

- Education is important but finding the right education is even more important
- Activity creates opportunity, the more action you take, the more opportunities will open up (this is why we follow the 100:20:10 rule)
- Just think about the next step. Don't overthink the process
- Become part of a good community and build a support network
- Separate yourself from the emotion of the deal. If it works, it works. If it doesn't, it doesn't!

Stop Dreaming of the Life You Want to Live and Start Living the Life You Dream About

Lloyd: Property development has changed our lives. It's allowed us to travel the world, send our kids to private school, buy nice cars and build a legacy for our children. It took losing my dad for me to realise that I needed to take action, and I never want you to have such an awful wake-up call before you take that first step. We want you to have the motivation to get up and change your life and that's why we live by two sayings:

1. "Stop dreaming of the life you want to live and start living the life you dream about."
2. "Activity creates opportunity."

It's worth understanding though, that activity and inspiration sometimes aren't enough. You need the right education and support network around you and we're here to help with that.

We are offering all readers of Blue Bricks Magazine, 50% off our one-day 'Property Developers Discovery Day'. Use code: 50OFFPDD to find out how property development will change your lives, the same way it did ours.

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EDEN HOUSE

A NEW STANDARD FOR SUSTAINABLE LUXURY COUNTRY HOUSES

Welcome to Eden House, an ambitious and innovative project designed by my firm, Windsorpatania, which is about to set a new standard for sustainable luxury private residences across the UK. The aim of this project is not only to be the most sustainable and self-sufficient building, but to share the technologies and knowledge acquired during the process with the local and national communities on and off site. Let's see what it is about and how it will work.

Eden House is a private residence located in the Green Belt, near London. The project will be carbon neutral and energy positive. The initial commitment to planting trees in the Green Belt will cover the carbon emitted during construction. Eden House is designed in synergy with nature and based on 8 key sustainable principles.

Enhancing the natural context

In designing a 40902 sq. ft building in the Green Belt, we will follow the principles of the Green Belt Openness and maintain wildlife corridors, improving the quality of life of existing local species of animals by providing a more controlled environment for vegetation and biodiversity. To achieve this, the plot is divided into different realms, each dedicated to a certain species. The residence will provide micro-ecosystems for birds, butterflies, and bees thanks to the included solutions like bee bricks and bird houses. The collaborations with local and national charities and trusts will allow preserving the local wildlife.

Energy Efficiency

Extensive use of renewable energy, including 106 solar panels and a ground source heat pump, will allow this building to produce more energy (36,678.57 kWh/year) than it consumes (36, 341.20 kWh/year) over a year.

Biophilic Design

Sustainability is not only about technologies but about the way of living. The incorporation of nature into architecture helps to create a calm and beneficial environment for the physical and mental health of people living in the house. The Eden House is erect surrounding its own courtyard, which helps to incorporate the vegetation inside and gives biophilic views. The natural elements, connecting the inside and outside, could be met throughout the house: for example, the green wall below the ground floor establishes a visual connection to nature right at the moment a homeowner parks a car.

Natural Ventilation

The building is erected around the courtyard, which provides ventilation for the different spaces, meaning there is no need to worry about overheating and using energy to cool down during the summer.

Natural Materials

In this project, we use only natural materials to create a completely sustainable environment and improve the client's daily life. Natural materials are durable, environmentally friendly, and pleasant to feel each time one touches them.

Renewable Energy

Eden House will have many eco-sustainable sources of renewable energy, like a ground heat pump and a home biogas unit to properly dismantle waste from the kitchen. This will help the building to produce more energy than it consumes and use resources wisely.

Water Management

In this project, architects will apply rainwater harvesting, a biodigester that helps recycle and purify water, and a greywater harvesting system.

Enveloping Design

The volumetric architectural composition welcomes the natural landscape and changes the hardscape area. The new building will be of average size in comparison with the existing buildings in the area and therefore will look harmonious to the environment. The site is surrounded by a dense group of mature trees that provide sun protection and privacy; all of them will be carefully preserved.

Eden House is a unique precedent with a goal beyond architecture. It's an innovative project, whose goal is to build advanced sustainable design knowledge and share it with the local and national communities. This knowledge will be open to everyone. Twice a year, designers, schools, universities, and anyone who would benefit from advanced sustainability technologies knowledge would be able to come to Eden House during Open House Tours. This will foster the growth of the sustainable living culture. Meanwhile, specifications and architectural drawings of the project will be available to architects and designers online.

020 3011 2997
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info@windsorpatania.com

BUILDING A GREENER FUTURE

HOW TO INCORPORATE ENVIRONMENTAL SUSTAINABILITY INTO YOUR NEXT PROPERTY REFURBISHMENT

The property market is becoming increasingly competitive. This is why many investors and developers are searching for innovative ways to make developments and refurbishments stand out from the crowd. My company, TWMH Developments, has found a way to achieve this. A way that is both good for our portfolios and our planet. This way is through sustainable refurbishments.

In this article, we're going to show you how we transform old, tired properties into modern, high-quality homes while considering the impact on the environment, the whole way through. By replicating this in your upcoming flips and refurbishments, you'll stand out to both home buyers and prospective tenants, while feeling good about your contribution to a greener planet.

It All Starts with a Plan

When it comes to a sustainable refurb, the design phase is the most important part. It's during this phase that we work closely with architects and engineers, to develop a plan that takes into consideration both the build process and the 'in-use' lifecycle of the building. By consulting with these professionals at the early stages of a project, we're able to make decisions that have a positive impact on the environment, long after we have moved to our next refurb.

During the design phase, it's important to keep sustainability in mind and look for ways to add value in an environmentally conscious way. One way to do this is to incorporate sustainable design principles into the plans. This can involve using green materials, making the most of natural light and ventilation and incorporating water-efficient fixtures. For example, rather than using standard insulation, why not use more renewable materials like wool? If you need to heat the home, then can you capture heat from the existing hot water pipes? Think of it like recycling but on a grander level. It seems tough at first but when you get into the habit of looking at your plans and analysing where they could be greener, it becomes much easier.

Building a Team Who Share the Same Vision

Before we start any project, we must surround ourselves with the right people. We believe that by collaborating with like-minded individuals, we can make a positive impact on the environment. And, because we are all aligned with our values and standards, we can work together efficiently and effectively. We want to work with people who want to make a difference in the world and who are on board with our mission and vision. When everyone is working towards the same goal, great things happen.

We apply this philosophy to the tradespeople that we choose to work with. After all, you want to be sure that their work will be of the highest quality and that your project will be left in a good condition. One way to ensure this is to choose tradespeople who are environmentally conscious. They will be aware of the impact their work has on the environment and take steps to minimise any damage. This includes using eco-friendly materials and disposing of waste properly. As a result, you can be confident that you're all on the same page and that in trying to be more eco-friendly, the builder isn't compromising on quality.

The Deconstruction Phase

It is important to remember that when we're talking about deconstruction, we're not talking about tearing something down haphazardly. Rather, deconstruction is a process of carefully dismantling a structure and salvaging as many of the materials as possible for reuse or recycling. The benefits of deconstruction are numerous. It helps to reduce the amount of waste that goes into landfills, it can be less expensive than demolition and it allows us to salvage valuable materials that can be used again. In addition, deconstruction jobs tend to create more employment opportunities than demolition ones.

It is important that the contractors you employ for your projects, understand the process and agree to it within the tendering stage. This provides you as the client, with confidence that the process of separation, reuse and recycle is understood and can be performed successfully.

So, next time you're thinking about tearing something down, remember that there's a better way – deconstruction.

Putting It All Back Together

After the deconstruction phase is complete, it's time to start putting the property back together. This is the rebuild phase and it's when we start to put all our plans into action. We will reuse any materials saved during deconstruction and put them back into the build cycle wherever possible. This could be mirroring

designs between projects. The key to this is to take your time; consider the full use and lifecycle of the materials you are using.

When sourcing materials, we look at the products' entire lifecycle and don't just buy on price but buy on what has the least environmental impact.

As mentioned in the design phase, we will always try to incorporate as much technology into the property as possible, to maximise the useability of the house, while encouraging the owners to be conscious of their carbon footprint after we have handed over the keys. Although we can't always include as much as we would like, we will always include some of the technologies below:

- Solar panels
- Energy-efficient heating (property dependent)
- Water-saving methods, including rainwater harvesting
- EV (Electric Vehicle) charging ports
- Home automation
- Insulations

Handing Over the Keys

Finally, we reach the stage where it's time to pass the property on to the new owners and move on to our next project. Now, as developers there is no denying that we require a profit in order to operate, so finding a buyer is crucial. We believe that

David Westwood

as more and more families become environmentally conscious, they will be looking increasingly for homes that will help them reduce their carbon footprint. In many cases, these families are willing to pay a premium for a home that is already energy-efficient and seek comfort knowing that the use of sustainable materials was considered. They are also often interested in features like solar panels or rainwater harvesting systems. While the upfront cost of these homes may be higher, families see them as an investment in the future. By choosing a more environmentally conscious home, they are prepared for the future and ready to make a difference.

For TWMH Developments it's about getting a little better each day. By constantly reflecting on our decisions and actions, we will continue to have a positive impact. We love refurbishing properties that have fallen into a poor state and giving them a longer life, while offering families the opportunities to reduce their carbon footprint. We truly believe that sustainable refurbishments will become a necessity in the future, rather than a niche. If developers hold themselves accountable and get ahead of the curve now, then they'll see a positive impact in both the world and in their property careers. It is the duty of all of us to do our bit and leave the world a better place than we found it.

If you would like some advice on your upcoming refurbishments or would like to learn more about mine, then you can get in touch using the information below.

david@twmhdevelopments.com
twmhdevelopments
twmhdevelopments

BELGRAVE ROAD

A REAL LIFE MONOPOLY STORY

Dan Eaton

You might have heard the Monopoly analogy when it comes to investing in property. It's the one where people talk about owning and letting an entire street. Well, this analogy became a reality for me after my latest development on Belgrave Road, in Gloucestershire. This was a rollercoaster of a project, which involved converting 19 properties into 86 luxury houses of multiple occupation (HMO) which would be home to 95 tenants. 19 properties made up of 10 houses, as some of them had basement flats, which almost covered the entirety of Belgrave Road.

In this article, I am going to discuss some of the biggest lessons that this development taught me and explain to you why your greatest ambitions might be more achievable than you think. This project was by no means easy and I won't pull any punches when I tell it. From losing our investor, to having one of our kitchens raided of its cutlery, here is everything we went through and learnt on the journey of converting an entire street.

Using Relationships to Find Opportunity

Belgrave Road was referred to me by the same agent I'd used to purchase another site in the area, Hales Road, which was the conversion of an old care home into apartments. Both Hales Road and Belgrave Road were owned by the same vendor and, in a further twist of fate, the finance broker I was using to fund the

Hales Road development, also knew the vendors; an asset management company.

Because these houses weren't mortgageable and the seller was motivated, they needed to be connected with a credible developer, who could act fast and stick to their word. They were looking to sell the portfolio for £3.75million, but as I said, they were motivated, so motivated that, after a while, they decided to sell the properties at auction.

Because we'd built a strong relationship with the vendor – after all, we had already agreed to purchase Hale Road – they gave us a call before advertising on the open market. It turned out that, even though the portfolio was being advertised for £3.75million, they had set the auction reserve price at £2.5million. So, with this knowledge at hand, we reviewed the deal and made an offer of just over £2.5million.

The offer was accepted and we set out to convert the 19 properties into HMO units. This was a strategic manoeuvre, as the properties already had a *Sui-Generis* HMO planning class, so we didn't need to gain planning permission.

GOOD COMMUNICATION IS THE KEY TO SUCCESS, IN BOTH PROPERTY AND BUSINESS

Property Pandemic

One thing that I should have mentioned, is the fact that all of this was taking place in late 2019, early 2020, and, as luck would have it, we were due to complete on Belgrave Road at the end of March. Just as contracts were exchanging and the champagne was about to be popped, we switched on the BBC News. As you might remember, the initial shock of the pandemic rocked many people, including our lenders and investors. While the lender for Hales Road stayed, the investors backed out. This was at least half a win when compared to our 19 properties on Belgrave Road, where both the lender and the investor disappeared. So, now we're due to complete, we're in a global pandemic and we have no finance. This is the point where I either cut the article short and remind you that property is a dangerous game or, I share with you some lessons that helped us to overcome this obstacle, so that you can apply them to your own business. Thankfully, it's the latter.

Good communication is the key to success, in both property and business. This principle is what saved Belgrave Road and by extension, over £500,000 of rental income per year. Just picking up the phone, providing vendors with updates and being transparent in your dealings, is worth its weight in gold.

We communicated with the vendor throughout the sales process, providing them with regular updates on where we were and when we were expecting to complete. This built a level of trust with them and led to a good relationship being formed. Because we were transparent and they knew they could trust us, they decided to wait for us to find the finance, rather than try and find another buyer.

The Power of Keeping Your Word

The lender of Hales Road loved working with us. We were transparent, we were completing the work to a good standard (as promised) and we were keeping them regularly informed. Because the relationship was going so well, they asked us if we had anything else that they could finance. We said, "Yes!" and we took them to see Belgrave Road.

The deal stacked and our lender was eager to finance it. Although this was a huge win for us, this left a £650,000 deficit in our funding. Because we had bought Hales Road from the same vendor, they knew we would keep our word and complete on the transaction. This, mixed with the fact

that we were transparent with them and told them we had this deficit, meant that we managed to come up with a creative strategy that left the vendor in the deal with a deferred payment of £650,000. The vendor effectively became our investor for the project and received a return on investment on top of the deferred amount. Imagine that – 19 dwellings converted to 86 rental units, a Gross Development Value (GDV) of over £5.6m and all of it with none of your own money. These things do happen.

My advice here, is to always stick to your word, even if it's on small things, like when you're going to call the vendor or how often you'll keep in contact. Investors, vendors and lenders are all tired of empty promises and people disappearing from the face of the earth, at the last minute. You will stand out from everyone else and build a reputation as a great person to work with, when you start doing everything you say you're going to do.

The Invisible Problems

With development finance in place, it was time to get cracking with the build. However, as any hardened investor will tell you, it is not uncommon to come up against issues that are invisible to the human eye. An example of this is timber rot; a severe problem that we had with one of the houses. In addition to this, we had unexpected tenants in one of our lofts, a flock of pigeons. Because pigeons are classed as vermin, we couldn't survey the loft space until they were removed, a service that required the help of a professional (which cost even more money).

With the pigeons gone, the surveyor could finally get a proper look at the loft space and roof. The roof of the pigeon house needed to be replaced. While we were surveying the other properties, we also found numerous issues with the roofs, including entire chimneys that needed rebuilding. Although we had put a lot of contingencies in place, we didn't expect or account for many of these other issues.

Even after years of experience, I'm always learning something new. Here is something this site taught me; something I'm sharing with you, so that you can avoid making the same mistake. Whenever you are buying a property, consider how long it has been empty. Partially because of our delayed completion due to covid, most of the properties were vacant for between two-to-five years. This meant a backlog of 100% council tax, for some of the properties and 200% for others. In total, that was a combined council tax bill of £57,000. Ouch!

How High Standards Saved the Deal

All these issues combined, almost obliterated our reserve. It was worse than the worst-case scenarios that we had accounted for in our contingency planning. Thankfully, market research saved us. Before starting the development, I looked at the local competition. You see, this area was inundated with HMO units, so, if we were going to bring another 86 of them to market, then they needed to be different. I could see that the standard for HMO rooms in this part of Gloucestershire was poor. It was all old, tattered furniture, small rooms and four walls of drab magnolia. The going price for one of these beauties was £550pcm.

Our initial figures, before wood rot, pigeons and council tax, showed that we could develop our rooms to a much higher standard – with ensuite units and 27sqm of space – for the same rental value. We planned to disrupt the market with luxury HMO units that couldn't be found anywhere in the area and we were only charging an extra £100 per month to live in them. Both the bank and the valuation team agreed with

EVEN AFTER YEARS OF EXPERIENCE, I'M ALWAYS LEARNING SOMETHING NEW

our calculations, so after all the costly headaches we went through, the deal still stacked.

Before I go into the happy ending, I wanted to share one last piece of drama with you. Something that, out of everything I have shared in this article, is probably the most unbelievable. We completed half of the site and had it fully tenanted when, one day, we got a call from one of the tenants. They were complaining because every single utensil in the HMO's kitchen has been stolen! Anything that wasn't tied down – from the food in the fridge to the brand-new spatulas – was taken. Thankfully, we saw the funny side in this, over the inconvenience and had all utensils replaced within 24 hours, installed CCTV in the communal areas and code locks on the kitchen doors.

The Results

This was by far, one of the biggest and most ambitious projects I've ever completed but the results were well worth the effort. As I write this article, the development is reaching its final stages and all rooms should be fully tenanted in the coming weeks. We are currently in the process of refinancing the site, which will release all the capital needed to pay back the initial lending. The vendor managed to sell their portfolio during a turbulent economic period, the lender will be paid back on time and we have 86 luxury units to add to our own growing portfolio.

It wasn't easy, but it was well worth the effort in the end. Below are some of the overarching figures for the project.

Purchase Price:	£2.5million
Total costs (including build):	£1.5million
End valuation:	£5.65million
Annual rental income (gross):	£588,000

You Don't Need to Start Small

The school curriculum has ruined the mindset of many people. We are taught that there is a pyramid and getting what we want from life is at the top of it. For example, if you wanted to become a doctor, then you're taught that you must go to school, then college, then university and then build your experience, before finally becoming qualified. Many people have the same view when it comes to property development. They believe that they must first start small, with buy-to-let or flip projects, before slowly working their way up to larger developments, one property at a time.

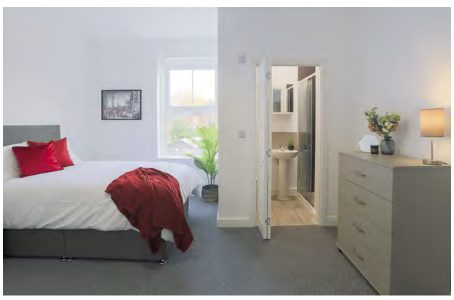
This is false. There are no similarities between buy-to-let investments and large-scale developments, so trying to build your experience by investing in them is a wasted exercise. If property development is something that you have a genuine passion for and is something that you are desperate to get started in, then begin with the end in mind and go for them straight away.

Now, I'm not telling you to go out there and buy your closest street. No matter what avenue you take in property, be sensible, take the steps to get educated and build a network of people who can help you.

Finally, to recap what I've said throughout this article, be honest. Always stick to your word and keep all parties fully informed. Simple phone calls and emails to tell vendors, financers and agents how you are progressing with your project will go a long way. If we hadn't kept to our word and shown everyone we work with, that we can be trusted, then this article would never have been written and our portfolio would be short of 86 new rooms.

If anyone has any questions about this project or how they can get started in property development, then contact me using the details below. I am always happy to give you the help you need to take a step closer to your goals.

pivotal-point-group.co.uk
info@pivotal-point-group.co.uk



WHEN IS IT THE RIGHT TIME TO GET OFFICE SPACE FOR MY BUSINESS?

Does my business need premises?

It's a question people ask me all the time. When should I get office space? When is the right time to move into an office? In my opinion, office space is a big step. As such a large, fixed overhead, you need to think about whether it's appropriate to move into a space like this or whether you are doing it for vanity. I see lots of entrepreneurs that want big, flashy offices and lots of employees early on – this is a great way to go bust.

In my first business, I moved into an office sooner than I really needed to. In my opinion, the only time you should think about looking for premises is when you're looking to employ staff. They'll need to work from somewhere. When it's just you, I guarantee that you do not need to rent an office. It's a waste of money. If you need to get away from home, then 'hot desk' – where you rent a desk in shared space and get in a 9-5 routine, to separate your work life from your home life. There really is no excuse. Unless your business relies on its premises, such as a café or retail shop, then avoid office space until it hurts.

A second consideration is money. Do you have the money to move into an office? How does your business make money? Do you have to repeatedly sell to turn over your cash, or do you have client retention and people pay you recurrently? An office is a fixed, recurring overhead that you need to cover every month, so it's worth thinking about how your business will pay for it before you make the move.

If you've considered all these points and you decide the time is right to establish your business with a physical presence, then make sure you know what you're looking for and what to avoid.

When choosing office space for the first time, look for short leases with short notice periods. You want to be able to leave if it isn't right or you hit hard times. Having a six month notice period is no good. Ideally, you need a 1–3-year lease maximum, with no more than a 2-3 month notice period. Additionally, in an ideal situation, you'll choose serviced offices, so that the rent includes the gas, electric and internet. And, you'll probably get a swish receptionist for free! You'll typically also avoid business rates (business council tax) if you go with serviced offices, which will save you a LOT of money. Your landlord should also be flexible. If you need to grow they will help you expand or if you need to pull back a little, they will help you contract. Let's try and save your business money!

You don't need a huge, flashy office. Just something that is smart, approachable and good for your customers. If you want to make money, then it's not about being in the top office, in the top block and spending thousands upon thousands of pounds, because you're just taking it off your bottom line – i.e. out of your own pocket.

In summary, consider the following points before looking for office space:

- Are you the only person in your business?
- Does your business rely on having office space?
- Are you about to employ any staff?
- Are you thinking about it for vanity reasons?
- Do you have sources of recurring income?
- Do you have to work hard to make sales?
- What profit do you make on a regular basis?
- Are you keeping regular management accounts?
- Do you pay yourself well from the business?
- Would you have to cut anything back to get office space?

Nathan Winch
– Private equity investor

If you pass the checklist and you decide it absolutely is the right time and appropriate to think about moving into office space for your business, then consider these points:

- Look for short leases or rental contracts that can be renewed
- Only accept short notice periods, no more than 2-3 months
- Get serviced offices so everything is included in your rent
- Get an appropriately sized office, don't do it for vanity!

nathanwinch.co.uk
nathanjwinch

SELF-DIRECTED PENSION INVESTING

"You could lose all of your money invested in this product. This is a high -risk investment and is much riskier than a savings account."

Would the statement above put you off, if you are considering investing your pension in the property market? Would you pause before investing, given that you could lose all the money invested?

Investors using their pension for property investments, expose the cash to the loss of principal. Many people who have taken control of their pension, do so because they feel they are not where they need to be before retirement. If you are one such person, someone who is trying to improve the lifestyle they will have in retirement, what will happen if there is a loss or a reduction in your pension pot?

Let's take a step back and think through the investment choices.

What role are you trying to play when it comes to your pension? Are you acting as a 'fund manager' or trustee, with cash to deploy and assets to monitor? Or are you a hands-on property investor, who happens to have some money in a pension you might use in your next deal? The first role is passive, with little control over the projects and the latter requires active participation, plus competence for running the project. Either passive or active management can be a good choice. That said, the decision tree for what to do and when to do it is very different.

Passive Investing

If you are a passive investor, you ultimately bet on the people rather than the exact project. By that, I mean stuff happens and an excellent deal on paper can run into difficulty. If the management team is top-notch, they will sort the issues and get the project back on track. If the problem is external and out of the control of the management, how well they can pivot and implement Plan B (C, D, E) comes into play. For example, Russia invading Ukraine and the resulting supply chain disruptions were never in Plan A. Spiking oil prices and the impact on individuals at the pump or the spike in the cost of some supplies, were not in the spreadsheet. A great management team will assess the situation, adjust where they have room to adapt and make the best of a bad situation. I do not care how good your due dilligance was before the invasion. External events are a threat to any project. Conclusion—invest in a management team, as they are the ones who will turn lemons into lemonade, when external events threaten your pension's cash.

Start small with any investment if you are not entirely sure of the management team. If this is the first time you invested with the team, keep it tiny—plan for 100% loss. Forget how little the cash returns might be in absolute terms. The first investment is a test, not a financial investment. There will be work required to complete the DD and sort the legal contracts for a small cash reward. Do not be tempted to put in a more significant sum, given all the effort. A test investment will never maximise the financial outcome—you want to see how the team performs under stress. Think of dating and the point of a first date. You do not want to start a family and discuss funding the grandchildren's university fees. You are checking out the other person and testing if it makes sense to set up a second date. Your gut and your ability to judge people do not matter. Let the results speak for themselves, as people are different when stress kicks in.

You may be asking, "how small?" Assume 100% of the investment will be lost; what can you afford to lose? Lower the investment figure if you twitch or feel a loss of that size would leave you uncomfortable. Move on, if the project has a minimum larger than you are willing to lose. Your money can find lots of opportunities, so there is no need to feel any pressure to increase your investment to please the person raising funds. If you invest in every deal which offers attractive returns, your DD process has at least one flaw.

After the first investment, be careful about bias. Anyone can get lucky and a broken clock will show the correct time twice a day. Turning a profit after the first deal does not prove that the management team can perform under stress or that they are a safe pair of hands for your pension. Keep monitoring. In effect, you want a deal to go off the rails so you can see what they do. Is bad news communicated early and often? Did they find a way to correct the situation? If there are external problems, did they make the hard decisions necessary to cut the losses and move forward? Did the management team take care of your interests before their own?

External events and things most people never plan for, do happen. The financial sector has a label for uncommon events which people fail to consider—'Black Swans'. All you need to know is that you must diversify, so the stuff you cannot control does not wipe you out. Use your property knowledge and skills to pick a collection of projects into which you invest fractionally small sums. If you have £2,000, consider investing in 20 projects at £100 each. With £200,000, invest in 20 or more opportunities to achieve similar diversification.

Use a mix of project types, with different management teams, across multiple cities and stagger the end dates. I am not saying you need to avoid clusters (a few deals in the same area or a management team where you invested in the past). The key is not to concentrate the risks so that one mistake wipes out a large percentage of your pension. If you funded 20 projects around the UK, but they were all run by the person who died last week in a car crash, that is too much concentration.

Avoid one-person projects. Go for a team who can cover for each other. Stagger the delivery dates, so market turbulence will not have the same negative impact on all the projects. Different strategies (planning vs building out vs light-remodel flips) can reduce the effects of specific supply chain problems. The lack of buyers can tip things over if the housing market crashes and the projects plan to exit by selling to the public.

It is your pension money on the line. If you felt you needed to grow your pension pot to have a comfortable retirement and lose a significant percentage of the principal, what then?

Hands-On Management

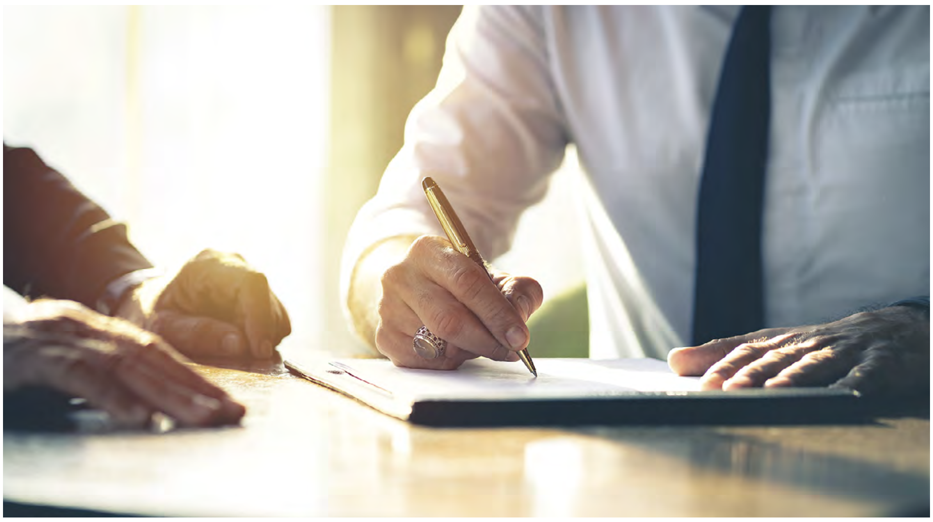
While much of the above focuses on the passive pension investor, some of you will be more hands-on with the project management.

With active management, play a different game. Avoid using your pension and learn how to raise cash. Rather than think you can self-fund your deals, assume you do not have a self-directed vehicle and learn the process of winning over passive investors, so you can have unlimited funds for your projects. Your pension cash is a strategic asset, so I hope you use it strategically rather than as a lazy way to fund your deals. You can still invest it in your projects (good returns, favourable tax treatment); be more sophisticated than entirely self-funded.

Let's return to the quote at the start of this article. In December 2020, the Financial Conduct Authority (FCA) released a policy statement explicitly calling out property investors seeking private funding for projects which add value. You can search for 'FCA PS 20-15' to find the PDF. Once you have the document, look for section '4.14.9 R' to find the quote.

When sharing any offer (phone, paper, email, social media, in-person; fixed return or passive joint venture JV) the project classification is 'Speculative Illiquid Securities' (SIS) promotion. Members of the public must not learn about the deal before they have been pre-vetted for suitability. You cannot use a disclaimer about 'High Net Worth' or similar exemptions. The promotion needs to include the prescribed warning shared earlier. The FCA provides the exact words, the underlying and other details. Use of the text is not optional.

USE A MIX OF PROJECT TYPES, WITH DIFFERENT MANAGEMENT TEAMS, ACROSS MULTIPLE CITIES AND STAGGER THE END DATES



John Corey
Founder at Property Fortress Education

When two people agree to participate in something illegal, the law does not change through their actions; the presence of others committing a crime on social media does not absolve you.

If you fail to include the specific warning, you signal to investors that you are naive, a rogue or a cowboy—bad for your brand and future growth. Failing to do this leaves the door open to unlimited financial liability to all your investors and possible civil or criminal action by the FCA. The FCA is more likely to notice when investors complain, though do not assume you can fly under the radar until that point. The more the passive investors, pension trustees or otherwise, become aware of the FCA regulations, the faster the cowboys will be spotted and discussed. Past social media and website sharing, lives on in backups. If there is legal or regulatory action against you, the backups can be accessed and used against you.

The good news is there is an inexpensive alternative, with complete FCA Approved Person sign-off. With sign-off, you can spread the word loud and far. A small additional marketing cost, so you can share widely and build your investor list. Choose wisely—others are watching.

Do you have a property question? Interested in comparing notes concerning the market or your latest deal? Book a 1-to-1, free call with John at
PropertyFortress.com/Ask-John

THE OLD COACH HOUSE PART TWO

HOW TWO YEARS OF PAIN, MISTAKES AND TURMOIL RESULTED IN THE GREATEST ACHIEVEMENT OF MY LIFE

The Nightmares Continue

When I left you in the May issue, we'd just been about to start the build process on the old coach house, which I now refer to as 'Hunter's Lodge', after countless issues with neighbours, planning permission and boundary walls. Once we'd finally dealt with all of that, we managed to get started on the conversion. Now, I forgot to mention in part one of this article, that one of the many conditions within the planning decision, was that I had to get a planting schedule agreed with the conservation officer.

At the time, I didn't have the faintest idea what one of those was. I later discovered that it was a drawing done by an arboriculturist, who came up and surveyed the whole road for local English plants. They had to demonstrate exactly how many of each species of plant there would be, where they would be planted and their exact height and size. This was mid-covid, so it was an absolute nightmare to source these plants. Who would have guessed that alongside spending so much time on-site, I'd also be spending most of my weekends at the garden centre?

While finding the right plants, we also had to find the right brick. The conservation officer needed to make sure that the new bricks we used in the build, matched the existing ones, so I had to find various bricks and take pictures of them placed around different parts of the property. Of course, when we did find one that matched, it was an irregular one. This meant that we couldn't use regular bricks and I had to drive around all the local reclamation yards to find an exact match. These bricks were charged at a premium and were around four times the price of regular ones.

Life is Like an Old Coach House – You Never Know What You'll Get Inside

When we took down the front of the flat roof extension, we discovered that two beams were holding up the roof and that they were both supported by a brick pillar. Upon digging out the inside of the building, we noticed that there was no foundation supporting the brick pillar, which meant there were basically no foundations to hold up the roof. This put another block in the road, as we had to organise for a structural engineer to immediately work out the calculations for the foundations to be able to support everything.

Upon further inspection, we found that a lot of the roof joists had damp rot, so we had to replace most of the internal ceiling. Because it was an old coach house and not built for habitation, there wasn't a damp course to prevent rising damp, so we had to get a specialist out to inject every six inches around the whole building. As you can imagine, our costs were starting to add up at this point.

Most of the internal build went smoothly, up until the point where we had to connect the drainage. While digging out the channel for the new drain to be laid,

Lewis Perren

the digger driver managed to split next door's water pipe, flooding the excavation hole and part of the neighbour's garden. This would be a bad situation at the best of times but it didn't help that we'd already had an ongoing dispute with this neighbour and he wasn't our biggest fan.

Now, this is the part where I learnt a hard lesson. A lesson which I have taken with me in every refinance that I have since completed.

The lender who offered us the finance wanted a drainage connection certificate. I asked the architect for this (as you do) and he told me that it was the builder's responsibility. So, I asked the builder and he told me that it was the architect's responsibility.

I now make a list of every type of certificate needed to refinance, so that I can make sure I have them all in place before going to the lender. It was a pain at the time but at least I've learnt from my mistakes.

The End was in Sight

Now, the project was nearing completion but not before a nightmare with the UK Power Network, who told me that they wouldn't be able to connect me with electricity for around nine months. Nevertheless, we could see the end in sight.

The kitchen was installed and it was time to test our newly connected drain. The builder asked me to turn the tap on in the kitchen and come outside to stand by the drain, where the water was supposed to flow past. After about a minute of staring into the abyss, I decided to go inside and see what was going on. Low and behold, the plumber had forgotten to connect the tap on the sink, so the newly laid floor and kitchen were soaked.

In my first article, I described this project as being the same as getting punched in the face every day until it completed. Well, I'm now down to my last two punches. The first of the two was not being able to refinance due to there being an 'RX1' on the plot. An 'RX1' is a restriction on the title, which you give to an investor, so that they have certainty that you won't sell or disappear before you have repaid them. Before the refinance could be completed, I had to get this removed by the Land Registry, which can take a few months. Also, upon refinance, the lender asked me for a new build warranty, which I didn't have and didn't realise I needed. Once again, the panic and urgency came in but I managed to obtain one, after a lot of effort and a lot of associated costs.

A Happy Ending

Upon refinancing, I had three agents come to value the property. Remember, I purchased the coach house for £125,000 and spent around £135,000 on the build. The agents predicted a £400,000-£450,000 Gross Development Value (GDV) which I was ecstatic about. However, I had this feeling I could push for more, so I sent in my own valuation of £650,000. I met the valuer at the top of the road and showed him how incredible and unique it was. He agreed with what I said and came back with a valuation of £600,000!

The moral of the story here, is to take everything into account before having your property valued, not just the size of it and the fact that it has new kitchens but also the area and the uniqueness of the street. If you feel like your property has been undervalued, then you don't have to take it on the chin right away. Try and get a second opinion and fight your case with facts rather than emotion.

Learning From My Mistakes

All in all, this conversion was one of the most challenging experiences of my life but it was also one of the most rewarding. If the £600K valuation wasn't sweet enough, then being able to name the property after my son, made it worth every 'punch to the face'. I knew that every day there would be a problem and that every day was going to bring more bad news. But "It ain't about how hard you hit. It's about how hard you can get hit and keep moving forward; how much you can take and keep moving forward. That's how winning is done!" (Like Rocky said.) It isn't about the problems that arise, but how you quickly solve those problems and deliver on the promise you made to yourself.

I really hope you've enjoyed learning from my mistakes, so that you don't need to make them yourselves. I just want you to realise that if you never quit, then it's incredibly hard for anything to stop you. Keep pushing forward, one day at a time. You may not know everything but that shouldn't stop you from starting. Get help and support and leverage your network.

If you would like to learn from more of my mistakes or see some of my recent projects, then you can do so by following me on the social channels below.

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