

20 FUNDAMENTAL PRINCIPLES OF PROPERTY INVESTMENT



GET RICH SLOWLY



- **Appreciate that Property Investment is a long term wealth strategy**
- **Most people accumulate enough income or wealth to be able to move into property full time in 3-5 years**
- **Set Milestones, hit them, celebrate and set new ones.**
- **Plan > Do > Review - Consistently**
- **Respect the process. Keep yourself motivated and accountable.**



**MAKE MONEY WHEN
YOU BUY**

- **Money is made when you buy, but realised when you sell.**
- **Negotiate well - build your margin in from day one.**
- **Buying well will help to protect you from a down turn in the market**
- **Secures Profit Margin or the ability to refinance and recycle your cash into the next investment deals**
- **“ Value Investing” - We buy houses cheaply, we do not buy cheap houses.**

“

It's far better to buy a wonderful company at a fair price, than a fair company at a wonderful price.



-Warren Buffett

**CAPITAL APPRECIATION
IS A BONUS NOT A
FOCUS**

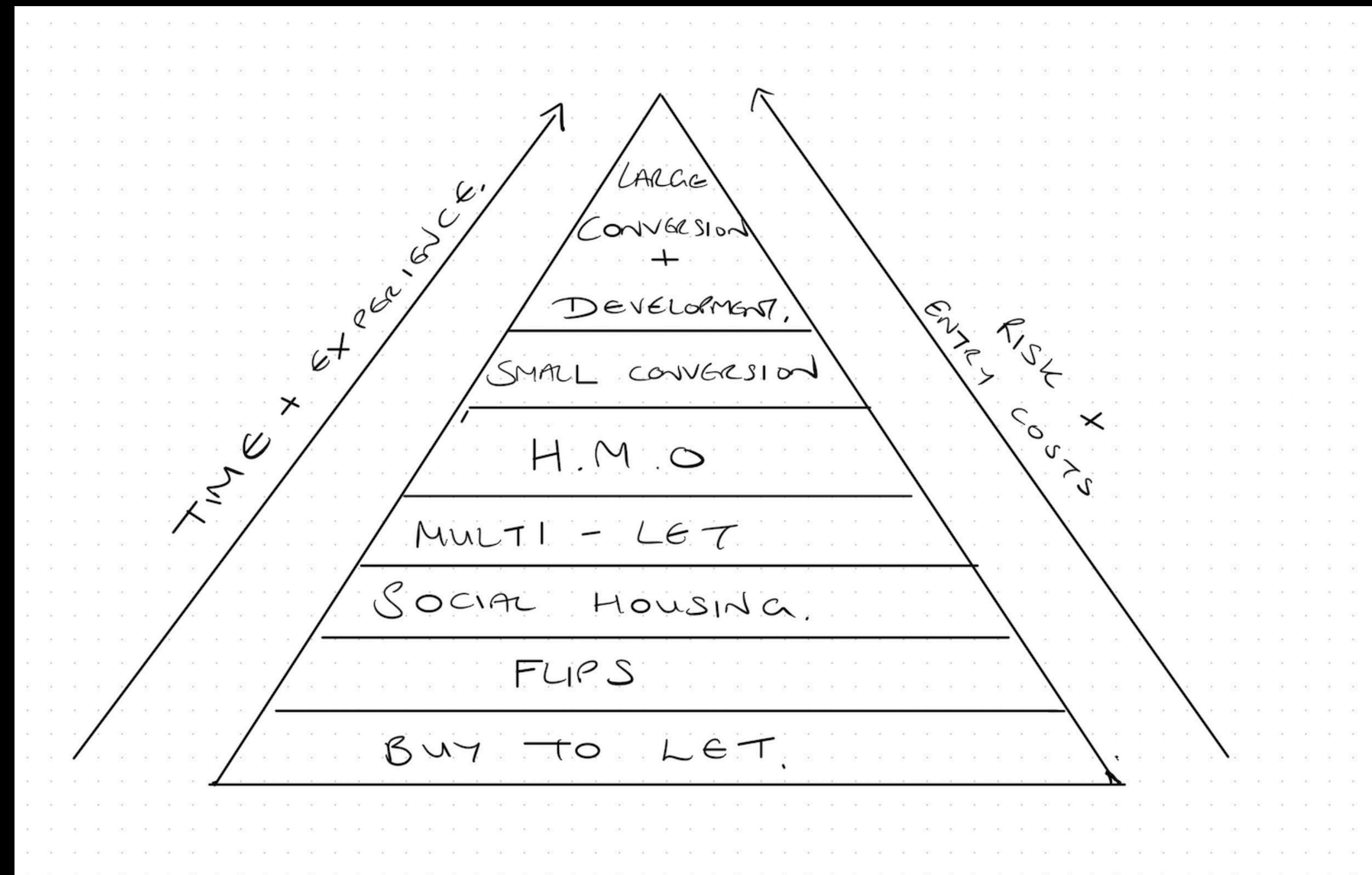


- Focus on what you will make "today" not 20 years from now.
- Understand why capital appreciation happens if you stay in the game, but do not count on it whilst you are.



STRATEGY FIRST

- What Strategy should you be employing today? Do you need income, capital, both?
- Strategy > Area > Property
- Setting Milestones per strategy
- When is the right time to change for you?





F.O.C.U.S



**FIND A WAY TO ADD
VALUE**

- **Money is made through adding value**
- **This can be done in many ways including but not restricted to Refurbishment, Planning, development, creative legal contracts, increased rental performance etc**
- **What can you do with this deal that the owner doesn't not have the money, knowledge or ability to do themselves.**
- **Look to maximise your return on every £1 spent in Value add**



LEVERAGE - ALWAYS

verb

1. use borrowed capital for (an investment), expecting the profits made to be greater than the interest payable.
"a leveraged takeover bid"
2. use (something) to maximum advantage.
"the organization needs to leverage its key resources"

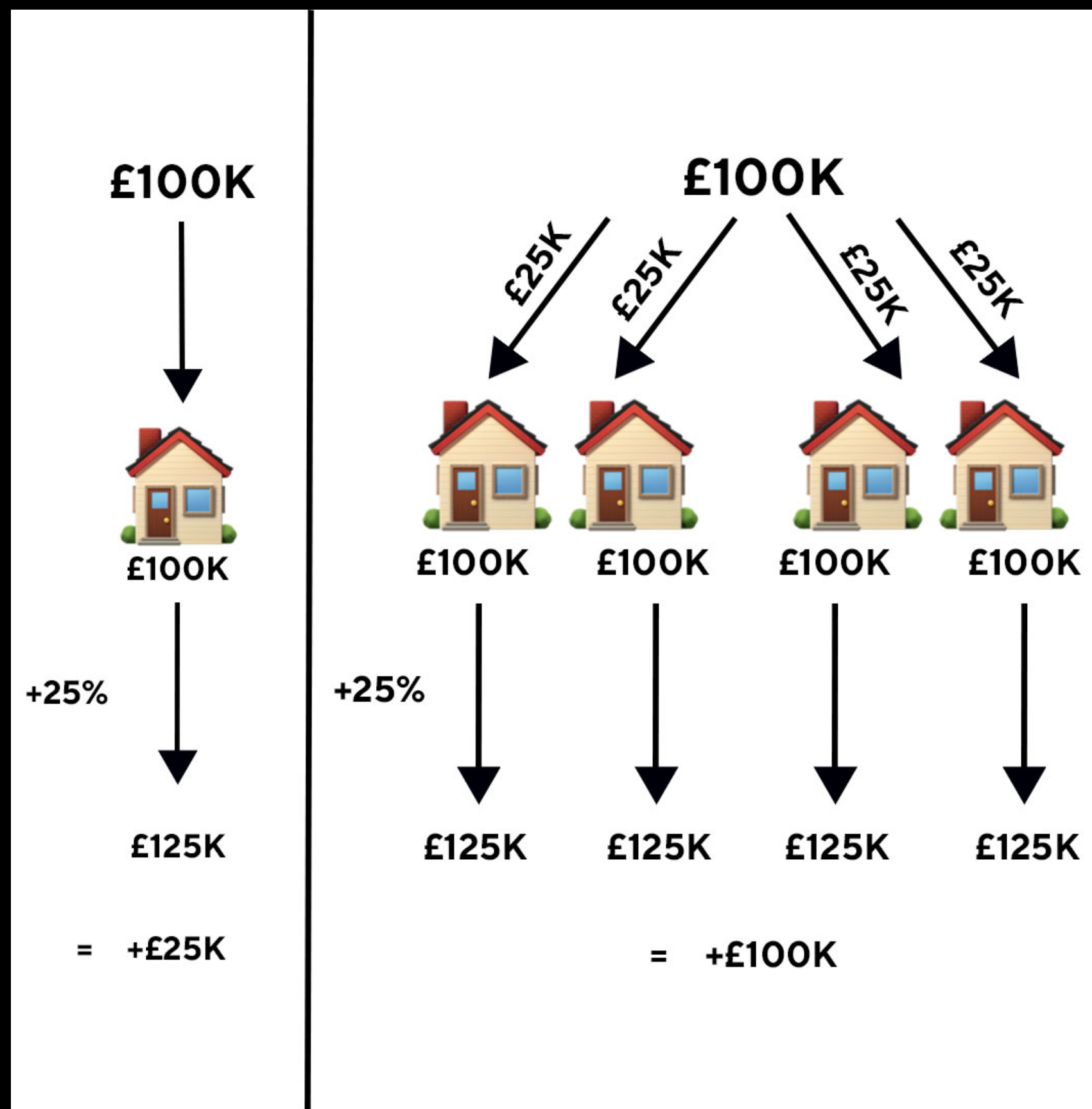


- **Drawn example of why leveraging works in property (purchase vs cash)**
- **Do not over leverage (refinance once)**
- **Leverage up for assets not liabilities. Good debt vs Bad Debt**
- **Interest Only vs Capital and Repayment (inflation eroding debt over time)**
- **Leverage money, time, skills, knowledge and experience**

Power of Leverage

£100,000 into 1 house worth £100k or 4 deposits of £25k into 4 houses

25% capital growth longer term would see you make £25k on the one, or £100k on the 4



Rent of £600

costs of 20% for operating expenses and management

One property no mortgage cash flows £480

4 properties with a mortgage of 75% at 5% per annum - Cashflows £1 67.50 each

Times 4 = £670

Spread of risk - if one property empty (100% vs 25%)



UNDERSTAND YOUR MARKET



- **In the information era – ignorance is no longer bliss.**
- **Look at all the things that could impact you and your industry, both positively and negatively.**
- **Understand Legislation in the market that you are in.**
- **Respect the cycle, but do not fear it. Be aware.**



**DO YOUR DUE
DILIGENCE**



- **Due diligence on the deal and the numbers**
- **Due Diligence on the Property**
- **Due Diligence on your team and their abilities to perform**
- **Due Diligence on the Demand**



BUY TO DEMAND

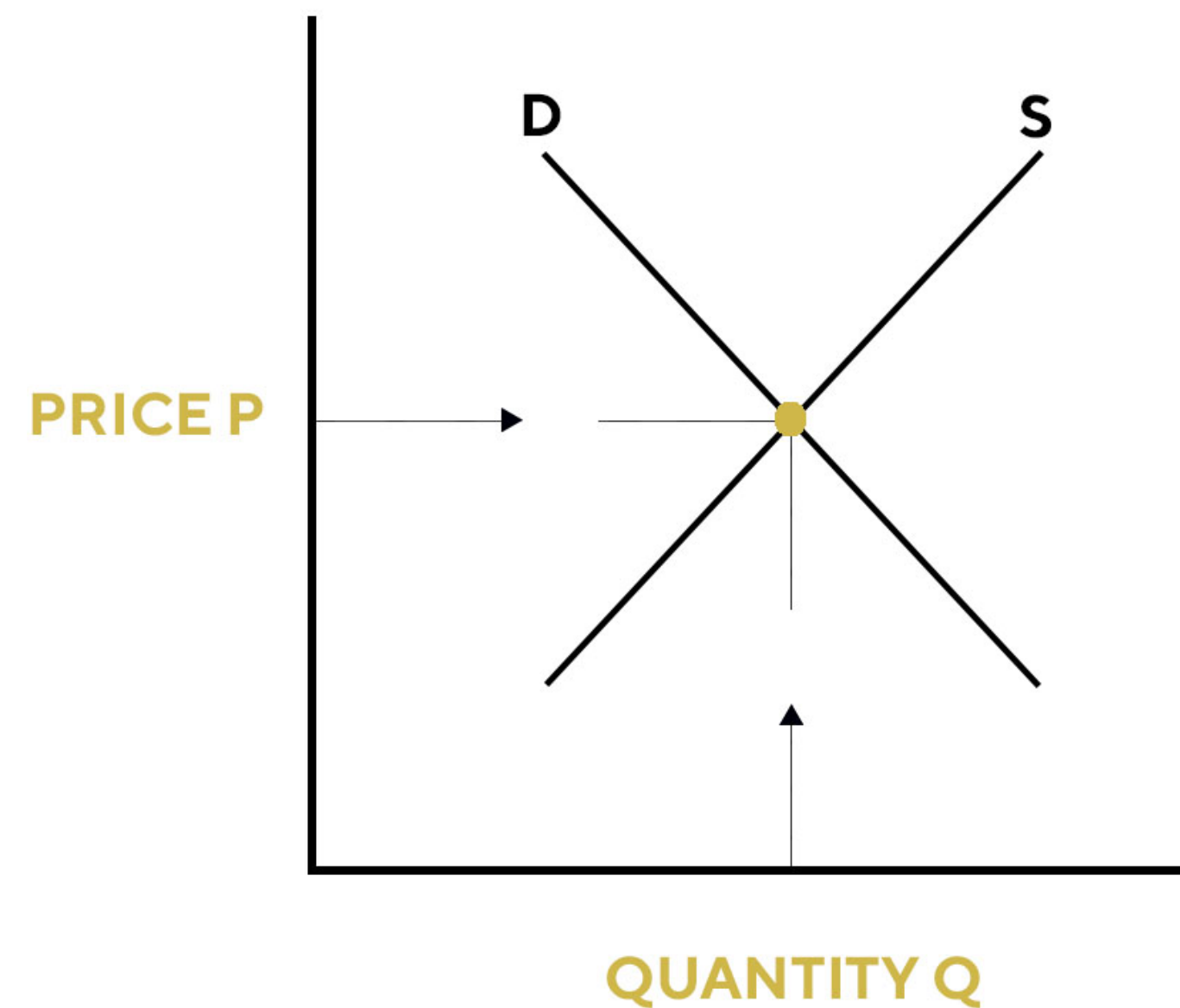
- SUPPLY AND DEMAND!!!!

- ASSET VS LIABILITY

- Insert supply and demand image here and talk about its impact on the market



SUPPLY AND DEMAND





**LOGIC NOT EMOTION /
FACTS NOT FEAR**

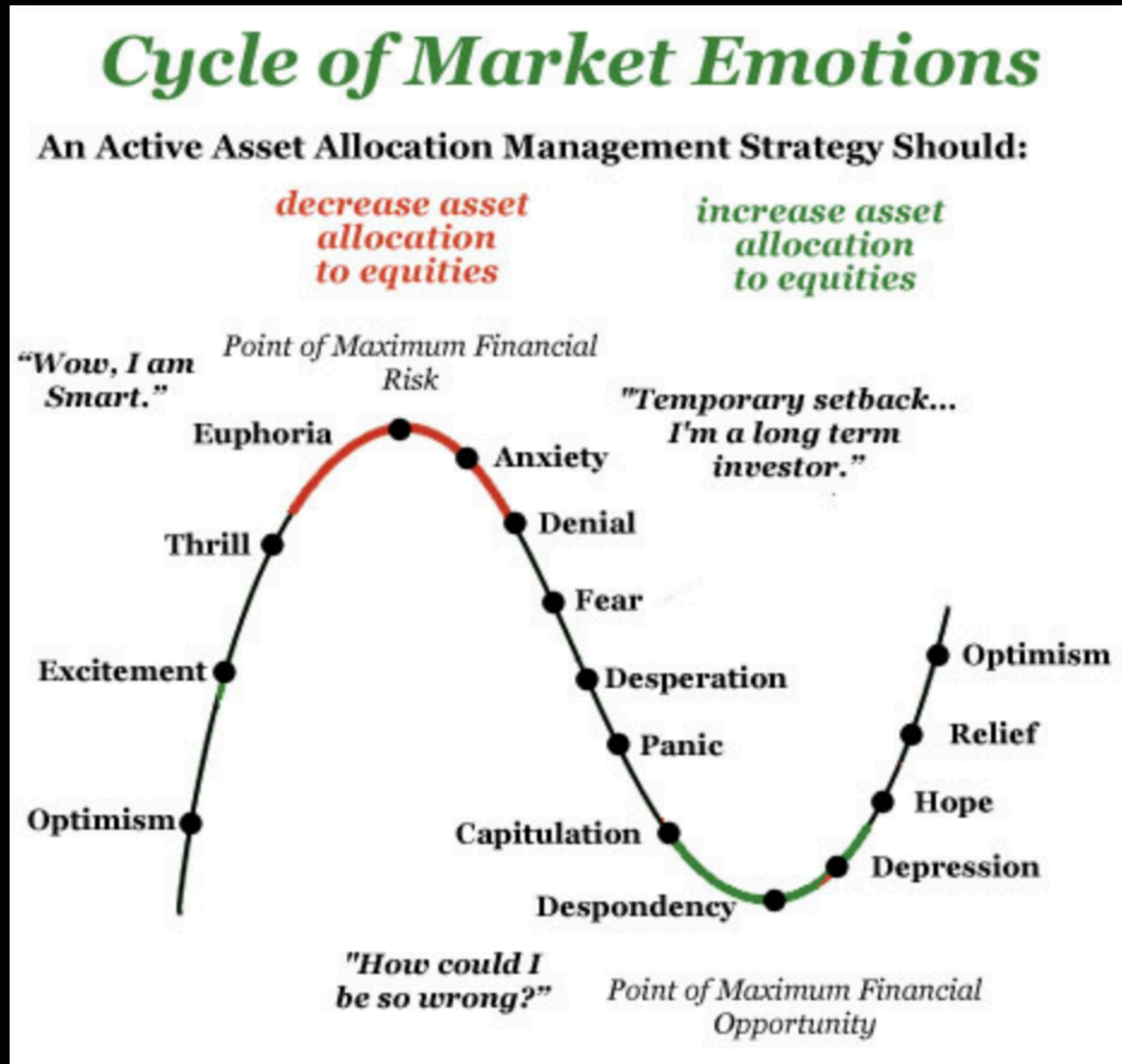


- **Emotional based decisions are usually the worst ones an investor can make.**
- **If you are getting emotional, take a step back.**
- **Let the numbers (and the demand) guide you.**
- **Qualify everything further – look for rationality. Look for fact based reasoning over feelings or sentiments.**



**OBSERVE THE MASSES
AND DO THE OPPOSITE**

- The masses act on emotion
- Understand the Cycle of Market Emotions – be aware of your own



"Observe the masses, and do the opposite"

Walt Disney



" Our goal is more modest: we simply attempt to be fearful when others are greedy and to be greedy only when others are fearful. "

Warren Buffett (The Essays of Warren Buffett)

**BE SELECTIVE ON THE
COMMENTATORS IN
YOUR CAREER**



- **Choose who you listen to carefully**
- **Understand their motivations and objectives.**
- **Take advice from those who have done what you want to do, and can evidence it.**
- **Avoid (or at least understand) the media.**



SH*T HAPPENS



- Define "failure" for you
- No matter how good you get, you don't win every time.
- Remember property is "get rich slow"
- Welcome challenges - do not avoid them



KNOW YOUR NUMBERS



- **The focus on YOUR NUMBERS is important.**
- **Have you set a minimum cashflow, capital profit, yield, Return on Investment?
What does a deal look like to you?**
- **Know how to calculate your numbers.**
- **Stick to your numbers once you have decided. A “no” may just be a “not yet”**
- **Respect that other people may have other numbers that are right for them.**



**TRUST EVERYONE BUT
TIE UP YOUR CAMELS**



- **Go into any relationship with trust, but insurance.**
- **Believe in the best, prepare for the worst.**
- **Stay professional at all times. Set parameters and keep within them.**

**LOOK TO OTHERS FOR
INSPIRATION NOT FOR
COMPARISON**

- **Look for what can be done, not for what you have not yet done.**
- **Inspiration, ideas, motivation, accountability and support.**
- **Different people have different goals, achieve them at different paces with a completely different set of circumstances.**

**Comparison
is the Thief of Joy.**

-Theodore Roosevelt





**YOUR NETWORK IS
YOUR NET WORTH**



- **You cannot do this on your own – your team and your network will determine your success levels in business and property.**
- **The whole basis of the Prosperity Network is based around abundance within a community with a common goal.**
- **Always look at what value you, and others are bringing to the table. Look for the win-wins in every scenario. Be a problem solver.**
- **Law of Averages – The result of any given situation will be the average of all outcomes**

If you want better results, get around better people.



**REMEMBER WHY YOU
STARTED**



- **Keep the main thing the main thing**
- **Continuously check in with your goals and ambitions**
- **Remember Sh*t Happens - you are going to need to remember why you wanted this**



**YOU CANNOT SCORE A
GOAL IF YOU ARE WATCHING
FROM THE SIDELINES**