



Property 62 Investor Pack.

2020.

**"Landlords
grow rich
in their sleep"**

- John Stuart Mill

Contents

Property Investment Specialists

Introduction	04
Education	06
Why Property?	07
Investor Options	08
The Products	09
Angel Investment	10
Buy To Let	12
Social Housing	14
Serviced Accommodation	16
Our Investment Areas	18
Tax Changes	20
Myth Busting	21
What should I do next?	22

In this document, we hope to outline everything you need to know about investing with Property62, and why putting your cash into the UK Property market could be the best way to grow your money and create infinite monthly cashflow.

Introduction

Who are we?



*JP & NICK AT THE PROPERTY INVESTORS NETWORK DINNER 2019

We are JonPaul and Nick, Directors at Property62 Group. We met at John Moores University in Liverpool, and said one day we would start a property business together. We both have a love of investment, renovation, design and business, and 15 years later, in April 2019, Property62 was born.

JP has spent over 10 years designing, renovating and project managing in his role as an Architectural designer. This involved a varied workload, managing large commercial projects as well as smaller residential developments. His first investment property was in 2009. Nick has a thorough background in business and

risk management and still practices this in his career as a licensed insolvency practitioner. Nick's first investment property was in 2013.

JP Palombo

JonPaul Palombo, Director

N Brierley

Nick Brierley, Director



**"we both have a
love of investment,
renovation, design
and business"**

Education



***JP WITH SIMON ZUTSHI AT MASTERMIND 2019**

Since 2017, we have trained (and continue to do so) with some of the biggest players in the UK property world, including Simon Zutshi, Progressive Property and The Real Life Tribe. We're also reading countless books, attending weekly networking events and property seminars, to continue to connect and grow our business. We also work on our mindset daily too, because whether you think you can, or you can't, you're right!

We have also a wealth of property experience since 2010, predominantly in BTL in Yorkshire and Manchester (our homes). Being hands on with projects has been the greatest teacher of all, and this is the reason we only offer to clients what we know and do ourselves.

Why Property?



Supply and Demand

The UK is getting ever more populated. With an increasing demand for quality homes, and a limited supply, property is the no.1 investment strategy.



The power of Leverage

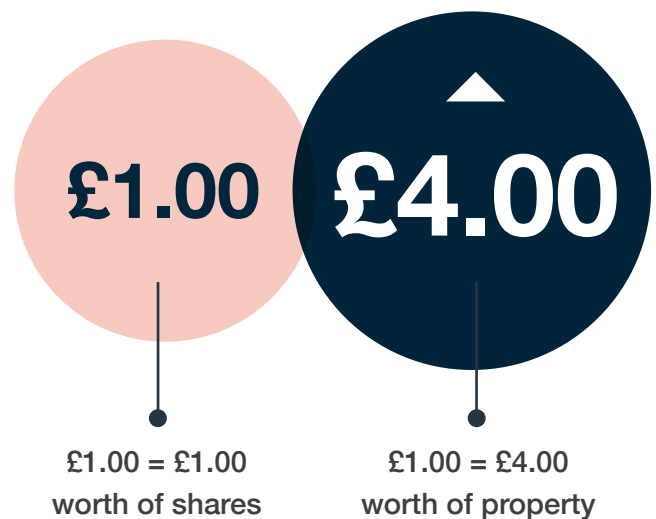
Property is recognised as one of the strongest asset classes, and banks are most comfortable lending against Bricks and Mortar, allowing you to leverage at a rate of 1:4.

Why Property?

At Property62 we understand the value in building assets. Purchasing bricks and mortar is the number one way to create monthly cashflow, longer term capital appreciation, and create a large portfolio whilst leveraging the banks money (mortgage). If you were to invest £1 in the stock market, you would have £1 worth of shares. However, invest that £1 in the Property Market, and you can have £4 worth of property.

Strategy

It's important to understand a property strategy in detail when creating a lasting investment. We operate 4 of the main strategies within our business, and therefore feel comfortable offering these as a service to our investors and partners.



1.1 — Stock market vs. Property market

Investor Options

Smart investment options to maximise your Return on Investment (ROI) .



Angel Investment: a return on your money

We understand that some people simply want to grow their money with a guaranteed interest rate.

If you have an amount of money you are looking to get a better return on, then we can discuss a higher rate of interest compared to the banks (currently bank ISAs max offering is around 2% with a cap).



Portfolio building

Get the benefit of monthly cashflow, and capital appreciation on your growing portfolio.

This is a great way to put your cash to work and build a legacy for your future. We will use our networks and expertise to see a project from start to finish, whilst using your cash to build your portfolio.



Sourcing

You may simply want to use our expertise to bring you a great deal for your next investment. Whether you are starting out on your property journey or already well established, we all know working together allows us to go a lot further. Our connections all across the North bring us great deals all the time, so we constantly have deals to pass to you.

The Products

How can you invest with us?

There are many ways you can work with us at Property62. For everyone we work with, we will diversify the strategies to meet your personal outcome, as a balanced property portfolio is the best way to create long lasting wealth. There are of course many other strategies out there, but we only offer what we know, so that we understand both yours and the properties requirements. Here are the 4 ways you can invest with us...

1

Fixed Return Angel Investment

2

The "Vanilla" Buy To Let

3

Social Housing Guaranteed Rent Scheme

4

Serviced Apartments & Short Stays



Angel Investment

**Grow your money with us and
get bank beating returns**



If you have a lump sum of cash, whether it be savings, bonus, pension, or inheritance, you really want to get the best return possible on your money. This can be incredibly difficult to do in the bank, as the bank of England base rate hit an all time low of 0.1% in 2020, offering savers a frustrating, nominal amount for their cash.

We decided to offer (a far more attractive) fixed interest rate for our investors. This allows us to further invest in the property market, whilst guaranteeing a return for your cash. A true win win.

The interest rate agreed is reflective of the amount of cash you are able to invest, and the the duration of the investment. Investment security is available. With this option you will not own any property. At the end of the term the full amount is paid back plus any agreed interest. Interest can also be paid monthly.



CASE STUDY

- **Loan amount: £100,000**
- **Agreed term of lending: 3 years**
- **Agreed interest rate: 7%**
- **Monthly interest payment: £583.33**
- **Total interest earned: £21,000**
- **Lump sum initial capital repaid after 3 years**
- **Total amount re-paid: £121,000**
- **Full Solicitor contracts signed and witnessed**
- **Personal guarantee on loan**
- **First charge on properties**

2

The "Vanilla" Buy To Let



*P62 2 BED COTTAGE IN
BRADFORD

Highlights

Ideal strategy length: 5 years+

Suited Outcome: Volume, Pension Pot

Risk Level: Low

Capital Level required: Low

Pro's: Low cost of entry. Long term asset

ROI: 15%+

Monthly Cashflow: £300+

*excludes Source & Setup Fee

The most common and simplest form of property investment, the "Vanilla" Buy To Let. With incredibly low purchase prices in our investment areas across the North, this strategy gives great cashflow and low cost of entry, whilst allowing a very hands off investment. We have access to some incredible stock for low cost BTLs in our areas, and often get to know about deals before they hit the market.

DEAL SHEET - BUY TO LET

Figures used from our latest purchase October 2020

PURCHASE COSTS	
Purchase Price	£56,000
Deposit @ 25%	£14,000
Mortgage Amount inc. Loan Fee	£42,840
Mortgage Interest Rate	3.49% fixed for 5 years
Solicitor Fees & Tax	£3027.73
Refurb Budget @10%	£5,600
Total Costs	£22,627.73

MONTHLIES	
Monthly Rental Income	£500.00
Monthly Mortgage Payments	- £192.13
Self Manage	£0
Insurance	- £20
Monthly Net Balance	£337.87

HIGHLIGHTS	
Purchase Costs	£22,627.73
Annual Net Rent	£4054.44
ROI%	17.9%*
Property62 Source & Setup Fee	£4,500
Total Cash Required	£25,627.73

*ROI% not including source fee



*P62 2 BED SOCIAL HOUSE IN
MANCHESTER

Highlights

Ideal strategy length: 5 years+

Suited Outcome: Capital Growth

Risk Level: Low

Capital Level required: Low

Pro's: No Voids. Council maintain. Off market Deals

ROI: 10%

Monthly Cashflow: £400+

*excludes Source & Setup Fee

A BTL investment, with extra benefits! Using our network of agents, contacts and power team, we have great access to housing stock which can be directly setup in to social housing schemes in Greater Manchester. This is prime for capital appreciation, due to its fantastic links to central Manchester, and offers certainty for an excellent monthly cash-flow under the government guaranteed scheme. Even better, we can achieve approx £100-125 higher rents than the open market, and its a fully managed hands off agreement.

DEAL SHEET - SOCIAL HOUSING

Figures used from our latest purchase October 2020

*Illustration is for purchase within a Limited company

PURCHASE COSTS	
Purchase Price	£83,000
Deposit @ 25%	£20,700
Mortgage Amount inc. Loan Fee	£62,859
Mortgage Interest Rate	3.49% fixed for 5 years
Solicitor Fees & Tax	£4015.40
Refurb Budget & Furnish	£5000
Total Costs	£29,715.40

MONTHLIES	
Monthly Rental Income	£600
Monthly Mortgage Payments	- £215.00
Management	- £50
Insurance	- £20
Monthly Net Balance	£315.00

HIGHLIGHTS	
Purchase Costs	£29,715.40
Annual Net Rent	£3780.00
ROI%	12.7%*
Property62 Source Fee	£4,500
Total Cash Required	£34,215.00

*ROI% not including source fee



*P62 2-BED FLAT IN
LEEDS

Highlights

Example: 2 Bed, Sleeps 6. Leeds

Ideal strategy length: 3-5 years+

Suited Outcome: Cashflow, Fast Growth

Risk Level: Medium

Purchase: £10,000

Total Money in: £10,000*

ROI: 96.3%

Monthly Cashflow: £797.80 after Management

*includes source fee of £3,500 & setup fees of £1,000



This is a fantastic property strategy if you are wanting ultimate cashflow and have a higher appetite for risk. Our favourite strategy within property, this is a case of long leasing a property from a landlord for up to 5 years, known as a 'Rent-to-Rent' (R2R), and controlling their asset to repurpose as a serviced apartment. We have a specialist management company in place that we use ourselves. It's not quite a passive strategy, but for 15% management fee, it is for our investors.

Note: this is utilising a rent to rent strategy and no purchase is required, and therefore very low entrance costs.

Our investment areas

Why Invest in the North

The North of England provides a great investment opportunity for Property Investors. Its significantly cheaper purchase price in conjunction with relatively high rents ensures both a strong rental yield and return on investment. Furthermore, northern properties allow investors excellent cashflow.

With the introduction of an additional Stamp Duty charge on second properties in April 2016, the lower property prices in the North ensure that investors' costs of purchasing aren't as high as it would be when buying in the South. The North provides a well rounded investment with good yields and the potential for capital appreciation.

The 'Northern Powerhouse' is a scheme to boost the economy of the North of England. The purpose is to boost local economies via government backed business growth. In particular, funds have been invested to improve Science & Innovation, Infrastructure and business/employment.

A record level of investments in the sum of £13bn was invested between 2015-2020 in improving transport, in particular on the HS2 rail scheme and on local rail and road upgrades. In addition, nearly 40,000 jobs were created in the North between April 2015 and March 2018.



Our investment areas

"Manchester has become a media hub second only to London, and demand for housing is having a knock-on effect on rents, which are at record levels."

- the Telegraph

Section 24 :

TAX changes



Tax changes

The majority of Landlords purchased houses in their own name across the last 60 years, and developed considerable property portfolios.

In April 2017 the UK Government began implementing section 24 Tax changes for ALL Landlords. In short, this means that, for any landlords with properties in their own name, and not held within a Corporate structure, they can no longer use some expenses of the property, including any mortgage interest, against their tax bill. This change was fully implemented in April 2020.

So far, this has already had a few different effects on the property market, and poses some great opportunities for new investment over the coming years.

As private landlord expenses rise, they are less likely to put money into their existing properties, meaning the overall standard of accommodation on the market is dropping. This leaves a huge opportunity for Professional Landlords, like us, who are already providing high quality accommodation, and able to not only take the pick of their tenants, but raise the rental price as they are offering a superior product.

According to figures released in March 2019, approximately 8.2 million people in England alone will be affected by the changes.

There are concerns that a number of landlords plan to leave, or have already left, the market. According to research conducted by Simple Landlords in July 2019: The elimination of tax relief is landlords biggest concern, with 25% of all landlords deeming it the no.1 market issue, including 28% of single property owners.

Myth busting reasons "Not to invest" in the property sector.

"Too many people are doing it"

This is something we hear a lot, and yes, lots of landlords and investors are buying up housing stock to rent to tenants, of course they are, it's a strategy that has been very lucrative for many many years. Whether its BTL, HMO or Serviced Accommodation, we hear this all the time.

"I lost money from Property"

Some people have had terrible experiences with property investments and lost money in the past. If you don't know what you are doing and why, this is possible. Buying the wrong type, in the wrong place, at the wrong time, and selling it at the wrong time, could lead to losing cash.

"There is a RECESSION coming"

Due to the Covid-19 pandemic and unprecedented times, it does look likely that there will be a recession in the next 18 months. This means property prices could fall across the UK, and lending may become harder to achieve.

"I'm not buying until BREXIT is sorted"

Brexit uncertainty has been the reason many investors have not invested in the last 3 years, missing out on great returns. Of course when we leave the EU, people will no longer require places to live. WRONG!

"Trying to time the market is a waste of time and hazardous to investment success."

- Warren Buffet

...Our View

Many landlords offer a below average product with a poor service for tenants. Offer a high quality product in a market with strong demand. Above that, always learn, share, network, educate, and stay balanced, diversifying property types and strategies.

...Our View

Its easy to make mistakes if you don't know what you are doing. Work hard to get educated first. Do your research, know your products and your market. Have a clear vision and "why" you are doing this, with a strong outcome.

...Our View

Recessions and property crashes are cyclical, and should always be factored in as they affect costs. We do not operate a buy to sell strategy and therefore welcome any reductions in our stock prices during a crash. Tenant demand actually increases during a recession.

...Our View

Brexit brings uncertainty, and with that comes potential price volatility. People still need homes to live in during these times, and with more and more landlords exiting the market, the demand for quality rental homes is ever increasing.

Our buy to hold strategies play directly into this rise in demand.



What should you do next?

If you are interested in working with us, simply get in touch and we can organise a call or meeting to discuss further.



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