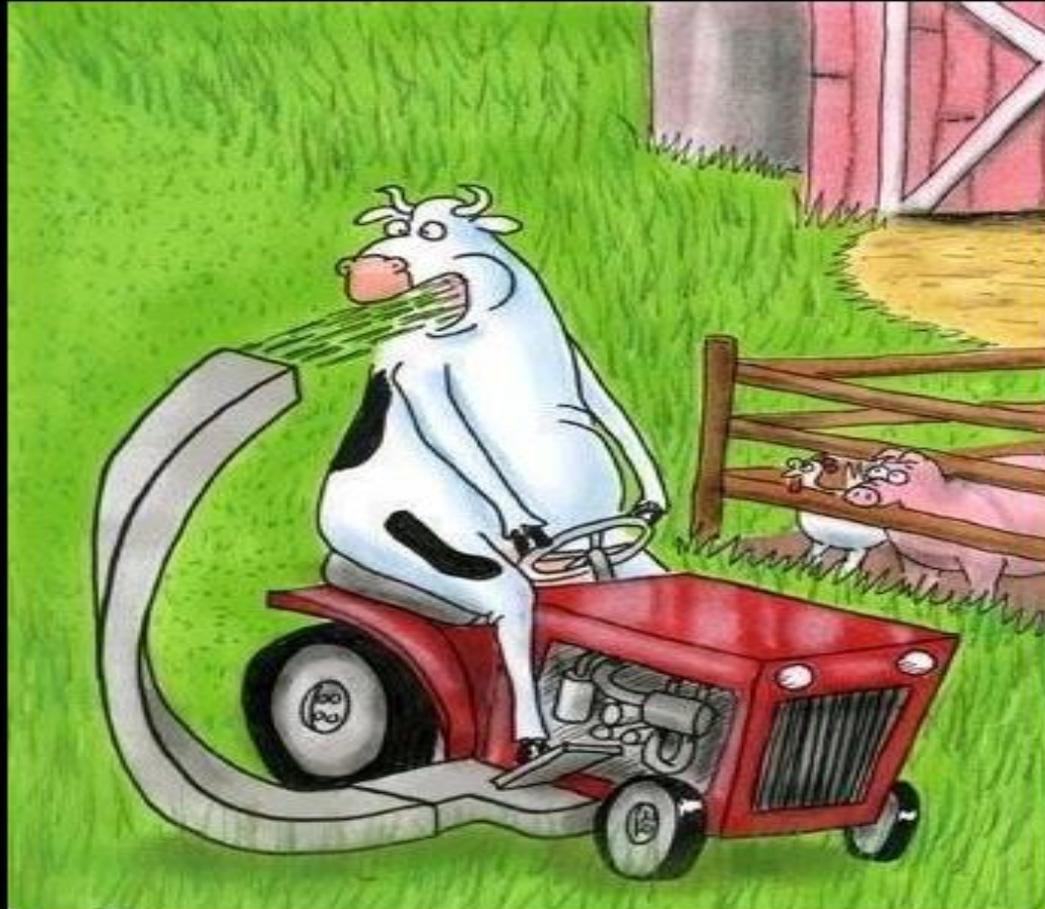


# CHAMPAGNE PROPERTY INTERIORS FOR LEMONADE PRICES.



DON'T USE YOUR OWN CASH TO BUY FURNITURE  
AND FITTINGS FOR YOUR PROPERTIES

**WORK SMARTER**



**NOT HARDER**

# ANDREW SOUTHWOOD

- LAST 25 YEARS STRATEGY – BUY POOR HOUSE ON GOOD STREET AND REFURB, LIVE IN AND FLIP
- PROPERTY INVESTOR LAST 3 YEARS
- INVESTMENT STRATEGY – PASSIVE = BTL; ACTIVE = SA
- WORK CAREER
  - BANKING/ASSET FINANCE
  - NOW WORKING FOR D&D LEASING – A FULLY FCA AUTHORISED/REGULATED DIRECT FUNDER OF ENTREPRENEURS AND SMALL BUSINESS

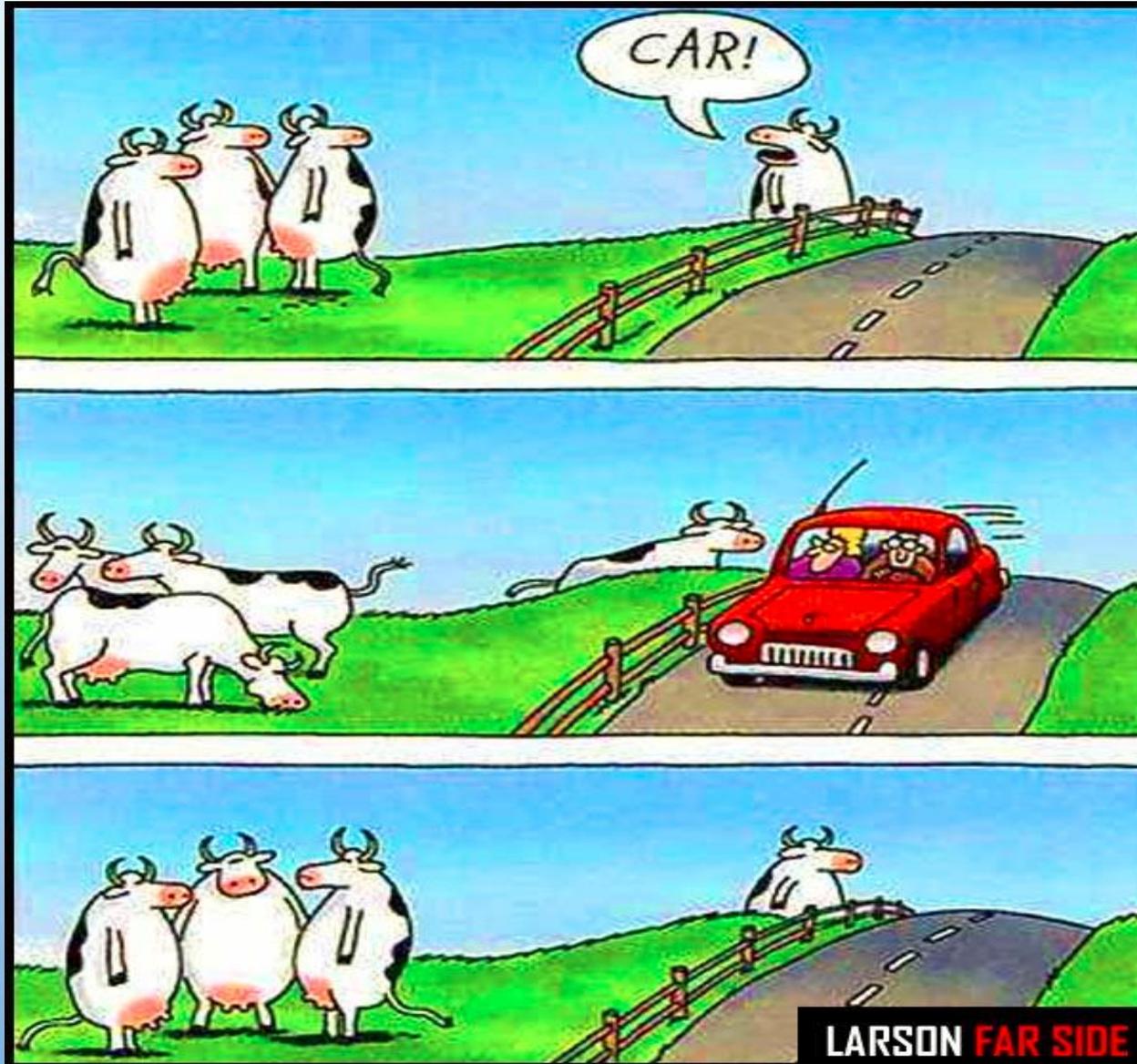
# HOW WE THINK ABOUT OUR PROPERTY BUSINESS

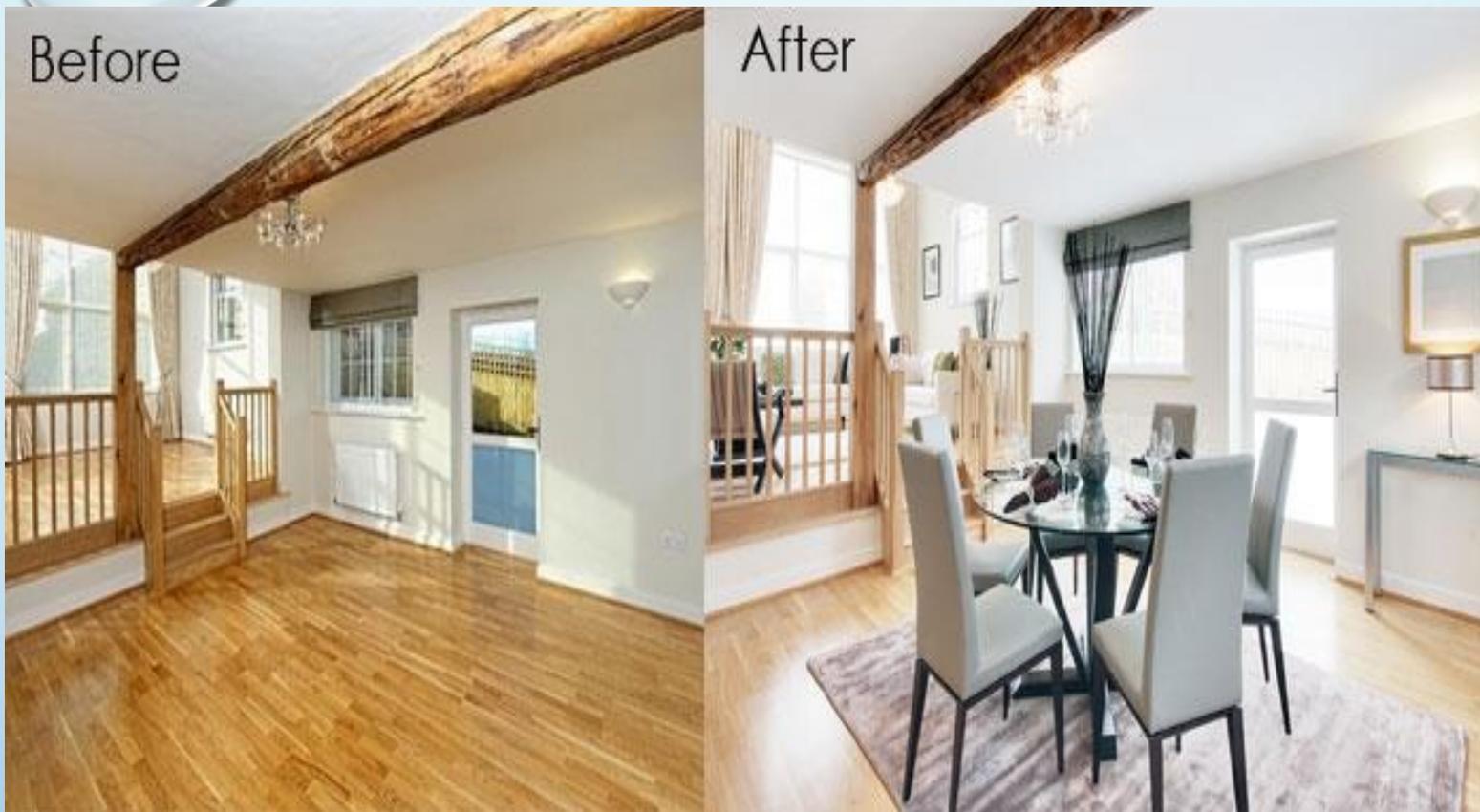
- IN PROPERTY INVESTING WE HAVE BEEN CONDITIONED TO CONCENTRATE ON OUR MAIN ASSET – BRICKS AND MORTAR
- RICH DAD – GOOD DEBT, BAD DEBT
- JOHN PAUL GETTY – IF IT APPRECIATES BUY IT, IF IT DEPRECIATES RENT IT

# WHAT ASSETS DO YOU OWN

- PROPERTY
- FIXTURES & FITTINGS:
  - KITCHEN
  - BATHROOM
  - CARPETS
  - FURNITURE
  - COMPUTERS – SOFTWARE & HARDWARE
  - VEHICLES
  - SOME ASSETS APPRECIATE, SOME DEPRECIATE

# FURNISHED V UNFURNISHED





- HOUSE V HOME
- TENANT V CUSTOMER
- TELL A STORY/ SELL A LIFESTYLE

# FURNISHED V UNFURNISHED LETTINGS

- THE ETERNAL QUESTION – BUT ON WHAT BASIS DO WE MAKE THE DECISION
- £300M MISSED RENTAL INCOME
- DAVID PHILIPS FURNITURE INDEX - POSTCODE SPECIFIC, FURNISHED RATE, PREMIUM & RETURN
- ON THE MARKET RESEARCH (OCT18) – 2 BED FLAT
  - SHEFFIELD = +21%
  - NEWCASTLE = +14%
  - BIRMINGHAM = +20%
  - MANCHESTER = +15%
  - LONDON = +9%

# DAVID PHILLIPS FURNITURE INDEX

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DAVID  
PHILLIPS/

## FURNISHED INDEX – SPOTLIGHT ON RG1 - Reading

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A summary of research commissioned by David Phillips into the rental property market in RG1 and the effect of furnishing on yields and investment returns.

### SUMMARY

RG1 is a furnished market, so not furnishing here will lead to costly voids. Furnished properties rent for a modest premium; 0% to 10% should be expected.

### INDEX SCORE - 7

FURNISHED RATE – 73%  
FURNISHED PREMIUM – 6%  
ESTIMATED YIELD INCREASE – 9% to  
25% +

#### FURNISHED RATE =

The rate of furnished versus unfurnished rental property: the “expectation” factor”.

**What this means?** We know that Landlords don't want to furnish; nobody likes spending money they don't need to. But if a market is 90% furnished market it means that 90% of Landlords have had to furnish, and that 90% of tenants are willing to rent furnished. It follows that only 10% tenants are willing to rent unfurnished. Market your property unfurnished here and you're marketing to only 10% of tenants! This will have a significant impact on voids.



#### FURNISHED PREMIUM =

The premium in rental income achieved for furnished property versus unfurnished property: the “desirability factor”.

**Please note:** Although a postcode result may indicate an average rental premium is achieved by furnishing, it does not necessarily mean that all properties achieve the same premium, and there may be other reasons why a premium appears to be achieved such as the mix of property types in the small area covered by the findings. It may not be purely down to furnishing, although a high premium is a good indicator that a premium is possible.

# WHAT IS LEASING

- IT'S SIMPLY GETTING SOMEONE ELSE TO PAY FOR EQUIPMENT OR ASSETS THAT YOUR BUSINESS NEEDS,
- GETTING EXCLUSIVE USE OF THE EQUIPMENT
- PAYING THAT SOMEONE ELSE BACK OVER A PERIOD OF TIME.
- YOU DON'T OWN THE EQUIPMENT BUT YOU DO GET TO USE IT.
- THE FINANCE IS SECURED ON THE EQUIPMENT

# BENEFITS OF LEASING

- IMMEDIATE ACCESS OF ASSET, DON'T HAVE TO SAVE THE MONEY TO BUY OR USE UP WORKING CAPITAL OR USE OVERDRAFT. PRESERVE YOUR CAPITAL
- **100% FINANCE, NO MONEY DOWN, USE OPM**
- BUY MORE OR BETTER QUALITY ASSETS
- FIXED LOW MONTHLY PAYMENTS. BETTER BUDGETING
- EASIER REPLACEMENT WHEN ASSET REACHES END OF LIFE
- PAY FOR ASSET FROM IT'S INCOME GENERATION.  
IMPROVE CASHFLOW
- RENTAL PAYMENTS ARE BUSINESS EXPENSES – **SHOULD BE TAX DEDUCTIBLE**

# HOW DOES IT WORK

- CHOOSE YOUR SUPPLIER AND AGREE SPECIFICATION AND COST
- CHOOSE A INTRODUCER, FINANCE BROKER OR FUNDER (FCA AUTHORISED)
- DUE DILIGENCE
- LEGALLY BINDING CONTRACT BETWEEN YOU AND FINANCE COMPANY
- THEY BUY AND PAY THE SUPPLIER FOR THE ASSET YOU HAVE CHOSEN
- THEY RENT IT TO YOU FOR AN AGREED PERIOD (3 YEARS). YOU GET EXCLUSIVE USE PROVIDING YOU PAY RENTAL
- RENTALS PAID BY MONTHLY DIRECT DEBIT
- SECURITY – ASSET/GUARANTEE
- TIME FRAME – 2 WEEKS

# GENERIC LEASING COSTS

- DOC FEE - £195 + VAT (UPFRONT)
- RENTALS – 1-3 MONTHS PAID IN ADVANCE, THEN MONTHLY
- RENTALS - £37-44.00 + VAT PER MONTH PER £1,000 (EX VAT) WORTH OF EQUIPMENT

# VAT AND TAX

## VAT

- DON'T PAY VAT ON PURCHASE OF THE ASSET
- PAY VAT ON RENTALS

## INCOME AND CORPORATION TAX

- 100% OF RENTALS = BUSINESS EXPENSE = SHOULD BE TAX DEDUCTIBLE
- 1<sup>ST</sup> PURCHASE OF EQUIPMENT FOR CASH = NO TAX DEDUCTION
- WARA/DEPRECIATION/REPLACEMENT

# EXAMPLE: SERVICED APARTMENTS OXFORD



# EXAMPLE: SERVICED ACCOMMODATION, OXFORD

EQUIPMENT COST = £3,600

DELIVERY AND FULLY INSTALLED

UPFRONT COST = £327 + VAT

35 MONTHLY RENTALS @ £132 + VAT PER MONTH

1 MONTHS RENTAL AT END OF CONTRACT TO OWN EQUIPMENT

# ADDITIONAL FINANCE OPTIONS

## REFURB FINANCE

- SAME AS FURNITURE LEASING BUT FOR 100% COSTS OF KITCHENS/BATHROOMS & COSTS

## RENT TO RENT FINANCE

- UP TO £50,000
- 100% FINANCE FOR UP FRONT COSTS OF NEXT 5-10 PROPERTIES
- 6 MONTHS TO FIND ADDITIONAL PROPERTIES
- REPAYABLE OVER 3 YEARS WITH FIXED MONTHLY REPAYMENT

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