

GRADUATION DAY!

How Two Investors Triumphed Through a Year's Intensive Training

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Is property education worth it? That question is debated up and down the country and across online forums and groups. For every person that says "Yay" another says "Nay".

Courses range in cost from less than a hundred to many thousands of pounds and – being the canny investor folk that we are – we like to have a good idea upfront what our return on that investment will be. But it's not quite as straightforward as putting £x in and getting £y cash flow or capital out at z% ROI. There's the human factor to take into account.

The human factor is ... ourselves. As well as pledging the course fee, effort and commitment will play a part in our success and that can be tougher to measure. But without a doubt, people **DO SUCCEED**. Investors who commit can **reap massive rewards**. You've heard from a lot of them in the pages of YPN over the years, and this month we speak to **Billy Turriff** and **Glenn Delve** who were top of the class respectively in Simon Zutshi's Mastermind and Progressive's VIP, both leading twelve-month programmes. Today, they explain exactly what they had to put in to education at this level to achieve huge levels of success.

Given the same education, environment and support why do some students soar with success whilst others struggle to get off the ground? What does it **REALLY** take to make property education pay – **BIG TIME?** Without further fuss, read on to discover how you, too, can be amazing!



BEYOND THE COMFORT ZONE

"Achieving Financial Freedom and Getting My Time Back – from 6,000 km away"

Billy Turriff has recently returned from Dubai. Not from a holiday as you might first think but home for good after working there for nine years. Here's the remarkable thing though: while there he built up a portfolio of student lets in Liverpool. That's no mean feat by anyone's standards.

Billy first appeared in the pages of YPN in June 2015 in a feature on investing from afar when he told us about his background and property journey, and how he sourced and managed his student lets at a distance of 6,000 km. He also mentioned that he had just started Simon Zutshi's Mastermind programme. At the end of that course in March this year he was voted top performer by his peers.

We are curious. What did he do to warrant becoming top performer? What does an experienced investor gain from a year-long property course? And of course ... how is life different now that he's home?

In this article, Billy tells us what he's been up to since we last spoke but first, let's recap where he was this time last year.

YPN: Can you remind us how you managed your properties from so far away?

Billy: Initially I set everything up with an agency then took over control myself as it seemed easy enough to contact the maintenance people when a tenant reported a problem. Managing maintenance was okay but handling and tracking rent payments became time-consuming so after self-managing for a year I appointed an agent again.

Through the education programme, I realised that you can be pound-wise but penny-foolish. I had made the mistake of trying to control costs without questioning whether what I was doing was best use of my time. All the student lets are now managed by agencies but I still look after a couple of single lets. I continue to outsource maintenance though as I prefer to be hands-off on the practical side.

Why Do a Course?

YPN: What was your motivation for getting property education? You were already doing well so what did you feel you would gain?

Billy: There were a couple of reasons. I had ten properties in my portfolio, three of which were with a joint venture (JV) partner; the asset value of my share was around £800,000. It was a solid enough portfolio, but had taken almost thirteen years to build up. I needed to double it to become financially free but didn't want to work in the corporate world for another thirteen years while I did it.

I had read in YPN about people who had been through Mastermind and was amazed by how they had been able to build a larger portfolio than mine, with better cash flow, in a much shorter time period. I was sceptical about training but kept wondering how these people had made the breakthrough. It seemed that they had all invested in themselves at some point so I researched the options available.

Mastermind appealed partly because the top five performers from

"In the past I thought that people had big portfolios because they already had wealth, but now I realise it's about the deal"

each programme had a mix of experience – some had very little, others (like me) had a mid-sized portfolio, yet others had £multi-million portfolios – but their reasons for success were irrespective of their backgrounds. With so much evidence from people with different backgrounds, us sceptics may have to look inside ourselves and accept there are other ways to do things.

YPN: Did you have any pre-conceived ideas of what Mastermind would be like?

Billy: It wasn't like I thought it would be. I went into it for the property training, but actually that was 20%-30% of the programme; the rest was mindset and that blew me away. I had worked in HR and management consultancy for almost fourteen years but what I have learned in the past twelve months about moving to the next level of soft skills was far more than I ever learned in the corporate world. Lots of people consider this as 'fluffy stuff' but being in an inspiring environment with like-minded people really helps make it click.

I also discovered that you don't necessarily need to make big changes with either the technical or the mindset stuff. Small changes will enable you to leverage and fast forward your performance.

YPN: Did you have a strategy to avoid running out of money?

Billy: I didn't go into it thinking about running out of money, which may have been naïve but I didn't expect to buy the amount

of property or raise as much finance as I did during the programme. My expectation was to continue to focus on my student House in Multiple Occupation (HMO) business and explore the potential of doing more bridging at a later date. As well as focussing on the student houses, I deployed other new strategies for the first time, such as sourcing, lease options and rent-to-rents (R2Rs), and did some big developments as well, which was very different to my original expectation. I also worked with eight other masterminders on joint ventures (JVs).

In the past I thought that people had big portfolios because they already had wealth, but now I realise it's about the deal. If you can source a deal, you can finance it. Your most important tool is the ability to source and find projects, for which you can use your own money, borrow from banks or JV with others.

The Reality of Distance

YPN: Were you still in Dubai while on Mastermind?

Billy: Yes. I finished my corporate job a week before the last training session and commuted back and fore for the programme. I slept on aeroplanes for twenty nights over the year and am looking forward to flying less this year.

YPN: How would you advise people who want to invest somewhere other than where they live?

Billy: Ideally, you would invest where you live but that won't always work. I turned into a detective during this period, getting leads from

*Billy had previously lent bridging funds to investors while working in Dubai.



places like Gumtree, Facebook and by looking through auction catalogues to find landlords selling off big portfolios then contacting them directly. I also spoke to agents that I already worked with in Liverpool.

80% of my deals during this year were off-market, whereas all my previous properties had been traditional purchases through estate agents or auctions. The problem is that you compete with other investors for on-market deals, whereas it's just you and the seller when it's off-market. In addition, I bought multiple properties from two of the sellers so I will certainly continue to use this strategy for the next year or two.

YPN: How much time per week did you commit to property over this period?

Billy: Having a job helped me be organised. I spent an hour a day after work doing the most important things, usually either sourcing property or raising money, and outsourced everything else.

As Dubai is either three or four hours ahead of the UK, the times worked in my favour. Also, weekends over there fall on Friday and Saturday, so I made Fridays a property day.

In essence, I decided to have one year of very little free time to get to a point where I had enough passive income at the end of Mastermind to be able to choose whether I continued to work or not.

The Achievement: Headline Figures

YPN: The Mastermind target is to create £50,000 pa income or £1m in property in one year. What did you achieve?

Billy: I acquired around £4m in property from 45 different property transactions. My net profit before distributing funds to JV partners was £470,000, which left me with around £265,000 after paying them all back, and taking annualised figures for the student houses when they are live in July this year.

I'm pretty blown away by those results and the figures far surpassed what I expected. Part of my challenge now is to work out how to replicate that income as some of it came from a big development deal. I also had some R2R deals in Dubai that have since come to an end.

YPN: Why do you think some people achieve so much while others going through the same education process achieve nothing?

Billy: I think it's down to allowing yourself to be educated. While plenty of us think we know everything, those prepared to open their minds, give themselves permission to try and get out of their own way are typically the ones who are successful. While you may have a definite plan for what you want to achieve, you'll probably have to do some things that make you feel uncomfortable.

Notes on Property Education

- I invested in property by myself for thirteen years and bought ten houses. In one year on the course, I did 45 individual deals.
- Talk to people who have done the course you are considering. Different courses and coaches will be right for different people. Listen to your gut. It must make sense for you but if you feel good about it after talking to others about what they have gained, trust your instincts.
- Training is not for everyone. Some will do great things while others won't buy any houses at all, and that's down to how we're triggered internally. If you're going to do it, let the system work, trust in it and embrace it.

The good thing, though, is that you're told what to do: you just have to do it. It's a big change from the corporate world where everyone is trying to get their point across. On Mastermind I became like a sponge, absorbing stuff. I didn't have to make a decision or challenge it, just go away and try it. If it fails, all that happens is you don't get the leads that you thought you would – that's pretty low risk in terms of a strategy.

To cut a long story short: the difference between those who do succeed and those who don't is nothing to do with intelligence, but about embracing and following the process.

YPN: Did you step out of your comfort zone?

Billy: This Hamilton Square deal (see Case Study) was a big step up from the ones I had done before. I never thought I'd go from working on properties under £100,000 to managing a gross development value project of over £2m on a Grade 1 listed building within a year. I was definitely uncomfortable – not to the extent of sleepless nights, but I was learning as I went along.

YPN: How did you demonstrate credibility for this bigger deal?

Billy: I didn't have experience of this type of project myself so partnered with Goodman Wells, who did. They had completed previous projects in the square and had a good legal team, architects and builders. It meant sharing the profits, but without

that partnership I wouldn't have been able to do the deal.

CrowdProperty were great for financing two of the buildings, and having direct access to their staff ensured we had appropriate systems in place to manage the project. Also their legal adviser Richard Spencer worked with me and my solicitor, which resulted in stamp duty savings as Multiple Dwellings Relief applied because the previous owner had actually started to convert the offices to apartments

How Life is Different

YPN: How have you found the transition from corporate life to full-time in property?

"I acquired around £4m in property from 45 different property transactions"

CASE STUDY

HAMILTON SQUARE

This deal consisted of four commercial offices, which were Grade 1 listed buildings on Hamilton Square in Birkenhead. We have converted them into twenty 2-bedroom apartments on two freeholds. The development is being done in two stages of two blocks. We have finished the first and hope to get the architect's sign-off on the second shortly, and manage the handover in the next couple of weeks.

Purchase price: £900,000
Deposit: £250,000
Loan/funding amount: £650,000
Refurbishment (raised from investors): £600,000
Average refurb cost per unit: £30,000

Average £ per sq meter conversion: £700
Finance and Professional Fees: £200,000
Sales: £2,000,000
Profit: £300,000
Share of profit after paying partners: £115,000

Sourcing

Finding this was an interesting process. We had a session on the course about bigger deals that left me feeling frustrated about not going to the next level, so the following week I started to look for bigger deals through my normal sourcing channels, and also started talking to people I knew who were doing large projects in and around Liverpool.

Consequently, I spoke with Goodman Wells. I already knew the founder as I had done bridging loans for him a few years ago. He has done exceptionally well since then and his company had come across this opportunity. We agreed that I would help finance the development, manage project finance and support the sales of the individual apartments, while they would project

manage the build and had sourced the buildings. We agreed the heads of terms within a month of that Mastermind session, and started the build the following month.

Funding

We used multiple channels to fund this project. We raised £350,000 through CrowdProperty and also used a traditional bridging company who unfortunately down-valued one of the purchases two days before completing, which meant having to raise a further £50,000 from private investors.

We set up an arrangement with the investors buying the individual apartments that they would pay 30% up front in two tranches as the building works were approved by the architect, in return for a 10% discount on the price. That meant we could put their deposit funds towards the refurbishment costs.



"Selling so many individual apartments all in one go was a challenge – at one point around 50% had fallen out of bed, which meant going back to the market and having to resell them again."



"We agreed with the builders to fast track two blocks, which were completed and handed over within four months and before the stamp duty deadline."

The Build

We had a six-month contract with the builders, after which period penalty clauses would kick in. However, in the meantime the stamp duty changes were due to come into effect, so we started to get pressure from the purchasers. We agreed with the builders to fast track two blocks, which were completed and handed over within four months and before the stamp duty deadline. That was two months ahead of schedule, which meant we were able to pay back CrowdProperty lenders ahead of schedule. If the second block is signed off today as planned, the build time will have been five months – still one month ahead of target.

This £600,000 refurbishment was the first time I've done a job above the £90,000 mark. It's also the first time I've done a job that has come in ahead of the timescale target as well!

The Learning

I've learned a lot from this project. The builders were great and sent weekly status reports with pictures.

Selling so many individual apartments all in one go was a challenge – at one point around 50% had fallen out of bed, which meant going back to the market and having to resell them again.

That in turn led to cash flow challenges because the deposit funds were pigeon-holed for the refurbishment costs. But it didn't work out like that and I had to be pretty active on the finance side to make sure we always had funds in place a few weeks ahead to pay the builders and so on, and to put in place a secondary strategy for raising funds if the other deposits didn't come through in time. However, we always gave ourselves a decent leeway for managing the cash flow.



Billy: It's still early days so I can't really answer that yet. I only came back to the UK a few weeks ago and settled into an apartment in Liverpool this week. Some people thought I was mad to do what I did from Dubai, but it may have been my greatest strength because I had to be focused. What I don't want to do is go from one job to another and fall into the landlord trap, so I'm trying to be disciplined, working only four days a week and making sure I have time for family, fitness and social stuff. That's the challenge for the next twelve months, and why I embarked on the mastermind programme.

What Next?

YPN: What strategy do you have for moving forward?

Billy: There are two parts to the business:

To continue with student HMOs because that has been successful. This year, we added 50 new rooms and have a great process for sourcing 2-bed houses and converting them into 6-beds. I see that as the bread and butter cash flow for the next ten to twenty years, and also intend to work with other investors coming into the area.

To do more big deals. The Hamilton Square project was great for netting a chunk of cash but I'd like to tweak the strategy. These involve a lot of work, and selling a number of individual apartments afterwards is a bit of pain because you are selling to individual investors. You also lose a bit of the longer term uplift. For example, one investor that we sold to has already put his apartment on to the market as a flip with a 25% uplift. I'm working now to combine bigger deals with longer cash flow strategies – basically build-to-rent but on a smaller scale than the large institutions, typically looking at developments with between 20 and 100 rooms.

We're working on one at the moment, a mix of commercial and residential where we could create two large HMOs, one medium-sized apartment and a fairly large restaurant below. It will be a large scale refurbishment, but we're considering holding it as an asset for the long term.

YPN: Will you be taking time off after such a full on year?

Billy: I had a couple of weeks off in Dubai after finishing Mastermind and I've taken it relatively easy since I've been back in the UK. I suppose it's business as usual on the property front now but I consider myself very lucky and blessed. I genuinely like property and it doesn't feel like work. But I have got some holidays pencilled into the diary over the next few months so the next time we speak, I might well have just come back from a holiday!

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