



May edition

Saturday, 31 May 2003

LATTO PROPERTY INVESTMENTS LTD

Property Investor Monthly

“Its not about the money anymore, it about the lifestyle, it always has been ...”

For me, investing in the property market has always been about the lifestyle, not about what car you drive, how big your own house is, or any other material item. When I used to work, it was always about the material things. Obtaining your freedom changes you. You start to learn that its about having choices to do whatever it is you want to do. From spending more time with your kids and family to going away trekking through Europe for a month. It most certainly is not about sitting in rush hour traffic 5 days a week desperately trying to earn more and more money (that you pay high taxes on anyway), its about seeing an opportunity for business, or for fun, and just doing whatever you want, without regard for having to go to work the next day.

When I left working full time in May of last year, I was a bit dazed about all the free time I had, I

didn't know how to spend the time wisely, and it took me a full year to get into the swing of things. Unsure as to what to do, I even tried to get a job at a call centre (which, incidentally, I didn't get!).

After 10 years of working hard and knowing where I was supposed to be every day, this new world seemed daunting, I thought I knew what to expect, and I couldn't have been more wrong.

I expected to be working on my properties full time, and being busy, whereas really, this wasn't actually the case. Sure I had some things to do on my property, but the biggest challenges came from deciding what to do with all this spare time I had - which is where the newsletter came in. Its aim is to get like minded people who are facing the same challenges, ie working currently and wanting to

move away from the rat race, and also create a forum for me to express my own thoughts on the property market away from the "hype" we read in the newspapers. We have a lot of new readers (my email box is brimming with requests to subscribe), so I feel this introduction is worthwhile.

If you want to unsubscribe, then send me an email to unsubscribe@latto.co.uk. If you want to add your address, send an email to subscribe@latto.co.uk

If you have any questions you want answering, the send an email to me@latto.co.uk, be aware that I might use your question and my response in the next newsletter however.

“It comes down to a simple choice; get busy living, or get busy dying”
- The Shawshank Redemption

Paragon Mortgages - News

- Average expected growth in the net value of residential property investment is 7.1%
- The value of an average portfolio was £686,000, up 3.1% over the previous quarter
- For 'professional' landlords (who have three or more properties and for whom buy-to-let is a main income source), portfolios have risen by 13.5%, while 'novice' landlords have reduced the size of their portfolios

Paragon Mortgages' managing director John Heron comments: "Despite what some people have been saying, the buy-to-let sector looks in pretty good shape. Landlords' gearing levels are still very reasonable - and getting lower - and their confidence for the future is good, with more than a third expecting to grow their portfolios over the next 12 months. Yields, which have been in decline for several quarters, seem to be bottoming out. Amateur landlords may have taken fright and are pulling back, but professional landlords are powering ahead. The combination of their skill and professionalism, and lenders' mostly cautious credit policies, means that buy-to-let looks well underpinned in most areas."

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Improve your earnings potential ...

“Earning a higher salary allowed me to move quicker in the property market using the additional funds to obtain funding for my properties, and allowing me to leave work before the age of 30, this is how I did it ...”

When I first started working properly I was 26. Before then I had always had poorly paid jobs, in fact, I would call them crap jobs - no offence to those that do them, but they were crap jobs. The only thing that was anywhere near half decent was at First Direct in Insurance Sales on about 12k per year.

Then I went into IT and started at 15k per year plus commission. At the end of my IT career, I was earning around the 6 figure mark, based in Leeds. I managed to do this by not staying in the same company for too long. Now, people used to say things like - **"Companies frown upon you if you've had loads of jobs, it makes it look like you won't stay"** - and, as usual, I disagreed. Firstly, where is the supporting evidence for this? I mean, what did these people know anyhow? Were they earning a better salary than I, or were they in a better position to comment? More often, they weren't.

One of the first things I learnt then, was to really think about who I listened to. The people who say this, are they a manager of a company, a director maybe, an owner maybe? Possibly not, so what would they know? If I met 10 owners of companies and they all said the same thing, then maybe I would agree - but I haven't so far, and it all depends on the person and the circumstances. Anyway.

The other thing that I heard a lot was **"If you work up, its better, because then you know how everything works."** - well, I'm not sure about this one either. When you know everything that goes on in your company, where is the creativity coming from? Why do you think large, successful companies such as Price Waterhouse Coopers (PWC), and KPMG give projects to the "Fresh blood" straight from University? Its because they don't know how things work, have to find out and end up coming out with creative ideas. Most people in the same position become stale, so there's no need to be creative as they've always done it in a particular way, rather than discovering a new idea that could be more efficient.

What I have discovered, is that when you first join a place, the initial impression that you create when you start there stays with you. So lets say you knew nothing about Hard Drives and Computer Storage - when you do learn these skills, you don't just need to prove them once, but have to continually prove them time and time again. For example, a friend of mine started a position in a financial services company, and the job advert said between 13k and 16k dependent on experience in that particular role. When he first started he had no experience in that role, so he started on the 13k. A year later, he has the experience required to get him onto 16k. Guess what, he's on 14k - 2k less than he should be. Now in this instance, its easier to leave that job and go work for a competitor that will pay 16k as he now has this experience plus he's a more valuable employee to the new company as he's worked for a direct

competitor for a full year. Can you see what the difference is? Now moving jobs is, frankly, a pain. I used to hate having to learn everyones names again, and knowing who you could have fun with, what the office gossip is, who you can trust etc. But I did it, and you kind of get used to it after a while. Now, I'm not saying you do this for every job, I'm just saying that this is one of the reasons you never get a huge pay rise or a fabulous promotion, because they always see you as they did when you first joined.

Which conveniently leads me on to the next point - how disappointed are you ALWAYS, with your pay rise. Look - inflation is about 2.5%. So if you earn £20k, and they give you a 5% pay rise (which is quite high) then its £1k extra per year. Sounds all very good, but you are being hit by 2.5% of inflation for that year as well and not only on the additional £1k, but on the whole £21k. Stay with me on this, because it needs a little bit of maths to prove the point. 2.5% of 21k is £1050. But your pay rise is 1k. Hang on - does that mean you've just lost £50. No!! Don't be silly - its much, much worse than that. What about Tax, what about National insurance? With tax at 22% and NI at 9%, that's a further 31% off the additional £1k you've been given. That 1k now turns into £690 with these additional deductions, which is £57.50 per month, or £13.26 per week. Congratulations - it might pay for a Chinese meal once a month - certainly won't pay for that new car you've just ordered to celebrate getting a pay rise. Better send it back.

In real terms, you paying £1050 more each year (due to inflation of 2.5% against 21k), but you're actually only getting £690 in cash. Which means that you're £360 worse off! (Now the mathematicians amongst you may spot that its not exactly 2.5%, because this inflation averages across the year at say .20% each calendar month (averaged), but hopefully the example proves the point I'm trying to make. Somebody please check the maths here, and email me if I'm wrong - I've just calculated the figures as I'm writing this, and I can't believe them myself - surely they must be wrong !!! But what if they're correct? Do the maths.

So far then, we've (well, I've) decided that in order to increase your pay - its better to move companies than to stay in the same job, and we've identified why this happens.

In the book, *The Millionaire Next Door* - one of the 7 reasons as to why these people have become Millionaires, is because they took a job that was *"conducive to earning lots of money"*. Now this means that if you're a butcher, a postman, a policeman or armed services, etc - then the chances are that you're not going to become a millionaire.

So which professions are the best in order to really become a high earner? Positions such as Sales, Business Owner, Finance, etc - they are the sort of positions you need to get into. This is where some of the big money lies. I started in Internal Sales (or telesales), and then progressed to External

Sales, or Field Sales. YES - I was a travelling sales rep, bloody company drivers, hogging the middle lanes with their jackets hung up in the back whilst on the phone to their hot prospect (on hands free of course). That was me - I hated it, simply hated it, but I knew it was a stepping stone and that it would enable me to earn enough to put aside so that I could buy assets and hence retire. Now, in the four years that I worked my way up - I did something very, very important. I learned. I read. I became as knowledgeable as I could about the environment I was in. I read books about sales, about computer storage, about servers and thin-client solutions. I learnt about Neuro Linguistic Programming and discovered how that could help me win more sales, I did AS level Psychology (but couldn't be bothered to do the exam). I learnt everything I could and when I eventually ended up at a major tier 1 Computer Manufacturer as an External Account Manager, I was even seen (by some!) as a specialist in selling high end Enterprise level solutions (that's Storage and Servers to you and me) with some decent experience in sales. Whether this was true or not is largely irrelevant (Perception is a wonderful thing), everyone thought I really knew about such things - I certainly could talk my way through them convincingly enough to be able to get by, and was perceived as an expert in this particular field. I recall colleagues saying things like "Dan, I've got an opportunity in this account for such and such, I might need to take you in with me". As it happens, I overachieved my targets for Enterprise sales (Servers and Storage) most of the time, and this just reinforced peoples expectations that I knew what I was talking about. I admit, that my targets for everything else such as desktops and laptops (boring!) generally failed - god they were dull! My customers bought the Enterprise level solutions from me because all the account managers they had in the past knew very little about Enterprise solutions and had to always "call someone who knew about such things". Not me - I could talk directly to the customer about them and narrow down the opportunity enough to know exactly what they were after, and go for a close. Rather than wait for a technical guy (technical as in, not in sales) to come in and put them off the bloody idea. So I guess what I'm saying here is that you need to not only know more than others about your subject, but you should specialise in a particular area and try and be perceived as an expert or the "go to" guy.

Another thing that could be useful to you increasing your salary is to, well, lets just say be creative with your CV. Everybody, and I mean EVERYBODY does it, it just isn't talked about it. If you don't do it, you're losing the battle already as everybody else has a head start. I'm not saying lie of course, I'm just saying you should be creative with the style of writing, and emphasis key points in your experience. You should also prepare for your interview, so when the question "What is the biggest deal you have ever done?" is asked - you know exactly how to answer, because you have already asked them "what are the sizes of the deals that you would expect?". You should try and anticipate the questions you may get asked before you get to the interview - there are books out there with standard interview questions - find one, and work through it, and answer all the questions in a positive and upbeat and enthusiastic manner. You might feel a bit of a fool, but I'd rather feel a bit of a fool and get the job

than not get it at all.

When you do actually get the job and have settled in, you're obviously out and meeting people, and you need to keep your profile as high as possible, get about, do people favours, both within your organisation and within your customers. This will hopefully get you noticed (for the right reasons), and as often happens, somebody somewhere might recommend you for a particular task. It might not be one you want, but its a start, but you need to network as much as possible. Although these days I don't need to rely on my consultancy business as such for my money (my property investments deal with all of that), the money comes in useful for paying bills in a tax efficient manner, but I do get business from all sorts of channels. For example, I have people in London calling me, people I've met heard of let alone talked to inviting me to lunch. For the investment seminar I did, a couple from Paignton in Devon came up to listen to me speak. How they word gets around is frankly, amazing to me, but I take advantage of the opportunities that present themselves. Get yourself out there and get known.

Now before you go for the biggest interview of your life, I'm hoping that you've had quite a few interviews already - even for jobs that you don't want - if you can b.s. your way through an interview for a job you don't want, then you should do better for a position that you're sincere about. Its like anything, if you've hardly ever done it before, you'll be rubbish at it. The more you do it, the better you become at it - so get out there and get some practice interviews done.

Enthusiasm - without it, you might as well not bother. Potential employers love enthusiasm, even if you haven't got the experience or the knowledge they're looking for, they know that you will learn quickly due to your enthusiasm. If you just sit there like a dead duck, no-one in they're right mind would want to hire you. I get very excited when I go to interviews, I sit forward in my seat, I gesticulate (hand gestures) a lot - you can see that I'm excited to be here, excited about my subject, excited about all the wonderful things that if I got the job, I would be able to do for the company. When I had my interview with the Computer Manufacturer, I knew I was in a big interview - in fact, it was the biggest interview of my life, and possibly I was out of my league. I was excited to be there (An interview in the Lounge at Heathrow Airport, probably comes under one of the most unusual places I have had an interview, but I did once close a deal in a broom cupboard - bizarre, and I even once sold someone a car insurance policy after they phoned the wrong number). Strangely enough, before the interview, I happened to see Bill Gates, the CEO of Microsoft in the airport. I explained that I had an interview with this manufacturer, and it would help immensely if he could come over and say hi. I said that it would impress the guy so much he would probably give me the job there and then. He agreed and I went off to for my interview in the Lounge at the Airport. Half an hour later, Bill walks through and sees where we're sitting and comes up and says "Hi Dan, how's it going?" At which point I stand up and say "BOGG OFF Gates, can't you see I'm in a meeting."

Ok - so meeting Bill Gates didn't happen, but this is a long article and I thought it was a funny intermission. Fine, maybe not ... back to it then ...

Where was I? ah ... Because I knew I was in a very important interview, my language and the way I came across changed. The interviewee was a very likeable Irish chap with a strong family background - I know this because I asked him, I also knew this because he asked about my family life - so I realised that this was very important to him also (not really rocket science I know). As it happens my family life is good anyway - but even if it wasn't, I would have painted the happy picture - it is exactly what he wanted to hear. He didn't want to hear if my brother was ill, or if I wasn't getting on well with my family - he wanted to hear that we are a close family, with lots of friends and gatherings with lunch on a Sunday with everyone present (you get the idea). So that's exactly what he got. He liked to tell stories, so I responded with stories back. When you go for the interview, you're not just there answering questions about you, you're there to build rapport, trust and show confidence in your abilities - you're there to relate to the interviewer, and this could be done by a method called "mirroring" - if you're in sales, you're probably doing this anyway - I'm lucky in that I'm outgoing and chatty anyway - but you can improve these skills - have a look at "Selling with NLP" as this book will help you along with things like "how to build rapport" and "Mirroring", like the story telling above. Finally, at the end of the interview, you need to close the deal - you need to ask for the position - now I said ask, not beg. A good salesperson will always ask for the order (an assumptive close possibly, or maybe a trial close), there are many ways to close a deal. Depending on how the interview has gone, you will know which one to use. You could ask what the next stages of the interview processes are - really you're asking for a little bit of feedback - depending on their answer, you can push a little bit further. If you've done the job correctly, you'll have built up enough rapport that they may come straight out and tell if you. I closed the deal and asked when they wanted someone to start - they gave me a date and I said I could be available for that date, do they need me to hand in my notice this afternoon (it's a close, an assumptive one), but I'd asked the right questions, and got the right answers - and got the last job I ever had, which then enabled me to leave 18 months afterwards.

Summary : Quick tips to increasing your salary potential:

1. Never stay in the same job for too long
2. Never rely on getting a pay rise, its often less than you expected, sometimes, much less. Sometimes, because of the "state of the market", or external forces - you may not get one at all.
3. take a job that is conducive to earning lots of money
4. Learn and read, and keep on learning and reading as much as you can about your environment.
5. Specialise in a particular area of your job - for me, in sales, I knew more than most of my colleagues about Enterprise level solutions (Storage and Servers)
6. Build your contact list up in all organisations.
7. Go for lots of interviews and improve your technique, this will also help steady your nerves
8. At the interview stage, be enthusiastic, and be prepared.

Shareholder Perks ...

Did you know that buying shares in a company offers the opportunity for discounts ?

For example :



Persimmon Plc require 1,000 shares (held for at least 12 months). A 2% discount is available to shareholders off the price of a new property, subject to a maximum discount of £3,000 in any 12 month period. (inform the Sales Negotiator on site when reserving your property) (price as at May 19th - 438p)



Redrow Homes require 2,500 shares, held for 12 months or more and eligible shareholders will qualify for 1% discount on a new Redrow home over and above any other promotions at the same time. (price as at May 19th - 287p)



Debenhams Plc require 2,000 shares, registered in the shareholders own name. Debenhams operate a scheme through a store credit card that gives a discount of 12.5% off the marked price of most goods sold in the stores. This discount is allowed on the first £5,000 of eligible purchases made during the Company's financial year and is deducted automatically from the monthly account statement.



Next Plc require ownership of 500 shares which must be held at 1st April each year to qualify for that years voucher. A discount voucher is sent with the Annual Report and Accounts in April to qualifying shareholders. The voucher entitles the shareholder or his/her immediate family to a 25% discount from the price of most purchases made at any one time at any branch of Next Retail. The voucher is valid until the end of September in the year of issue, and cannot be used in conjunction with any other discount voucher or offer (including interest free credit) nor can it be used for the purchase of gift vouchers, sale merchandise or at any branch of Next to Nothing, or purchases from Next Directory. (Could be useful if you're furnishing however)

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Shareholder Perks Continued ...

Over the period of a few years, these savings should really add up. At the moment, with shares being low, now is an excellent time to buy anyway - especially if you haven't used up your ISA for this financial tax year. You can choose a self select ISA to ensure that if you decide to sell later on, you can do this tax free. I would have a look at www.fool.co.uk and pop onto their discussion boards for further information about these companies, and whether now would be a good time to buy or not. For information on how to purchase shares effectively, I would suggest reading the Warrant Buffet Way - a review can be found on my website (www.propertyinvestormonthly.co.uk) under book reviews on the homepage (a link to purchase the book immediately is on there too).

Every advantage helps, and if you're buying off-plan, it might be worth the additional discount from the developers. Always check with the developers first, details can be found on their respective web sites.

Pitfalls of a "Virgin Property Investor"

One of my favourite pieces of information was that apparently, Branwell Bronte, brother of Emily and Charlotte, died whilst stood up at the mantle piece – simply to prove that it could be done. Conversely, one of the more worrying pieces of information I come across from time to time originates from one of my property consultancy days, where the person sitting opposite tells me quite gleefully that "I've re-mortgaged the house and I've got 100k to play with – how many houses can I buy with that?"

If you have a large sum of money and are ready to invest in the housing market, then I would suggest caution. If you've never done this before (a virgin property investor), then the chances are that you will make mistakes and I would say that its better to make mistakes on your first low-cost property and learn over the period of say a year, rather than make the mistake on the whole lot. I learned that good judgement comes from experience, and that experience grows out of mistakes. Lets face it, the housing market will be there for a long time to come, so what's the rush? I've heard an example of an investor from London who purchased 16 poorly presented properties, all in the same part of Leeds, and is attempting to rent them out for more than the market value in that area. Only 4 out the 16 are rented out. Unfortunately the area is not a prime letting location, and so is losing money on his portfolio. He had read about the investors flocking from the South to invest in the North and thought he was on to a no-brainer, until he made the commitment to purchase all those properties and found out the hard way. In hindsight, he should purchased just the 1, rented that one out, and moved onto another, and so on. This way, you can test the market as it moves on, and your risk is reduced. The difference between investing and speculation is simply knowledge. The property market is not static, but moves dynamically, with some areas changing in popularity yearly, sometimes even monthly.



Its easy to get excited as you sit down and work out the maths, but until you get some experience, I would still urge you to slow down; you wouldn't jump in a Formula 1 racing car as soon as you pass your driving test, so why do it with property? The market itself appears a little dazed and confused and isn't quite sure which way it wants to go. According to figures from Hometrack (www.hometrack.co.uk), the number of buyers registered in West Yorkshire rose by 1.7% for April, however there was an increase of 6.2% for the number of properties coming onto the market for the same month. This means that if you're buying a property as an investment, there is a greater choice of properties on the market, and there are deals to be had. Buying in just one location, or 5 properties at a time, may not serve your best interest right now. If the market is slowing down, and more properties are entering the market with less and less buyers available, then further down the line, there may be better prices still to come and your patience will pay off.

My advice, as always with investors new to the property market, is to take it slow if you're thinking about purchasing multiple properties, as you possibly only have one chance of making this work, and unlike Branwell Bronte, you want to be able to do this trick more than just the once.

Advertise your rental property for free ...

I've been doing quite a bit of research on where to place my rental property listing for free on the internet. The following sites will allow you place the property details for free, and the response can be very good, so have a look. (Remember to delete them once rented)

HabitatHomes.co.uk

- www.habitathomes.co.uk

www.lettingzone.com

- www.rentamatic.co.uk



- www.lettingsby.com

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We're on the web !!
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Property Investment Consultancy Day ...

We can provide you with the information, knowledge and experience that will enable and empower you to achieve your life goals. With honesty and openness about his own experiences, Daniel can help create a realistic and specific plan of action to take you from where you are now, to where you want to be in 1,3 and 5 years time.

"The day I spent with Daniel Latto for my one to one personal consultancy was completely enlightening. It broadened my awareness of the potential rewards and filled me with the confidence to proceed on my own. Within days I had set up the purchase of my own first property to refurbish and sell. His knowledge of property development is amazingly impressive and his boundless energy and enthusiasm is inspiring.

My experience of purchasing my own first property has been very positive and was well founded on my days tutoring from Daniel. I have already recommended him to two of my friends who are fascinated by my new direction and energy." - Carole, from Swinton nr Manchester.

The day is fully interactive and as its a one to one basis is tailored directly to your own requirements. Rather than simply being a classroom environment, where the information only flows one way (from me to you), the sessions are designed to be as interactive as possible as in order to provide you with the answer you require, I need to know what your requirements are for the short, medium and longer term. Then, and only then, can we start to create a positive way forward and start to build an asset base that can provide you with income for years to come.

Telephone 07958 406802 to reserve your place.

Coming next month ... (probably)

- Property Investors way to buying a new car (Can anyone get me a good deal on lease purchase by the way ?)
- What entity should purchase property (Limited company or in your own name) and the benefits of doing both.
- What else ? Why not send me an email and ask me to cover something - there must be a ton of questions that you have ?

Disclaimer

Feedback is always welcome, about what you like, what you don't like and what you disagree with. The terms and calculations I use in the Newsletter are used by myself and are presented to show a way in which I sort the good investments from the bad. I am not qualified in giving investment advice, nor do I wish to be. I would always recommend seeking professional financial advice before using any of the techniques described within this newsletter. I am not a "Property Guru" and occasionally make mistakes too in my investment decisions, as and when this happens I will document these too. I describe only techniques that I am using currently or have used in the past. If you are receiving this newsletter, it is because you have asked to be added to the email list. To be removed send an email to remove@latto.co.uk