

## franchising

# Investing in a profitable box

BY FOLLOWING PLATINUM PROPERTY PARTNERS' PROVEN BUSINESS MODELS, FRANCHISE PARTNERS HAVE CONTINUED TO MAKE PROFIT THROUGH THE RECESSION

**T**he property investment sector has had its ups and downs over the past couple of years and many landlords and investors have been forced out of the market by a lack of cash flow, capital and equity.

However, the Platinum Property Partners property investment franchise, founded in mid-2007, has grown quickly through this market downturn, with 45 high net worth franchise partners recruited to date and more waiting to join. By following PPP's proven business models and with the support of an expert team of over 33 professional advisers, franchise partners have continued to expand their portfolios and make profit through the recession.

### WEALTH CREATION

The beauty of property as a wealth creation vehicle is that not only are you investing in tangible assets that will appreciate over time, but you can refurbish and let them out in such a way that the rental income not only covers the mortgage, utility bills and maintenance costs, but also provides a significant positive cash flow. PPP's franchise partners are seeing average returns of £1,000-plus pre-tax profit per month, per property, even allowing for void periods, and their portfolios are fulfilling the criteria for what is considered 'the holy grail of business': sustainable and profitable business growth with an appreciating underlying asset base.

This kind of cash-positive investing starts with the principle that an investment property is, essentially, a money-making box. How much profit you make in the short and long term simply depends on what you do with the box: what you buy, how you divide up the space inside and how you tenant and manage that space. Too many people forget the fundamental rule: start with the profit and then find the property to fit.

You need to have tools in place for accurately assessing the demand in your area, the capability to analyse the financial criteria and understand exactly what elements your 'box' needs to have in order to provide the level of profit you want or need. You need to know how to attract the right tenants and have cost-effective, proven systems for managing both the tenants and the property itself, including understanding all the costs and potential variables that could affect your profit. This way, you can plan for a worst-case scenario and protect any downside.

### BEATING THE MARKET

Professional property investing is about building and running a portfolio as a profitable business



PPP's founders: Steve Bolton, Nick Carlile and Richard Davies



and not simply about buying houses, putting a tenant in and relying on the market to deliver a return. Anyone can buy a property and wait for its value to go up in line with the market; the skill is in 'beating' the market and bettering those returns.

A good example of this is a Leicester-based franchise partner who bought a former nursing home in spring 2008 when it was worth £225,000. He spent £60,000 refurbishing it so that he could let out individual rooms to working professionals and it now delivers over £4,000 a month in rental income, giving a pre-tax profit of over £2,500. In comparison, your 'average' investor letting this out on a single tenancy agreement could expect rent of around £1,000 a month.

The property has recently been revalued at £335,000 - an increase in asset value of

£110,000 - and it's happened during a recession. The market-leading profits the property is generating means it can be valued on a part-commercial basis; if it were to be sold as a family home its market value would be around £50,000-£70,000 less.

Maximising profit and establishing a good stream of passive income from property is a simple concept to understand, but not an easy strategy to implement. There are many companies still offering 'low/no money down' deals and filling prospective investors' heads with the idea that the current market offers great opportunities to get rich with little or no skill, money or time - and it's simply not true.

You need to affiliate yourself with experts who have proven themselves over time and who have a vested interest in ensuring your property business is profitable, both today and in the future. For smart property investors who surround themselves with the right professionals and firmly believe you don't get something for nothing, 2010 is going to be another superb year. **MM**

### FOR MORE INFORMATION

■ For more information visit [www.platinumpropertypartners.net](http://www.platinumpropertypartners.net) or call **0845 293 2877** and speak to one of the PPP team.

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