**PEP 140 Edited\_Transcription**

[Daniel Hill] (0:05 - 30:12)

Welcome to the Official Property Entrepreneur Podcast with myself, Daniel Hill. We are now rated in the top 10 of all business entrepreneurship podcasts in the UK. Last year, we were rated the seventh most popular property podcast.

And every month by downloads, we are rated in the top 5% of most popular podcasts in the entire world. Thank you all for your support, for sharing and subscribing to these podcasts. This is literally my life's work broken down into simple blueprints for you to execute everything that you want, be it wealth, health, or life by design.

Success and failure are both very predictable. Let's get into it. Welcome to another episode of the Blueprint Podcast, formerly the Official Property Entrepreneur Podcast.

In these podcasts, I'm going to take you through my life's work, which is basically hard complex topics boiled down into simple to follow blueprints that you can execute in real time. In today's podcast, I'm going to take you through the reality of how I got a 200,000 pounds Rolls Royce for free. And not only that, how you can do the same.

And also, if you stay tuned right until the end, how not only did I get a 200K Rolls Royce for free, but also how it made me an extra 200K. You've probably heard these podcasts before, how I got this Ferrari for free, how I got this for free. I'm going to give you the actual inside scoop as to how it worked for me in practice.

And it's not necessarily what you're going to think. So the danger of this blueprint here is the danger if you don't use this sort of blueprint and understand the concept of wealth creation, wealth management, and then wealth sustainability, is you never actually will get wealthy. And when you're wealthy, you basically can have anything you want for free.

You're living off the steam, not the tea. If you're not listening to episode 96, Living Off The Steam, go back and have a listen to that. And that's the concept of really getting wealthy.

If you want to be rich, it basically means you go to work, you've earned your money, you spend your money, and you go around in that circle. You use credit cards, you use card finance, you leverage yourself up, you live outside your means. That's just the rich lifestyle.

And that's really not good for anyone. If you understand this though, you can get genuinely wealthy. Now, it's not going to come overnight.

You are going to have to play the long game. You are going to have to use this blueprint. But once you achieve it in, it took me a decade, you could do it in three to five years using these blueprints.

You can have a 200,000 pound Rolls Royce for free, and anything you want within reason. So a little update from my side. Bought the watch, bought the Rolls Royce.

They were part of my car pay DM year. If you're not listening to the year of podcast, go back, have a listen to that, where I've talked about my year. And the year of is the chapter of our lives that we live intentionally with this concept of life by design.

It's been deal dodgeball. So I've got lots of deals on at the minute. Schools are buying, development sites we're delivering, planning that's going through, companies that I'm brokering for other people.

And it's literally deal dodgeball. There's lots of deals, all bouncing around. Plus they come with their unique and different challenges, which I'm going to talk about in a future podcast.

Car pay DM has gone pretty well. The only danger is I have overcooked it a little bit. We've got our sales season coming up.

One of my objectives this year is be early. So my aim was by the end of March to have the brand sorted, the sales page sorted, all the new podcast studio up and running. Obviously that's hugely time consuming.

And at the offshot of that, it has cost me a bit of my car pay DM design my days. However, I'm off to Turkey tomorrow, four days off the grid, refresh, recharge, rebalance the books, and then we go again. But although it's been busy, absolutely love it.

And then finally, my incredible bulk challenge this year was to go up to 75 kilos, do the biggest weight gain and muscle mass growth that I've done ever in my sort of training history. And then come back down. And I'm now five weeks out from hitting the peak, weighed in at 74.4 kilos this morning, started off at 73. So I put about 10 kilos on, hopefully a few kilo of that is muscle. The rest of it's obviously got to come back off as we come back down. And then I'll be finishing in hopefully the best shape of my life on the 13th of September, which will be my birthday in the summer.

So that's where we are. Back to how to get a Rolls Royce for free. So you want to get a 200k Rolls Royce for free or whatever your relative comparison is right now.

It might be more, might be less. How do we do this? Well, what we need to do is have financial independence and understand that there's a big difference between being wealthy and being rich.

Being wealthy is financially independent. Being rich is being perceived to be rich, have an expensive lifestyle, and we want you to be relatively wealthy. The car I've just bought, 200k Rolls Royce Wraith, it's the black edition.

It's one of a kind, custom made and 600 brake horsepower. It's a car to be driven in. It's a car to drive yourself.

It's a lot of fun, but it's also the result of 10 years worth of hard graft and work to get here. What you need to get this for yourself would be a solid strategy, which I'm going to take you through in this, and you can listen to the other podcast blueprints to enable you to do it. You also need discipline.

So discipline to understand how to play the game, how to follow the rules, and then also the patience to understand that if you want to be really wealthy, it doesn't happen overnight and you have to play the long game. You have to do the delayed gratification, but when you get there, which will be sooner than you think, you've got it then for the rest of your life rather than the others will be chasing their tail. So there's six steps to this blueprint, and I'm going to take you through this step by step.

You probably want to get a pen, paper, or in fact, if you listen back to the other podcast, it'll break it down for you in further detail. This is the model that I used to get this car for free. So the first, so six steps to it.

The first step is to get to a point where you've covered your cashflow. So we're talking here about proper wealth creation, and basically covering your cashflow is breaking even. And you do this one of two ways.

The first is you start to make more cashflow. So you build a business, noisy business, employees, tenants, overheads, offices, all the sort of stuff that comes with cashflow businesses, but delivers money every month that kicks out your money. So you need to increase that to a point where you get to break even.

And if you want to speed it up, you just reduce your overheads, if you're in that point where most people are, where you're burning what you earn, you earn two grand, five grand, 10 grand a month, and you spend 2.1, 5.1, 10.1 thousand pound a month, you're struggling to get to that break even point. But there's two ways to get there. One is to increase your costs.

And the second is to reduce your overheads. And we've had people on Property Entrepreneur who've literally moved in with friends, moved in with their partner, gone back and live with their parents for six to 12 months. What you want to do is complete level one, get to break even, that's it.

Reduce your overheads, increase your money till you break it even. What we do there is then we've bought back our time, which means we've got our time back. And I've only ever had a £50,000 salary.

I've lived off a £50,000 income for a decade. I've never, apart from one year that I had to do it to get a mortgage, if you were to look at my SA302s, I've only ever paid myself £50,000 a year. Yet I drive around in a £200,000 Rolls Royce, I'm here, there and everywhere on planes, going for weekends away, holidays, £10,000 cruises, but I only live off a £50,000 salary.

And this is all about savvy wealth management, preservation and creation. So what you do is when you get to the break even point, the good thing there is you can start to create a surplus. And again, the aim of the game here is to do it as quick as possible.

Get to a point where every month, whether you're making £5,000 a month or you're making £50,000 a month, you're creating a surplus. And this is step two. Get to a point where every month you're saving money.

And if you listen to podcast episode 96, Living Off The Steam, the tea is the money you earn. You drink what you need to live. And then what's left is the surplus, the tea that's left.

And that's step two. What we want to do is collect that tea, build that tea up. So first month you have a grand, then second month you have two grand.

Then you start to get motivated and see it works. And you stop spending money on porn star martinis and bottomless brunches. And then it becomes £1,500 a month.

And then you cancel your expensive membership to a gym that you never go to. And then it goes up to £1,800 a month. And you get on there and then you start to make more money.

And then you start to get this wealth creation and preservation motivation to save more surplus. And then that £1,000 a month goes to £5,000, £10,000, whatever it goes to. But we save up that surplus, whatever yours is.

It will start off in the thousands. It won't be completely unrealistic for you to be getting absolutely into the tens of thousands a month, potentially even to the hundreds of thousands of pounds a month. And those of you who listen were saying, this sounds bonkers.

Absolutely. I was where you were once. But once you start to master wealth creation, you start to raise your rate, you understand how this works, the compound effect, you would just never fathom.

But hopefully you get a feel for it in here. So step two is make the surplus. Money left in the bank at the end of the month once all the spending is done.

The third is then what we do is we save that surplus. So you're making a surplus, you save the surplus. Step two, make more surplus, save more surplus, build that amount up.

So you've got lots of spare cash, basically, in the bank. And this is where your net wealth starts to increase. Because whether you're making and spending £10,000 a month or making and spending £100,000 a month, if you burn what you earn, you're not increasing your net wealth.

Whereas if you make £30,000 a year and you spend £22,000 a year, your net wealth every year is £8,000 more than it was at the beginning. And this is the aim of the game. So step three, save that surplus up, get as much money in the bank as you can.

And then what we've got is money we can actually invest. Once you've got that surplus, we've got to build up. What we do then is invest it.

So I did that. And this is what I've been doing now for probably about seven years, seven or eight years, aggressively with tens or hundreds of thousands of pounds a month, aggressively using this strategy. And this is the deal that I did to buy the Rolls Royce.

I used that strategy over and over again till I had loads of surplus, invested it, invested it, paid off mortgages, paid down debt, paid down investors, till my bank gearing was 28%. So through the pandemic was obviously a very easy time for me. Lots of surplus around us.

Repeat that process until you've got cash to invest and then invest it into assets. And what you'll find is the money you're making from your business goes into the surplus and the money you're making from your investments goes into the surplus. The deal that I used to buy this Rolls Royce was one quite recently.

And what I did was I saved up over a number of months my surplus, got £850,000 in the bank. And then what I did was took that £850,000 and invested it. So I bought a property, bought a commercial property with no mortgage, no bank finance.

Not that that would make a huge difference, but when you're up towards, if you've not listened to the 10 Layers of Wealth podcast episode, I forget which episode it is. Just go back. It's called 10 Layers of Wealth.

If you've not listened to that, go back and listen to it. And it'll tell you about the top levels when you're de-risk, de-leverage, diversify, you want to start using less bank finance than more really, and go for the lower yields, lower risk, lower returns, just because you're at that level in the game. So I took my £850,000 worth of surplus.

I then invested that into a commercial property. The commercial property was then put on a 10-year lease to a tenant that had already been there for 30 years. So nice, strong covenant.

And I calculated the lease on an 8% yield. So I own it outright, 8% yield on £800,000 is £64,000 a year that comes off of that building. So this is step four, invest the surplus.

So buy that commercial property, buy that building, buy that whatever you want to buy. It doesn't have to be unencumbered, but it's quicker if you do. It's step four.

And then step five is to generate the steam, which is this idea of having a lease in place. So that tea that I didn't drink, I saved. I then put the tea, which is my hard-earned money that I built in the business, made in businesses, doing deals, selling companies for people, going to work, being a consultant, being a non-exec, my day job, made all that money, drank 50K of it, survived, saved the rest.

And then over a number of months, build it up to 850, use that tea to buy another asset. And then that 850K is on a 10-year lease at 68%, which is £68,000 a year. And then that's the steam because I made that money and it was hard work.

I then saved that money, which was my money. I invested the money and now I don't need to work. I've worked once, invested the tea, that 850K is now generating £68,000 a year in steam.

I've worked once, but then I can earn forever because the tea is generating the steam and I'm living off the steam, not the tea. Jumping in with a quick opportunity that may be of interest to some listeners. So if you've already listened to the Living Off The Steam podcast, episode 96, and the 10 Layers of Wealth, episode 125, I would highly recommend going and listen to them.

They've been by far two of the highest download episodes we've ever done. In there, I talk about start to finish, the model that you want to use if you genuinely want to become not only financially independent, but build, maintain and manage generational wealth. Off the back of those two podcasts, we've had a number of inquiries from people who want to actually have that structure in place for themselves.

So for the first time ever, outside of the board, which is our top level training programme, which costs £30,000 a year plus VAT, for 12 people, I'm going to take them through this process over a six week period, where by the end of it, you will have this in place, set up, and you'll have clear, absolute clarity on your wealth strategy, your financial management, and how to take all of this to the next level. This absolutely isn't for everybody.

I would recommend that it's only really suitable for high net worth individuals who are already making over £100,000 a year. The investment for it is £5,000 plus VAT, and it will take six weeks to complete, starting from the end of March. If that's of interest to you and you meet those criteria, just drop me a message on private message through Instagram.

My handle is PropertyEntrepreneur, underscore, or call or email the office through the website at www.property-entrepreneur.co.uk, and we can send you an application for it. Back to the podcast. And this is step five, is invest in enough of your savings to generate enough steam, so you can buy the things that you want.

Because the steam, in theory, depending how you look at it, is living off the interest, is living off the steam, is living off the return. It's not living off the principle. I'm not that 850K I've made.

Maybe you sell your house and make 100K. Maybe you inherit half a million pounds. Maybe you do a deal, a development, and it makes you a million quid.

If you start living off the principle, your net wealth is going down. Whereas if you invest that T and start creating steam and you live off the steam, it's free money, essentially. It's not chipping away at your capital at all.

So I did that, and that was bringing in 68K a year. And then step six is my budget. So I was like, right, well, that's now making me best part of 6K a month coming off the steam, 6K a month.

I was saying, well, I don't want to spend all of it, but I'd be happy to spend half of it. If I give myself a budget of 3,000 pound a month to go and get whatever car I want, that is then my budget. And I looked at the cars that I wanted, started off with Mercedes Maybach, then I looked at Bentleys, ended up looking at Rolls Royces.

My initial budget was like 100K. That quickly went up to 120, 150, 200. But because all I was looking at is the commercial building that I've bought with my hard-earned money is going to pay for, or half of the money I make each month on that is going to pay for the car, I didn't really mind how much it was.

Or even potentially in relative terms, what the finance agreement was or et cetera, et cetera. Because to me, it's free money that I'm getting 6K a month. I'm going to spend half of it on a car.

And it's just half of what I would have made. But I've obviously got other assets, lots of steam coming around me. And it's a very small percentage.

It's 50% of the steam from that asset. But when you roll that out over X amount of assets, schools, blocks of apartments, hostels, commercial buildings, private schools, blocks of PRS apartments, housing associations, single lets, normal PRS apartments, you've got all these assets that are laid out there that you've worked hard for, invested your money, and they're all sitting out there with steam coming off them, you do get to a point where you want to actually spend some of it.

And you listen to my Life by Design podcast from the beginning of the year, from January, you'll understand about what my year this year is all about. It's spending a very small percentage of my monthly steam on all of these things. And I can assure you, the car, whilst it's 50% of that one asset, as a percentage of the overall steam, it is single digits.

So it gives you an idea as how relative this is in wealth creation and consumption creation and actually maintenance sort of mindset. So then I got my budget, my budget was 3k, went and found the car, bought the car, got a finance deal on it, 3k a month. And then that's being paid for by half of the money that comes off this building, but I own with no mortgage, no debt, it's on an FRI lease, it's index linked, and it's on a 10 year lease with a 30 year strong covenant.

It's about as solid as it gets. So that is how I got a 200,000 pound Rolls Royce for free. I worked hard, I saved the money, I invested it in an asset, and now the asset is paying me from 50% of the steam that one asset generates.

So you can go and do the same. So this might be initially whatever you want. You could get an amazing car for 250, 500 pound a month.

It doesn't have to be a Rolls Royce, but the concept is don't get it. If you want a nice Mercedes or brand new Audi, or I don't know how much Tesla is, obviously you put that for your company, or a Porsche, you want an expensive car. If you're paying for that by the money you make every month, if you're going to work and you're getting your paycheck on the 28th of every month for two grand or three grand, and 200 pound of that or 500 pound of that is going to drive an expensive car, you're stuck in that rich mindset where you burn what you earn.

That's not a free car. That's not wealth creation. That's you having to go to work to pay for that.

You don't then own your assets. Obviously a car is arguably not an asset, but you don't own your belongings or your assets. They actually start to own you and become liabilities because you now have to go to work to pay for that 500 quid a month for your car.

You then have to go to work every month to make 10 grand a month to pay for your three grand a month mortgage. That's the rich mindset. We want to get away from that and get it for free, but pay for those luxuries, those add-ons, those things that you get later in your journey once you don't have to pay for them at all.

Your assets pay for them. You might listen to this as well. Some people will listen to it.

Obviously, see it on social media, see it on Facebook, see it on YouTube. If these people are so wealthy, why are they buying cars with finance? Why don't they just buy it cash?

Well, you could buy it cash. I've got business partners who buy cars cash, Range Rovers, Aston Martins, Ferraris. They buy them cash.

If it's buying a Ferrari for half a million pounds is the same as buying a packet of sweets, why wouldn't you? It's just beer tokens. What is the logic of not buying it cash?

Well, if you do the maths on what I've just talked about there, the Rolls-Royce that I just bought is a 200,000 pound car. At the end of four years, which is how long the finance agreement is, that car, if I'd have bought it with 200k cash, would be worth about, let's say 80k, probably worst case scenario, probably not going to be worth that, but it'd probably be worth more than that. But let's say worst case worth 80k.

So it's cost me 120k in depreciation for spending that cash. It was in my bank, now I've spent it. Whereas if you look at the scenario I've just talked about, I take that 200k, which was part of that 850k, and I bought that building.

What I didn't tell you was the building I bought for 850k is actually worth 1.2 million. So there's 450k equity in there. So on day one, when I completed that 850k became worth nearly 50% more because I'd gained an extra 350,000 pounds worth of equity, or 450, because I bought it discounted.

So that's the first thing to consider. And if you take that 200k that I put into that, of the equity that I created, it was about 50k. So if I bought the car in four years, it would be worth 80k.

Whereas if I put the 200k into this commercial building, on completion, relative pro rata down, that 200k percentage of equity got an extra 50k. So already it's worth 250k, plus that 250k generated over the four years, again, relative, not 68,000 pound a year, but just that 200,000 pounds worth I put in over the four years would have generated 32,000 pounds worth of additional cashflow, which is half of the 64 it would have generated if I hadn't have spent half of it. So you've ended up with 200k in the deal, 50k equities at 250, plus the 32,000 pound cashflow over four years, which is the half I didn't spend on the Rolls Royce, means at the end of four years, that money is worth 282k.

And when you compare that to perhaps the 80k that it would have been worth if I'd bought it cash, then the difference is actually 200,000 pounds. So why drink the tea and buy it cash, when I can invest the tea, get an equity gain, get steam off the tea, and then get the cash to pay for it for me, which is a completely different mindset. And only, again, hopefully that makes sense and is clear, but it's all this advanced thinking and concept and strategy around how to manage your wealth and how you get comfortable with perhaps spending some of that.

And you might say, well, yeah, but that's not the same, because what about if you'd have bought it 200k and then you hadn't have spent the 3k a month? Then, well, yes, over the term, I would be 144k better off than the 200k cash. But what I've ended up with is I've still got the 200k cash, I've got the 50,000 pound equity, I've got the 32,000 pound cashflow, I'm 200k better off, and the whatever the, oh, sorry, it was 32,000.

I could have saved another 32,000 if I hadn't have gone for the Rolls Royce. But at the end of the day, why make all this money? Why have all this steam if you're going to have delayed gratification forever?

Nobody lives forever. You've got to go to work, you've got to enjoy it, you've got to work by rewards. It is fun, you've got to level up, but there's a time and a place for everything, and you need to spend a bit.

But the net result compared to buying it cash is an absolute brainer. Whichever way you cut it, it's over £170,000 better off than if I'd have bought it either way. And it's being paid for by free money.

So it's an absolute no brainer. Hopefully that's made it clear to you. Hopefully you can understand how not only can you go out and get yourself a car, maybe it is a Rolls Royce, maybe it's not, maybe it takes you 12 months, maybe it takes you 10 years, whatever it's going to take.

If you follow this strategy, play the long game, don't have the expensive cars, don't buy the expensive clothes, don't live in the big houses until something else is paying for it for you, you can have these cars for free. And not only that, in this case, I've gone out and made another £200,000 from doing a deal, and it's paid for my Rolls Royce. So I've got a free car, made an extra 200K on cashflow and equity.

And to me, it's an absolute no brainer. I get the best of both worlds. But to be fair, I have waited a decade to do it.

So you reap what you sow, and I would rather be wealthy forever than rich for a decade. A few top tips for you just to is if you've not already listened, if this is all sounding quite new to you, and you've not already listened to the podcast episode 96, living off the steam, go back, give that a listen. If you haven't listened to a couple of episodes ago, I recorded a podcast called the New Age Property Entrepreneur.

If you've not already listened to that, go back and listen to it because it's the difference between being a busy property investor running a business that's paying for your living and being a high net worth property entrepreneur that is genuinely making six or seven figures net surplus after all living expenses every year, year in and year out, you'll get a lot of value from it. If you've not already considered joining one of our three-day blueprint events, we run these once a year. They've been sold out every single year since 2013.

And the three-day event is at the beginning. The first one's the beginning of June. If you go to www.property-entrepreneur.co.uk and click the three-day event, the three-day blueprint, it will take you to the sales page and you can secure one of your spots on there. Second tip is slow and steady wins the race. Without a doubt, you have to play the long game with this stuff. You really do need to have that mindset, discipline, and patience to understand that you can be rich for a week, a month, a year, a decade, or you can be wealthy for life.

And I can tell you what I would prefer all day long. And also when you're wealthy, it just compounds. You're making so much money each month or year that you're not spending on because you still live a 50k lifestyle plus all the tips and tricks of playing the game.

All of that stuff compounds. That surplus then mounts up and it becomes ridiculously lucrative. And then finally, a shout out to Tony Rigby.

Top tip three is what I didn't tell you in that one, which in this podcast is you can actually take this to a supercharged level. And I was thinking now that I've started spending money for the first time literally in like 20 years. In 2019, I had a bit of a spending spree.

I bought Mercedes, lives in a penthouse apartment, drove an Audi R8. I had a bit of a spending spree, but then also went and lived on a narrowboat for two and a half years afterwards, living off 750 quid a month. What I didn't tell you in this one is now I've started to spend again and I'm living off the steam and it's not my money.

I'm getting all this stuff for free. I was like, well, what is my rule? And this is my rule, which Tony Rigby calls like the triple distilled steam is go to work, make your money, that's the tea, pour it in the teapot, drink your tea, invest the tea into the asset that produces the steam, which is what I was saying there you could use for the Rolls Royce.

What I actually did was the steam that came off of the assets, I actually invested that again into single lets, blocks of flats, developments. And then I lived off the steam, off the steam. So you've got the tea, the tea that generates the steam, the steam that then gets invested again and generates the steam.

And that's triple distilled. That's like, if you can't spend this triple distilled steam, there's something wrong in the world. But that is the ultimate mindset of wealth creation, wealth preservation, and having the best of both worlds, having the Rolls Royces, having the nice cars, having the nice lifestyle, but also making sure that not one penny of any of that is paid for by you going to work.

You do that for fun. You do that out of choice. And when the day comes that you can't do it, or you don't want to do it, you tap out the top, you live off the steam.

And if it's triple distilled, then you're absolutely, absolutely laughing. If you're enjoying these podcast episodes, do make sure that you share, you subscribe, you like on whatever platform you're listening. They come out every Tuesday, tune in for every new episode.

Every single one is a blueprint. Every single one is a small part of my life's work. It's completely free.

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I will see you on the next episode.