**TBP 260 What Do I Own Edited\_Transcription**

[Daniel Hill] (0:00 - 23:18)

What do I actually own? Now, this is the 10 million pound question I get asked all the time. People want to see behind the scenes.

What assets do I actually own that give me financial independence so I never have to work again? Well, in this podcast episode, I'm going to take you through the blueprint that I use to move to the highest levels of wealth creation to enable me to live off the steam from my financial fortress of low risk, low return, consolidated assets that you will want when you get to this level. In this podcast, I'm going to take you through each of the asset classes, what they are, how they work, and how you can do the same.

What do I actually own? Well, let's go and find out. Welcome to the blueprint podcast.

In these episodes, I'm going to share with you my life's work boiled down into simple blueprints that I use to build a 10 million pound portfolio and retire with financial independence at the age of 35. You can listen to these podcasts in any order, and I guarantee you that when you execute them in practice, you will see that success and failure are both very predictable. Let's get into the next blueprint.

So to answer the question of what do I actually own, it's probably worth first acknowledging where I am on my wealth creation journey. So in the 10 layers of wealth, which you might have listened to on a previous podcast episode, I'm now in that top level 10 of wealth creation. I've completely consolidated my portfolio.

I've de-risked it. And for those of you that listen to this that might sound alien, just acknowledge that the only time you would do this is at that final stage of wealth creation. Before this, I had all sorts of things.

I had over a thousand HMO rooms under management. I had a national company with eight offices around the UK. I had single I had HMOs.

I had service accommodation. I had all these different asset classes. But since the pandemic, what I've done is I've de-risked, I've de-leveraged, I've diversified, and I've ended up with a very consolidated portfolio that now is my financial fortress, enables me to live off the steam, and the whole world could end tomorrow, and I could still live the lifestyle I have without ever having to work again.

So when I look at my portfolio, this is that final level. It's how I've diversified, how I've consolidated down, how I've paid down the debt and moved into boring assets. Since 2020, so over the last four years, I've actually exited most of my noisy businesses, all of my noisy portfolios, and just gone for a low risk, low return, easy money, easy life lifestyle.

And this really is the ultimate financial fortress that many of you will want to achieve. So I'll take you through what I own in various categories. And just to acknowledge, this is all owned by my holding company.

Nowadays, I don't tend to own very much in my own name because there's very few tax benefits apart from probably personal pension and business asset disposal relief that makes sense in your own name. But some of the investments that I've made in other people's company has been through my personal name because there's tax breaks and things like EIS and CDIS. But most of the assets, the big, lumpy, lucrative, high net wealth assets are actually within a group structure.

So we'll start off with property because that's where you're all familiar. My property portfolio is worth eight figures. I've got rid of all of my noisy stuff.

I've just got high yielding, low geared, boring assets now pretty much. And my portfolio is geared at 33%. Through the pandemic, my gearing was 18%.

But I've just chosen now to have a bit more cash around me because I'm waiting for opportunities to come up. Rates are manageable. Some of the yields I've got are at 18%.

And although the lending is at 7% or 8%, doesn't really hurt me when they're that lucrative. And having seven figures around you in the current market, I just think is a good thing to do. So my gearing is at 33%.

I would say anywhere up to 50%. It's fine. I still have a single letter portfolio.

These are high yielding houses that I bought below build cost, mainly in the South Yorkshire up to the North East of the country. Houses that I was buying for 50, 60, 80, 100K. And they're bringing in 500, 600, 800, 900 pound a month.

Just really nice high yielding stock that I bought cheap, yields well. I've also got some blocks of flats in there. They're all let out to the private rented market.

But I should probably actually move them onto leases. I haven't because some of the tenants have literally been there over a decade. As part of my portfolio, it's a reasonably small part.

And it's quite fragmented. I've got it with different agents in different towns and cities. The portfolio is quite widespread.

And I just haven't prioritized it. Next year, one of my objectives is going to be double down. And for some of that stock, some of the blocks, some of the single lets, when the tenants come up, I'll probably look at putting leases on those.

The reason is I find that the bottom line profit on a lease on a single let is actually double what it would be for the private rented sector tenant. The reason is a lease, even though if it's a lower headline figure, will actually become double what the bottom line net figure is because you don't have the operating costs. With a lease, you probably have three years or five years, which is a long period when you look at the cannibalization of top line across a normal private rented unit or stock.

And what you'll find is that your single lets, your flats, your blocks that are rented to individual tenants, they've got voids, they've got maintenance, they've got council tax between tenancies, you've got roof works, you've got maintenance, you've got compliance, you've got letting agency fees, you've got private rented sector licenses in some areas, you've got management fees, you've got maintenance and repairs, it gets very expensive.

So really, lessons to myself there. I've got a single let portfolio. I should probably, over the next few years, move all of those onto leases.

Equally, I've got houses I bought 50K that are bringing in £800 a month. I don't have any mortgages on them. The tenants have been there for a decade.

I could squeeze the pips, but there's argument for both. Some of my blocks or flats should definitely be on leases. Other stuff, I've got homeless charity stock.

So I own a block of 18 apartments. I own the freehold. Again, I don't have a mortgage on that.

So I can be a bit more flexible about who I lease it to. I actually lease that to a homeless charity. It's got a license for 28 people.

It's leased to a homeless charity for five years. It's in a pretty prime location that one is. I also own a secondary accommodation.

So once people have been homeless for a while, or come out of homelessness, and they're in a block for homeless people who become accommodated, once they graduate from that, they can go into a secondary tier of accommodation. Once they've approved, they can keep it tidy. They can pay their utilities, whatever the terms are of that operator.

We have secondary accommodation, which is more sort of rehabilitation, getting into the first line of employment. We have a block of apartments with that, a block of 20 apartments that's leased out to an operator that does that. That works really, really well.

Five-year lease, double-digit yield on what it costs me to develop. That works really well. There's 20 apartments in that.

I have a private school, which I bought. So this is those top layers of wealth creation. Level 10 is about diversifying.

So previously, I had lots of HMOs, and lots of single lets, and lots of blocks of apartments. I'm now leasing them out to different asset class. I'm using the asset classes in different ways.

So when I liquidated my HMO portfolio, I then decided to go into other stock. So I bought commercial office building. I bought, in this case, a private school.

I bought the private school and I bought the estates. It's a three and a half acre estate in one of the best areas of Nottinghamshire. It's got basketball courts.

It's got a big detached house. It's got outbuildings. It's got a private two acre woodland.

It's got a football pitch. It's in the middle of the countryside and a fantastic location. I bought it really cheap in the pandemic, and I've leased it for the last three years, last four years, back to the private school that I own.

They've just renewed their lease. I agreed to lease it to them for 10 years. So I've got the operating school, which I own a share of, is run by somebody else.

I own the land 100% myself. So I bought the whole of the estate and the private school and the land and all the outbuildings. It's just a really, really nice asset and a really good area.

And again, it's getting sort of double digit yield on a five year, or in this scenario, a four year lease that I offered them the option to extend for up to 10 years. It's just a really nice asset. Cash flows really well.

Again, don't have a mortgage on that one. And if I did ever want to develop it or need to develop it, it'd be a fantastic site. It would be grand designs, probably 10,000 square foot plus house with private land and basketball courts and swimming pools, all that sort of stuff.

So really, really nice asset. I then own a block of apartments I developed as service accommodation. So high density, fully furnished apartments, grade two listed, really nice looking building that's leased out to a private company.

So again, you'll see the diversification of the portfolio. There's very little concentration. They're not all asylum seekers or all homelessness or all private schools.

And now I'm diversifying at that sort of 10th layer of wealth. If you're not listening to the 10 layers of wealth, there's a podcast episode on it. Just search it on the podcast, you'll find it.

Then in the property portfolio, I have a 30,000 square foot office blocks. That's Mancore House located in a smack bang in the middle of town center. It literally is the site that wraps around the McDonald's.

It's next to the Tesco Express, right next to the train station, prime, prime location, 30,000 square foot, absolutely ginormous. And I've leased that out to 20 individual tenants. So one tenant would be good and nice.

Obviously it's quite high risk. Rather than that, we've got two big tenants, two or three big tenants in there who've got thousands of square foot. And then you've got smaller offices, you've got warehousing, you've got a gym, you've got a little factory, you've got a charity.

There's all sorts in there. I've not actually been there since we bought it, but it's 20 tenants all leased out. They all pay their own utilities, their own maintenance, their own compliance.

That's 18.5% gross, 16% net yield. I do have a mortgage on that one, a small mortgage on that one, but even after paying the mortgage, it's 50% geared. So I didn't go above 50% loans value, and it still clears over 100 grand a month.

Sorry, still clears over 100 grand a year. And then finally, my property portfolio, you may or may not want to include it in your portfolio, but I own my house. I own the hall.

It's 10,000 square foot. We're developing it into the West Wing, the main house. We've got the grounds, the estate.

We're doing some refurbishment and some development on it. Really fantastic place to live. Well, it was an investment.

It was a great investment actually, but that wasn't why I bought it. I bought it because it's my dream house. Similarly, about 50% gear in.

Great asset to own. Bought it really well. Lots of value add in there.

If you're currently making over £100,000 a year or have a seven-figure net wealth, then this is for you. Starting December the 10th, we are running our annual online six-week Financial Fortress training and mentoring where you can learn start to finish the 15-step blueprint that I used to achieve genuine financial independence, so I never have to work again, and how you can do the same. This is not financial freedom, get rich quick, HMOs or service accommodation.

This is genuine generational wealth creation and management. If you are at the top of your game already and you're making good money, but want to secure your future for you and your family regardless of what happens in the market, your business, or even your health, when the music stops and your current income stream ceases, it's the assets you own that ensures the party continues. Now, you must be making over £100,000 a year or have a seven-figure net wealth to qualify, and with our 100% money-back guarantee that you will achieve a minimum 10x return on the money you spend, you have nothing to lose and everything to gain by doing this six-week online training and mentorship program.

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Take action now if you want to step up to the highest level of wealth creation, wealth management, and genuine financial independence. Go to www.livingoffthesteam.co.uk or click the link in the show notes. Back to the podcast.

So that's the property portfolio that's in the portfolio, and then I have things like shares. So I have shares and CDISs. So CDIS is one of my tax breaks that I use most years, and these are in startup companies.

So I've got CDIS and then EIS. CDIS are startup companies that are less than three years, capped at 150 grand investment a year. EIS are my larger property, larger businesses, a lot older than three years old.

I think the limit on that is now £1.5 million a year, but you get 50% or 30% tax break on the way in, plus if it goes wrong, you get a tax break on the way out, plus any returns, as long as you reinvest them, are completely tax free. So you compound that up. It's a fantastic space to be in.

I own two EIS investments, three CDIS investments. One of those, to give you an example, most of those have done well. I don't think I've had any go bad that I can think of.

I don't think I've had any go bad yet. Some of them are doing well, and a few of them are doing great. A 10X return is quite standard, and I've achieved that on three of mine this year, one of which is currently valued at 33 million, and they're looking at an exit of between 50 and 100 million in the next couple of years.

So for me, as a seed investor, those shares are very lucrative. I have nothing to do with the day-to-day business. I'll sometimes attend the angel investment meetings, and I'll read the reports when they come out quarterly, but I have no executive involvement.

They're just investments for me. I then have businesses that I am actively invested in. So I have a portfolio of four of those.

They're companies that I own shares in, but I'm also a non-exec director. So the deal on those is I get paid to be a non-exec director, and I sit in on a monthly board meeting, and then I have a shareholding as well for the long-term growth. All of those have done well.

Some of those have done incredibly well. One of them, I think, should be into the seven-figure net profits within the next 24 months. One of them is very established, but most of those are two or three years old, three or four years old.

So they're the startup stuff where I have a shareholding, and I do my non-exec, and then I have my private portfolio of companies. So that's PPN UK Group. They're all companies that I own.

I'm completely non-exec in all of those. So every company now has its own board of directors, but they're significantly lucrative. That's seven-figure a year net return.

That's a multiple six-figure package for doing non-exec roles, sitting on those boards, and they're shares that I hold primarily in my group structure, in my holding company, and a small amount of shares in my personal name to use up any entrepreneur's relief. And that's my shares and CDIS. Then I've got my stock portfolio, which would be more of an open market stock.

I don't tend to do much of this now, like PLC stock. I did it for two years during the pandemic, and when the market was very volatile, I did a lot of reading on it. I followed the market.

I got some mentoring on it, and I bought my own portfolio of stocks. Some of them did really well, some of them actually did really bad, and some of them did okay. And after three years of doing what I would call active stock trading, so listening to podcasts, reading Financial Times, trading, medium-term trading, after three years, my S&P 500 returned about 8%, and my own portfolio returned, I think S&P 500 was about 8.2% over 12 months, and my actively invested PLC stocks were like 7.9%. So for the S&P, which I put £5,000 on a month and never even look at, I don't care if it's going up or down, and my stock portfolio, which I spent three years selecting and managing and trading, actually one took loads of time and made a little bit less, and the other one took no time and made a little bit more. So the only stocks now I hold a very small portfolio of companies that I am either heavily invested in or I believe in, I think I now own five stocks, that's it. But they're like the big things that I'm playing the long game with, like Tesla.

One of my biggest holdings is Tesla, because I just think with all of the stuff that's coming through that, self-driving, AI, I forget what it's called, the new Tesla, robot, I just think they're stocks that I believe in, and I've got five of those, that's it. And then finally, I have my pension. So my pension, I put £5,000 a month in, that's the maximum you can put in, or £60,000 a year is the maximum in.

If you've not done it this year or recent years, you can backdate that for three years in addition. So it's actually, what's that? £180,000, £240,000, is that right?

No, it's not, because it's only been £60,000 for the last two years, but you can backdate for three years plus this year, £60,000 this year, £60,000 a year last year, two years before that at £50,000, so it's like £220,000 I think. And I'll just put on the S&P 500. I don't actively invest there.

I am in the process of looking at potentially using a SaaS, maybe, but the S&P 500 for me has performed so well, I don't have to worry about it, I just leave it there, it's just the way I choose to do it. I'm not saying you should do it, I'm saying they're the numbers I use to win the lottery, I'm not saying you should, I'm saying that just worked for me. And now high level is the different categories of assets I own, what I own, where they are, and that's pretty much it.

I've leaned it down, I've de-risked it, I've diversified, I've de-leveraged it all, and it's a fantastic portfolio. It's an eight-figure portfolio that delivers consistent, multiple seven-figure, end-of-year net returns. I don't have to get involved in any of the running of the portfolio of the business or the property.

It all runs really, really well. I have a very small team, two people report to me, and it's just a great sweet spot to be. It's worked really well for me.

That to me would be the ultimate definition of a financial fortress, having an eight-figure net wealth, generating a multiple six-figure annual return from doing very... Sorry, a multiple annual seven-figure net return from doing very little. And for me, where I am on my journey, that's a nice little sweet spot.

That's what I own. Hopefully, that'll give you an insight into what it looks like as you go through the gears. And just have a think.

Don't look at what everybody else is doing. Think about how do you actually get wealthy? Remember, income...

Most people get it wrong because they're trying to make loads of money. You don't want to make loads of money. You want to own loads of assets.

It's not about having a high top-line revenue. It's about having a strong bottom-line profit. It's not about P&L and growth and more revenue.

It's about bottom line. It's about balance sheet. And it's about net wealth.

It's about low risk. It's about diversification. This is what the financial fortress is all about.

And if you want to live a really wealthy, secure, sustainable lifestyle, these are the sort of strategies I would be looking at if I were in your shoes moving up through the gears. So I hope you enjoyed that. And if you want to follow on with this, this is the financial fortress blueprint.

Listen to the other podcast episodes. You've got the financial fortress blueprint. You've got the 10 layers of wealth.

And you've got living off the steam. And the aim of the game is to move through the levels and go through the gears. This is the top level.

You don't want to start here. You want to start at HMOs, small blocks of flats, things like that. You want to start there, but you don't want to stay there.

You want to move your way through the gears. And that will be the ultimate financial independence for you, your family, and generations to come. I hope you got value from that.

That's what I own. Hopefully give you inspiration for some of the things that you might want to own. And just remember, making money is one thing.

Becoming wealthy and staying there is the ultimate aim of the game. It's the only game in town. Build a financial fortress, diversify, de-risk, de-leverage.

And I guarantee you, the sense of freedom you'll feel at that level is higher than you can ever achieve with any other strategy. So I wish you the best with your own journey. And remember, success and failure are both very predictable.

I'll catch you on the next episode. I hope you enjoyed this Blueprint podcast episode. If you're not already subscribed, sharing these, this is my lifetime's work.

And every Tuesday, I'm giving you one Blueprint away for free. These things are unique. They're proven.

They've enabled me to build over a 10 million pound portfolio in a few short years. And over the last 20 years, start, systemize, scale, and sell over 40 different companies. If you like them, share them, subscribe, make sure you don't miss a single episode.

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I'll see you on the next episode.