

Cash cows

Entrepreneur Kevin Green was once a dairy farmer. Now he's creaming profit from a portfolio of over 360 properties

In the last issue of RPI, we featured a landlord with just two properties. By contrast, Kevin Green, 43, has a portfolio of 362 which he has built up since 2001 and is a multi-millionaire. He is a divorced father of three – daughter Llinos and sons Carwyn and Emyr – and used to be a dairy farmer, milking 400 cows on a grass farm near Llanelli, Wales, having built up herd numbers from 40. He says this is the best time possible for property investors to be trading. The absolute opposite of an ‘accidental landlord’, he is a firm believer in the value of training.

You came from quite humble beginnings. Is that right?

Yes. I was born in Exeter in Devon, but my parents moved soon after to Wales because land was cheaper. We had a hill farm at first, but later managed to move to a grass farm. I left school with 11 O-levels and started working on the family farm. I had not enjoyed school and had no desire to go to university. But I remember saying to my careers teacher that I wanted to be a millionaire. He said: “Don’t set your sights too high because you’ll be disappointed.” Today, my career teacher is working in a biscuit factory.

Looking back, I was always entrepreneurial. At 17, I sold mushrooms behind the village shop. However, I always thought I would settle for farming life: I went to agricultural college and from there went to manage a herd of cows in Dorset. I was there when my sister died of cancer at the age of 19. I was exactly two years older – we shared the same birthday. It was an absolute tragedy: she was the academic star of the family, very beautiful and talented. She could have been anything she wanted. It made me decide not to waste a second of my life.

How did you put this into practice?

In 1999 I applied for, and won, a Nuffield Scholarship that was available for farmers aged under 40. I travelled the world, and for the first time looked outside agriculture into corporate markets. I met entrepreneurs like Richard Branson and Bill Gates. When I got back, I had to write and present a paper, called Mindset for Success. I quickly realised that success comes from following your heart, not your head. I enjoyed being a dairy farmer, but it was very hard work and there was no money in it – the profits had been destroyed by the wholesale profits paid for milk by the supermarkets. Doing the scholarship made me realise that you have to be



passionate to succeed, and I was passionate about property.

Presenting the paper was terrifying, as I had never done any public speaking before. But I won an award for it, and today I do a great deal of public speaking.

I then decided to get trained in property and enrolled at what was then the Ross Whitney Foundation in 2000. I did look at Inside Track, but I felt it was making false claims, whereas with Ross Whitney, the proof was there: it really had created millionaires. I enrolled and paid £16,000 of my own money on various courses over eight months. It was a lot of money but worth every penny. I learnt how to do things with safety, certainty and speed.

The minute I finished, I bought my first two residential properties, by bridging the deposit money with a credit card. It might sound like madness, but not if you know what you are doing. I flipped my first property for £8,000 and the second for £11,200 in the space of three months. It would have taken me a long time to earn anything like that in farming.

Do you still use credit cards?

Yes, I have a VIP credit card which gives me bridging money at 0% for 30-40 days and I get airmiles at the same time! Even if I have cash in my pocket, I would pay the deposit with a credit card, and then clear the credit card payment. It gives you time, and by always clearing your credit card bills, you keep strengthening your credit rating. I also have a credit line buying facility through

Yorkshire Bank, a six-figure sum, which means I can write a cheque at any time.

It sounds very risky. Is it?

No. I always have an exit strategy, even when there is no possible exit. So, for example, I might buy a property at 60% of its sale value. I would project rent to cover all costs. Therefore, if I want to sell but can't sell, I am still covered. You must think what would happen if you cannot exit.

Also, I am not over-stretched: across the whole of my portfolio, I am geared 56%.

What is your portfolio like?

Almost all my properties are Coronation Street-style older terrace houses. I buy in three different regions – west Wales, Belfast and Scotland. In Wales, all my properties are within 90 minutes of where I live, so I and my team can manage them ourselves. Belfast is attractive because there is a system whereby the Housing Executive deals directly with landlords, and there are £25,000 grants for refurbishment and rental guarantees. In Scotland, I buy in certain areas – Hamilton, Paisley, Falkirk and Fife. In both Scotland and Belfast, my properties are managed by agents.

What was the last property you bought?

It was in Llanelli four weeks ago. It was in a very dirty, stinky state, but I always say you can smell the money in a deal. Unusually for a terrace, it has four beds. It needed a complete refit. All my refits take three to four weeks to complete. I have just had an offer accepted on another property in Llanelli. It was extremely cheap as it was being sold leasehold, which had deterred other purchasers, but my offer is conditional on it being sold freehold.

I personally still do all the purchasing. I never buy sight unseen. It is a golden rule.

Who, typically are your tenants?

Most – about 60% – are on income support



Kevin Green pictured (right) with TV 'dragon' James Caan

of some kind. My biggest complaint is that the LHA (Local Housing Allowance) system by which rent is paid to housing benefit tenants is simply not working. The tenants themselves don't like it – they have never been taught how to control their finances and would much prefer to have their rent paid direct to the landlord. I have had to recruit one extra member of staff purely because of the extra rent collection work created by LHA.

Do you have problems with your tenants?

Yes, we had an eviction yesterday and I have paid tenants to get out. You have to take problems on the chin. However, they are fairly rare. Every tenancy is set up as if it is going to be the tenant from hell. I take no notice of references – they could be from a landlord trying to get rid of someone. But everyone is meticulously credit checked, and you also get a gut instinct about someone. I never argue with tenants, and as routine I tape record all conversations with them, and there is always a paper trail. These days, I personally don't meet the tenants unless there is a problem.

What kind of a landlord are you?

I am grounded and try to see the funny side of things. I am good with people, I think. As a dairy farmer you need to be friendly but firm with your cows, and it's the same when you're a landlord with tenants.

Do you have properties abroad?

I have made a few investments. I have a house with a few acres in Spain and I bought a place in Antigua when I was drunk! I have also got some interest in a property in America, and together with four others, am building some apartments in Bulgaria. However, I much prefer my property to be in the UK where I can control it. There is also

more opportunity here than ever before.

Has the credit crunch affected the way you operate?

Vastly. I am now doing a lot of work with repossessions. When people are facing repossession, I step in and, with their permission, negotiate on their behalf with their lenders. I can offer them several options, including the choice of rent and sale back, or being able to move to something more affordable. I don't rip anyone off and I'm pleased sale and rent back is being regulated – high time, too.

When do you think the housing market will pick up in terms of prices and transaction levels?

Until finance becomes more liquid, I don't see a lot happening. I think the market has nearly reached bottom, but it is not there yet, and I think it will take five years to get back up again. The market needed correction: the earnings to prices ratio was all wrong. For me, this is an excellent time to buy but I am also doing some selling: now that Capital Gains Tax is a flat rate 18% it makes sense to do a bit of trading.

Will you be adding to your portfolio over the next year?

Yes – probably by around 80 properties.

Do you buy at auction?

Yes, but I am very careful, in particular of the 'ringers' who bid up prices. I also always find out if a property has changed hands more than once in the the last few years, as that is quite a good indicator or a problem.

I very rarely sell at auction.

What is your view of the new-build and off-plan sector?

I have bought new, but the property must

always fit the template: will it wash its face? Most – 90% – won't. People forget to factor in costs like ground rent. There is nothing wrong with buying off-plan as long as you do your due diligence. This week, I was offered new units by a major national developer at 50% of their market value: I'm considering it.

What do you think of recent legislation?

My only grumble is LHA. I've no problems with mandatory rent deposit protection, and I use the custodial scheme for the simple reason that the insurance schemes are an expensive way of borrowing money.

I'd be all for licensing if it comes in. We should be offering a professional service: there's no room for shoddy landlords.

What have been your worst experiences as a landlord?

I had one woman tenant whose boyfriend moved in with her. He turned out to be a crook. After they left, I found they'd removed the entire heating system – radiators and boiler. But the neighbours quite liked her because she used to sunbathe nude. I was also called by police one night after two of my tenants, a pair of lesbians, went dancing down the street with no clothes on after smoking something funny.

What is your best tip for other landlords?

Get trained and stay up to date. If your tenants know more about the law than you do, you're in trouble. These days I'm a trainer with the Wealth Intelligence Academy (formerly the Ross Whitney Foundation) and I get a real kick out of helping other people achieve their dreams.

I always remember Mike Tilley, head of Merrill Lynch investments, telling me: "Act on the advice you give others."

Do you miss farming?

I am no longer hands-on, but I own more agricultural land now than I did. I also put together various deals – adding value to land which is currently not profitable because either it's a huge estate or under 100 acres. For example, it might be possible to sell a farmhouse off to an English couple looking for somewhere with a view whilst letting out the land.

These days I own seven donkeys, but no cows. I don't work for my money – my money works for me. I am passionate about what I do, I'm very rich, and best of all, I'm free.

www.wealthintelligenceacademy.co.uk