



FREQUENT QUESTIONS

-WHAT IS THE LONDON RICHMOND BUSINESS MODEL?

London Richmond raises capital from investors, and buys discounted properties in London and the Home Counties.

They aim to pick up repossessed and distressed properties at 20% – and in some cases nearer to 30% – off the market price.

If you're willing to put the renovation work in, these properties can represent some of the best buys available.

- WHAT IS A REPOSSESSION?

A repossessed property is a home that's been seized by a lender because mortgage repayments aren't being made. As your mortgage is a loan secured against your home, repossession is what could happen if you miss mortgage payments.

-HOW DO LR FIND PROPERTIES BELOW MARKET VALUE?

Banks want to flog repossessions quickly – so you could bag a bargain.

Homes being flogged after repossession can go mega-cheap, because the seller – usually a bank or developer – is after a quick sale as it's losing money all the time the property stays empty.

When a bank or building society claims back a house, it has a responsibility to get as much as it can for the property to minimise any losses. Yet while most sellers spend months beautifying their boltholes and waiting for the right offer, banks often just price them cheaply to sell quickly.

-WHY ARE THESE PROPERTIES SO PROFITABLE?

You can cut up to 30% off the market value.

Prices are anything between 10% to 30% off market value. Usually the more work they need, the bigger the discount, although there's potentially also a higher outlay to get the property shipshape.

In the past, properties sold at even more enormous reductions. Nowadays more punters are flocking to auctions, so savings are slightly less. Yet those willing to put in the effort and do up ropey properties can still grab deals. Another bonus is that there is usually no chain involved, meaning the whole process is a lot faster.

- WHAT STATE ARE THE PROPERTIES IN WHEN THEY ARE PURCHASED?

This isn't just about doer-uppers – you could bag a new-build too

Many repossessions were previously owned by borrowers who fell behind on mortgage payments. But others are new-builds and flats from developers and buy-to-letters who fell on hard times. It doesn't end there either. The websites listed below also allow you to search for homes put on the market by pressured sellers looking for a quick sale following a death or divorce.

However, it's crucial to be aware of exactly what you're purchasing. Some of these properties may well be in need of a lot of TLC. This is where the deep company experience is key.

IS THERE SUFFICIENT SUPPLY OF HOMES?

https://www.savills.co.uk/research_articles/229130/350250-0?utm_source=ExactTarget&utm_medium=Email&utm_term=5371199&utm_content=9427073&utm_campaign=English+Housing+Supply+Update+Q2+2023

See article showing the government will miss their target of 300,000 new homes per annum by a long way.

-HOW EXPERIENCED IS THE MANAGEMENT TEAM?

The directors of London Richmond have been purchasing real estate investments in London since 1998 and have a distinguished track record in the London market. From 2023 we will only be purchasing properties with a minimum of £300,000 profit in some of the best parts of London.

We have put our top 25 deals onto a track record document, with profits per property ranging from £100,000 to £1,100,000. A number of the properties have been retained within our portfolio, for long term capital growth.

-WHAT RESULTS HAVE BEEN ACHIEVED TO DATE?

Funds raised to date = 15m GBP

Funds repaid to date = 5m GBP

Active investment = 10m GBP

Debt to asset ratio is approx 70%!

London Richmond listed on the stock exchange in January 2023 with a market capitalisation of £63,300,000 and a share price of £6.33.

HOW WAS THE £63M VALUATION REACHED?

The valuation model was calculated independently by Charter & May, a large international accounting firm and approved and signed off by the Stock Exchange.

All company stock market valuations, whether it is Tesla or London Richmond are based upon current and future predicted earnings over a 5-year period. A discounted cash flow model is used to calculate today's value.

Attached is Charter & May's valuation model.

The company has 10 million shares at £6.33.

$10,000,000 \times £6.33 = £63.3m$

WHAT COULD THE COMPANY PRICE REACH?

The company was very profitable in 2022, achieving a profit before tax of £2.0m and we anticipate this profit will increase steadily over the next 5-years.

If the targets of the company are achieved, LR believe the share price will increase £20.00 by 2027 giving a market capitalisation of £200,000,000.

ARE DIVIDENDS PAID?

Annual Dividends are paid on the shares .

Quarterly income options are available on the notes.

- . HOW DO I SELL MY SHARES?

the sale of the shares can be done by the client or by their agent directly on the Merj exchange.

- WHEN ARE THE NEXT ACCOUNTS DUE?

2023 accounts will be published on 31st Jan 2024.

6-monthly financial updates are published on the Merj exchange and on the London Richmond website. This is a compulsory listing requirement we must comply with.

- HOW IS MY MONEY SECURED?

Investors benefit from 125% security over London Richmond's shares and assets.

The company has shown resilience already by continuing to pay investors throughout Covid lockdowns, immediately after the Brexit announcement, and throughout the Ukraine/Russia war.

All of these events threatened to have an adverse affect on the UK property market and saw the pound devalue, however the company has continued to flourish.

-HOW MANY COUPONS HAVE BEEN PAID?

The company has 4 years flawless track record.

The company offers 10% income, or 12% deferred interest.

Since inception in 2019, there have been zero defaults on investor payments, and 16 rounds of quarterly coupons have been met, paid in full and on time.

WHAT DOES THE DEBT/ASSET RATIO LOOK LIKE?

The company has raised 15m to date, with 5m of repayments made to investors, leaving 10m active investment.

See attached a financial snapshot for London Richmond at 1 Dec 23.

- . CAN THE COMPANY REFINANCE THEIR DEBT?

We can generally take bridging finance at 1.5% fee plus 11% per year.

-HOW BIG IS THE FUNDRAISE?

The goal is to raise GBP 30,000,000 of debt, no more.

The company accepts investment in GBP, USD and EUR.

- What products are available?

[KNG \(kngadvisors.co.uk\)](http://kngadvisors.co.uk)

-HOW DO I BUY THE NOTE?

The company accept direct subscriptions via application form.

There are 3 versions:

1. 3 year note, 10% per annum (income paid quarterly) or 12% deferred
2. 2 year note, 12% per annum income (paid quarterly), converting to equity at the end of the 2 year term at a 20% discount to market price.
3. ISIN notes, with fixed maturity, paying 10% per annum (paid quarterly) available on all major investment platforms

- CAN WE SEE AN EXISTING PROJECT?

<https://www.londonrichmond.co.uk/da-old-brompton-road>

-CAN WE SEE THE LATEST UPDATE?

<https://www.londonrichmond.co.uk/update-december-23>

-DOES THE COMPANY RETAIN AND RENT OUT ANY PROPERTIES?

These assets have all been retained.

Dorothy Road - £3m

Grove Park Gardens - £500k

Springfield Road - £3.1m

Thorney Hedge Road - £1.4m

Ledbury Road - £950k

Brompton Road - £3.95m

-WHERE CAN I FIND THE SHARE PRICE?

<https://merj.exchange/news/closing-summary>

Risk Management

-HOW DOES THE COMPANY MAINTAIN ITS STABILITY WHEN RAISING DEBT?

Stability - London Real Estate market is one of the most stable in the world.

“London remains the most international real estate market in the world, with 62% of investment activity involving cross-border capital, equating to \$31.9 billion of deals in 2021.” <https://www.savills.com/impacts/cities/savills-resilient-cities-index-2022.html>

◆see Yahoo!Finance here,

https://consent.yahoo.com/v2/collectConsent?sessionId=3_cc-session_d98e3846-df7b-42d1-a620-2c1f9ccc35ec

◆see Evening Standard here,
<https://www.standard.co.uk/homesandproperty/property-news/london-house-prices-rising-fastest-rate-b983399.html>

◆and Savills Resilient Cities here- <https://www.savills.com/impacts/cities/resilience-ranked.html>

-RECESSION RISK IN THE UK

If there is a recession, it would mean an increase in the number of properties that are repossessed, presenting further opportunities for the company.

-RISK THAT HOUSE PRICES DROP?

If prices drop on the properties, it does not have an adverse affect as they are still purchasing the properties between 20-40% below market value.

-The last time the country entered a recession, the prices dropped in London by a maximum of 10%.

-Typically, transaction levels fall by around 70%.

-The 30% remaining sellers in the property market are forced to sell at a discount, again, which is beneficial for London Bonds.

-RISING INTEREST RATES ON MORTGAGES?

The company's borrowing costs are fixed, so we know exactly what needs to be paid (no variable mortgages).

See here the most recent mortgage figures-
<https://www.gov.uk/government/statistics/mortgage-and-landlord-possession-statistics-january-to-march-2022/mortgage-and-landlord-possession-statistics-january-to-march-2022>

◆Compared to the same quarter in 2021, *all mortgage actions increased by over 100%. *

◆Mortgage possession claims increased from 735 to 2,890, orders from 145 to 2,293, warrants from 43 to 2,162.

◆Repossessions by county court bailiffs increased from 3 to 571.

All of this means for London Richmond:

- there are increased buying opportunities

- there is significant profit to be made as the assets can be easily sold on to new buyers looking for safe havens such as London

Q. What if there are Less buyers in the market?

should we see a slowdown in buyers, the company still has the ability to sell their completed assets at a small market discount (perhaps 10%) due to the fact they will have already purchased the property at a significant discount (20-40%).

WHAT IF FINANCIAL MARKETS BECOME VOLATILE?

Uncorrelated to the financial markets - Financial markets may sometimes be volatile, and London bonds are not subject to such fluctuations.

WHAT IF THE POUND DEVALUES?

Finally, all currency risks are hedged by the company by forward purchasing contracts with an FX provider, meaning the rate cannot fall below the spot rate, so the company does not lose out due when accepting funds in USD/EUR.

Useful links

Company Website-<https://www.londonrichmond.co.uk/>

Current projects:

Case study-

[Case study- Dorothy Road Battersea](#)

[Case study- Springfield Road Wimbledon](#)

[Case study- Darlestone Wimbledon](#)

December update-

[London Richmond Presentation - 07 December 2023](#)

139 Brompton Road - <https://bit.ly/41WlQlk>

Company Presentation - <https://online.flippingbook.com/view/254917060/16/>

Introduction video

- <https://vimeo.com/838552157/56ff7297b3>