

Investor Memorandum

Executive Summary

JV Property Development is exploring several opportunities within the retail commercial property space throughout the Midlands. We specifically focus on high streets in market towns and parades within their suburbs. Currently, there are some very attractive opportunities for those who are informed, connected, and have available funds to move swiftly.

These opportunities include over-leveraged property investment companies and individuals who are under increasing pressure from their lenders to offload assets to rebalance the risk in their portfolios in the era of higher interest rates. Additionally, a significant number of 'baby boomers' are looking to liquidate their portfolios. All of which serves to provide some great opportunities in this market at this present time.

JV Property Development has been formed with the sole intention of sourcing and acquiring these off-market opportunities where the potential exists to uplift the market value through various strategies, such as tenant lease work, title splitting, reconfiguration of space, and change of use. Often, these assets are income-producing throughout the process. The types of opportunities we are targeting are those that fall under the radar of the bigger players in the commercial property space and generally range between £250K to £750K.

Personal Summary

The JV in JV Property Development. I have experience in both residential property investment and development, including converting properties into flats and Houses of Multiple Occupation (HMO), renovating and flipping houses, and individual new builds. Over the past three years, I have focused on educating myself in various property investment and development strategies, with a particular focus on the commercial sector. I have invested in training, tools, mentorship, and developed processes to quickly and accurately assess opportunities for both profit and risk. I have built relationships with commercial agents and I am supported by a team of relevant industry professionals. I am confident I can now offer qualifying investors an alternative and attractive proposition for their portfolios.

I am seeking those who are either looking to diversify their existing investment portfolio, have cash or access to cash that is lying idle (languishing in the bank) and needs to be put to work, or wish to invest part of a SIPP or SSAS pension in commercial property.

Investment Opportunity

We offer two distinct investment opportunities tailored to suit different investor profiles:

1. Loan Opportunity

- Interest Rate: 10% per annum (not compounded)
- Loan Term: 18 months
- Minimum Investment: £100,000
- Security: Investors will have the benefit of having a first charge or second charge over the property depending on the level of investment.
- Return: 10% annualized over the loan period along with the return of the principal amount at the end of the loan term. It is also possible to pay down a percentage of the interest earned on a monthly basis where the acquired asset is generating an income.

2. Joint Venture (experienced investors and/or high net worth individuals)

- Profit Share: 50% of project profits after all costs are deducted
- Minimum Investment: £50,000
- Project Duration: 3-9 months depending on the specific project. Estimated a minimum of 2 projects within 18 months period, with the potential to undertake more.
- Return: 50% of the total profit, shared proportionally amongst investors according to their investment amount.

Market Overview

The property investment and development industry is broad, encompassing various niche strategies. The mixed-use and title-splitting strategy is particularly interesting because it addresses gaps that other investors and developers often overlook. Commercial investors generally stay well clear of residential and residential investors don't understand commercial investing.

Current Market Conditions

1. Economic Factors:

Interest Rates: With rising interest rates, over-leveraged property investment companies and individual investors are under pressure to offload assets. This creates opportunities for well-capitalized investors to acquire properties at favourable prices.

Inflation: Inflationary pressures can make real estate a more attractive investment as it often provides a hedge against inflation.

2. Regulatory Environment:

Planning Regulations: Recent changes in planning regulations, particularly around permitted development, have made it easier to convert commercial spaces to mixed-use properties. These regulatory changes create new opportunities for investors who can navigate the planning system effectively.

Competitive Advantage

JV Property Development stands out due to its lower risk profile while offering similar returns on capital outlay compared to more risky property development projects. Our focus on purchasing revenue generating assets and paper-based title splitting, without the need for significant structural work, makes our approach less variable (reduces risk), efficient, cost-effective with quicker turn arounds

Business Model

Our business model involves purchasing mixed-use properties, those which have both a residential and commercial element to the freehold title. We create additional value through tenant lease work on the commercial leases, splitting the freehold title into individual leasehold titles and some light refurbishment. This approach can typically generate circa 33% return on investment (ROI) per project. We aim to complete 3 projects a year doubling the number of projects in subsequent years as the pipeline of opportunities and investors increases

Financial Projections per Project (Joint Venture worked example)

Purchase of two commercial units with two one bed flats above 1(8-20 Swadlincote High Street)

Asking Price £335,000

Purchase Price £286,222

Investor Initial Investment £286,222

Commercial unit valuation

Unit 1 rent £9,500/9%=£105,555.56

Unit 2 rent £10,500/8%=£131,250.00

Total Commercial Valuation £236, 500

Residential Valuation

Flat 1 Rent (£525 pcm) £6300/7.5%=£84000.00

Flat 2 Rent (£492 pcm) £5904/7.5%=£78720.00

Total Residential Valuation £162,720

Total valuation (commercial + residential) post title split £399,220

Total rental revenue (6 months) £16,100

Less Costs

Legals £4,000

SDLT £9,000 (includes title splitting)

Business Administration and Accounting £6,000

Sales & Marketing £3,000

Total Costs £22,000

ROI

Uplift £399,220-£286,222=£112,998.00

Plus, revenue £16,100

Less costs £22,000

Profit (before tax) £112,998+£16,100-£22,000=£107,098.00

ROI on Project 37.42%

Investor Returns

Investors return £107,098/2 (50%) = **£53,549**

Investors ROI **18.71%** (6 months)

Investors annualized ROI **40.79%**

Use of Funds

The funds raised will be used for:

- Acquiring property assets
- Legal costs associated with title splitting
- Business Admin (legal entity structure to hold asset and accountancy)
- Minor renovations (if required)

Investor Journey

We believe in a structured, step-by-step approach to ensure transparency and build trust with our investors:

1. Initial meeting: Virtual or physical meet and greet to assess mutual fit.
2. Discuss opportunities: Present current opportunities/examples and gauge interest (Investors Memorandum).
3. Detailed proposal: Provide a detailed project proposal for interested parties (Partner/Investor Opportunity Pack).
4. Discuss and address concerns: Informally agree on terms & conditions (Heads of Terms / Investors Memorandum).
5. Legal engagement: Engage legal representation to formalise terms (Contract).
6. Project interaction: Agree on the level of interaction for the duration of the project and commence project (Terms of Reference).
7. Completion: Complete and exit the project, ready to repeat.

Contact Information

For more details or to discuss this investment opportunity further, please contact:

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