

## Response to BBC 'Inside Out – London'

### About Us

- Ajay Ahuja is an experienced property investor with nearly 200 properties himself; he has published 12 books on property investment over the past 9 years and his website is no 1 for 'no money down' buy to let investment. Over 20,000 people subscribe to newsletters & updates on buy to let property investing.
- The Ahuja Group finds properties suitable for buy to let investment that meet the criteria of its clients; who then pay a finder's fee in return for the effort spent finding the property and completing desk based due diligence.
- The Ahuja Group finds properties from estate agents, private third party property sourcing companies and occasionally private vendors. We present properties to clients that meet our criteria based on the information provided by these sources or that we can ascertain from desk based research.
- The Ahuja Group does not itself buy properties nor personally deal with 'distressed' vendors who may be selling a property due to financial difficulty. There is no 'repossession hunting'.
- The Ahuja Group specialises in finding properties that can be bought without the need for a deposit; this requires:
  - The property must be bought with a discount of 25% + below 'market' value (determined by seeking comparable prices where possible)
  - The RICS (Royal Institute of Chartered Surveyors) valuation must equal the 'market' value
- The Ahuja Group in numbers today:
  - 10 full time employees
  - Almost 550 registered clients, who paid to join our service
  - 30% of clients are actively buying with £3.7m cash to invest
  - Over the last 12 months; 17 clients have purchased more than 5 properties and more than 50 have purchased 2 or more properties
- Once a client purchases a property the Ahuja Group works hard to ensure all stakeholders make every effort to complete on the property purchase and deal with any issues that arise, dedicating full time resources to facilitate this process.

### “Too good to be true”

It is possible to create a portfolio of investment properties with a small amount of initial capital – Ajay Ahuja himself achieved this – but it is not easy. In the past few months 119 property purchases have been completed by our clients despite very challenging conditions (i.e. falling property prices and the tightening of mortgage availability).

Working with us a determined investor will get a property with 'no' or 'very little money' put into the deal, if they work through any issues that arise and have perseverance. We have many satisfied clients who repeatedly purchase the properties we find; specifically because

we do conduct due diligence, we do match properties to clients' needs and we do offer a replacement service.

### **“Properties are overvalued”**

We present opportunities to purchase 'buy-to-let' properties to committed property investors that have paid to be a client and wish to build a portfolio. We strive to get comparable prices of past sales within the last 6 months and find properties that are priced at 25% plus below our prudent estimate of market value. Our clients are well aware we are not surveyors and that we rely on information provided by 3<sup>rd</sup> parties (we do not visit the property). This is the reason why they instruct a survey. Properties in Scotland are 'pre-surveyed' by law and the resulting value is taken as the market value when provided to us by the 3<sup>rd</sup> party introducer.

Out of the 572 properties we have presented to clients in the recent past you present 4 that you claim were overvalued. We believe that all the properties valued up to at least what the client was willing to pay for them. However, the clients require a certain market valuation to use equity as their deposit and thereby create a 'no money down' scenario. There will always be a risk that this does not happen as buying properties without a deposit can be complex. An educated property investor is aware of this and is compensated somewhat by the fact that (if successful) they require significantly less money to put into the property.

Therefore we believe that clients accept this increased risk (over a 'straightforward' property purchase) in return for the opportunity to build a portfolio quickly and with less overall cash committed. When the RICS market valuation is not enough, we work with the vendor, the introducer and the client to try to get an agreeable resolution. If no resolution is found we simply offer to find another similar deal for our client.

The BBC itself has reported on the wider problem within the property industry regarding recent aggressive down valuations as market prices fall. Surveyors are valuing properties at forced sale prices (i.e. at auction or quick sale prices) rather than what a buyer is prepared to pay and a seller is willing to sell.

### **“Refunds are not given”**

If a property deal does not complete through no fault of the client then the Ahuja Group offers suitable replacements for free. In the past, in the event of us being unable to source a suitable replacement within 6 months we used to offer a full refund and still do in exceptional circumstances. We have actually refunded 26 clients over the last 12 months. Many of those refunded are still current clients of the Ahuja Group as they understand that purchases can fail for a whole number of reasons which are outside of everyone's control.

### **Specific Client References:**

#### **Craig Joubert:**

Joined our service in July 2009 and within 2 weeks decided to purchase a 'deal' provided by a 3<sup>rd</sup> party source. Almost immediately he emailed us with some concerns having analysed the deal further; in particular his desk research found that the property was overvalued in terms of absolute price and rental income. The 3<sup>rd</sup> party source totally refuted Craig's valuations and did on several occasions' present factual information to support the original

assertions of the deal – this was a property located in Scotland and so the 3<sup>rd</sup> party source was already in possession of a RICS desktop valuation, as this property was part of a portfolio. Craig pulled out of the deal and as a mortgage was never applied for we do not have an ‘official’ valuation. We have confirmation from Craig that he will accept a replacement and he has been sent several alternative deals over the past 3 months.

### **Anuj Gupta**

Has been very unlucky with his property purchases to date; but we do not believe that the Ahuja Group has been at fault at any time. In February 2009 he purchased a deal that was subsequently removed from sale by the 3<sup>rd</sup> party source due to a down valuation that impacted the 3<sup>rd</sup> party’s’ profitability despite some strong evidence supporting the original valuation. Anuj demanded a quick replacement or wanted a refund and in April 2009 he purchased 3 properties from a portfolio that was being broken up. After nearly 4 months of problems and delays one of the 3 properties was ready to be mortgaged but the other 2 needed refurbishment work before the lender would release the funds. There were delays between the 3<sup>rd</sup> party source and vendor with regards to arranging for completions of the works required so Anuj pulled out of the deals and stated he wanted a refund. The Ahuja Group, the 3<sup>rd</sup> party source, the solicitors, the finance company and the vendor all put in a significant amount of effort to make these 3 deals work and have significant evidence to support this. As he pulled out of the purchases we were unable to offer a refund.

### **Dawn Lawrence**

Purchased a deal in early July 2008 for some student properties; we were informed by the 3<sup>rd</sup> party supplier in August 2008 that the block needed 2 surveys completed (one agreed with the stated market value, a second was £20k below and replacement third survey also did not agree) therefore the purchase had fallen through. In the same email we were told that Dawn and another client had agreed with the 3<sup>rd</sup> party supplier to accept a substitute deal. Unfortunately at this time we were creating a new sales team and Dawn’s situation was not tended to correctly. We are deeply sorry that she did not get the levels of customer service we now expect and attain. We thought she had been given a replacement property, and would have offered her a replacement ourselves but instead her refund request came to us in November 2008 and she refused to take a replacement. As we offer replacements not refunds for this scenario we could not agree to her request.

### **Judi James**

Purchased 3 deals in June 2008; once again she was dealing with the previous sales team who did not provide sufficient records upon their departure. When she next spoke to the team in October 2008 she stated that she pulled out of the 1<sup>st</sup> deal because she “did not like the location”, that she wanted something different and “may want to work with us again”. Her subsequent refund request was refused because she had pulled out of a workable deal. In November and December her frustration grew at the levels of customer service we were offering, for which again we apologise.