

SHAREHOLDER CIRCULAR AND NOTICE OF ANNUAL GENERAL MEETING OF THE SHAREHOLDERS

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should consult your independent financial adviser and/or other professional adviser immediately. If you have sold or transferred all of your shares in The London Central Residential Recovery Fund Limited, please forward this document, together with the accompanying form of proxy, to the purchaser or to the stockbroker, bank or other agent through whom the sale or transfer was affected, for transmission to the purchaser or transferee.

The Directors of the Company, whose names appear on page 1, accept responsibility for the information in this Circular. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that this fact is the case), the information contained in this Circular is in accordance with the facts and does not omit anything likely to affect the meaning or effect of such information.

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

(registration number 102781)

(the "Fund" or the "Company")

The proposals described in this Circular are subject to shareholder approval. A notice of the Annual General Meeting of all holders of shares in the Fund to be held at the offices of Intertrust Fund Services (Guernsey) Limited (the "**Administrator**") at Martello Court, Admiral Park, St. Peter Port, Guernsey, Channel Islands at 10:00am (UK time) on 07 December 2023 is set out in this document.

All Shareholders are requested to complete and return their enclosed Form of Proxy in accordance with the instructions printed on it, so the form is received by the Administrator as soon as possible and not later than 10:00am on 05 December 2023 (being 48 hours prior to the time of the Meeting). The Chairman will consider Forms of Proxy received after this time and may accept such Forms of Proxy in his absolute discretion.

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DEFINITIONS

The following definitions apply throughout this Circular, including the Notice and the accompanying Form of Proxy, unless the context requires otherwise:

AGM or Annual General Meeting	The annual general meeting of the Company to be held at Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB at the offices of the Administrator on the date specified on the front page of this circular convened by the notice set out in this Circular;
Bank	Butterfield Bank (Guernsey) Limited;
Board or Directors	the directors of the Company whose names appear on page 1 of this Circular;
Circular	this shareholder circular together with its appendices, as the context requires;
Companies (Jersey) Law	the Companies (Jersey) Law 1991 (as amended);
Existing Shareholders	investors already holding Shares in the Fund as at the date of this Circular;
Form of Proxy	the form of proxy accompanying this Circular for use by Shareholders in connection with the AGM;
Founder Share	a share in the capital of the Company of £1.00 par value designated as a Founder Share, as more particularly described in the memorandum and articles of association and the PPM;
Fund or Company	The London Central Residential Recovery Fund Limited;
Grant Thornton	Grant Thornton Limited, St James Place, St James Street, St Peter Port, Guernsey, GY1 2NZ
Investment Advisor or LCPCI	LCP Capital Investments Limited, a company registered in England under registered number 09634810;
Investment Period	the period commencing on 28 May 2010, being the commencement of the first tenancy in a property owned by the Fund, and expiring on 28 May 2018, being the 8 th anniversary thereafter, as referred to in the PPM, and subsequently continuing due to votes against Special Resolutions to wind-up the Fund at the Company's AGMs in 2018, 2019, 2020, 2021 and 2022;
LCP	London Central Portfolio Limited; a company registered in England under registered number 02494797;

M&A	The memorandum and articles of association of the Company (as amended or restated from time to time);
Market Update	The periodic sales updates sent by email from LCPCI;
Net Asset Value Per Share or NAV	the Net Asset Value attributable to each Share calculated in accordance with the section entitled "Calculation of Net Asset Value" in the PPM;
Notice	the notice enclosed with this Circular convening the AGM detailing the specific resolutions to be considered thereat;
Ordinary Share	an ordinary share of £0.01 par value in the share capital of the Fund, as more particularly described in the M&A and the PPM, and the term Ordinary Shares shall be construed accordingly;
Ordinary Resolution	a resolution passed by the affirmative vote of a simple majority of the Shareholders who (being entitled to do so) vote in person (or by proxy) at the AGM;
Prime Central London or PCL	The Royal Borough of Kensington and Chelsea and The City of Westminster, which includes areas such as Mayfair and Knightsbridge;
Private Placement Memorandum or PPM	the private placement memorandum issued by the Company dated March 2009, as the same may have been amended, replaced and/or supplemented from time to time;
Share	an Ordinary Share;
Shareholders	the holders of Ordinary Shares and the term Shareholder shall be construed accordingly; and
Special Resolution	a resolution passed by the affirmative vote of two-thirds of the Shareholders who (being entitled to do so) vote in person (or by proxy) at the AGM.

EXPECTED TIMETABLE OF EVENTS

Latest time and date for receipt of Form of Proxy from Shareholders in respect of the AGM	10:00am on 05 December 2023 (or later at the Chairman's absolute discretion)
AGM	10:00am on 07 December 2023

All references are to UK time.

The London Central Residential Recovery Fund Limited

(an unregulated exchange traded fund established under the Collective Investment Funds
(Unregulated Funds) (Jersey) Order 2008)

(the "**Fund**" or the "**Company**")

Directors:

Martin Shires
Naomi Heaton
Philip Bodman

Registered Office:

44 Esplanade
St Helier
Jersey JE4
WG
Channel Islands

16 November 2023

To the holders of Ordinary Shares in the Fund
(together, the "**Shareholders**")

Dear Shareholder

BACKGROUND

The London Central Residential Recovery Fund Limited is due to hold its Annual General Meeting at 10:00am on 07 December 2023.

The Fund came to the end of its defined 8-year Investment Period in May 2018 and each subsequent Special Resolution to wind up the Company in line with the terms laid out in the Private Placement Memorandum (PPM) dated March 2009 were not approved by the requisite majority of Shareholders, following the Directors' recommendations.

The PPM stipulates that each year beyond the defined Investment Period a Special Resolution to wind-up should continue to be put at each subsequent general meeting of the Company. As such, another Special Resolution to wind up the Company is being put to the Shareholders.

The mandate given to the Directors by Shareholders through the Special Resolution of 2022 was very clear; to carry out an orderly divestment of the assets at commercially viable levels. Over the 10 months since the AGM, the following progress has been made on disposals:

- 8 properties sold,
- 9 units are under offer, including the residential block at 3 Spring Street
- 9 units are in the market,
- 1 unit has been withdrawn to facilitate a relaunch in the New Year.

Assuming the under-offer transactions progress, this would result in 59% of the portfolio divested by value in the year. The Directors are continuing their commitment to realise the assets and have instructed London Central Portfolio Ltd ("**LCP**") and other local agents to jointly market the portfolio.

The outlook for the Prime Central London apartments market which the Fund properties operate, continues to be challenging. There have been consecutive rises in base rate from 3.0% in December 2022 to 5.25% in October 2023 and consequently, the mortgage market has seen cost of borrowing reach its highest level in 15 years. While cash buyers are less affected, it undeniably impacts sentiment, creating uncertainty among both buyers and sellers. Many investors, domestic and abroad, are also opting to utilise surplus cash to pay down their leverage levels over investing further in property where

yields are difficult to stack up in this current climate. As a result, there has been a suppressed number of transactions in the market. Properties that failed to sell in the summer/autumn months remain in the market at reduced asking prices.

LCP Capital Investments Ltd (“**LCPCI**”) has distributed periodic updates to the Shareholders via email (the “**Market Updates**”) which detailed the sales progress of each property. Appended to this Circular is the November 2023 Market Update and the audited accounts to March 2023.

With such uncertainty in the outlook of the property sector and suppressed investor appetite, the Board of Directors have frequently met to discuss the ongoing strategy and options for the Fund. The Directors have agreed that actively marketing assets to accelerate divestment programme and pushing to achieve the best possible price on a case-by-case basis is still the most sensible divestment strategy, understanding that challenging market conditions are expected to continue into the foreseeable future and recognising the impact of high carry cost versus achievable sales prices.

Therefore, it is the Directors’ recommendation for the 2023 AGM that the Shareholders **VOTE AGAINST THE FORMAL WIND-UP OF THE COMPANY (Option 2).**

Under the terms laid out in the PPM, the Directors are required to propose a Special Resolution to wind-up the Company, however, they strongly believe that their capacity to maximise the exit value in the near-term for investors will be severely diminished if the Special Resolution is passed. In the event that the Special Resolution is set to pass, each of the Directors will sign a declaration of solvency ahead of the AGM.

RATIONALE FOR THE DIRECTORS’ RECOMMENDATION

Since the end of the defined investment period, it has been clear that very few investors have a desire to bring in liquidators at the cost of the Fund and at the same time, impede current divestment efforts with the Company forced to trade in the moniker of being ‘in liquidation’. Correspondence with investors following the Market Updates continues to indicate that the preference is to allow the Company to actively divest, accepting ‘sensible’ offers arising in the prevailing market.

If the Fund sold these assets whilst trading in liquidation (which would be the primary result of the Shareholders supporting the Special Resolution to wind-up below), there would be more pressure to accept significantly discounted offers in order to repay the Bank before its facility runs out on 31 January 2024, although Bank of Butterfield have indicated support for an extension for a further 6 months at the time of writing. Under a summary winding up, the Board would not be able to extend or renew the facility with the Bank, even for a short period, after such a vote. This factor may become a source of considerable distress leading to forced sales.

Furthermore, whilst the Fund’s closed-ended structure has helped avoid realised losses caused by a requirement to meet redemptions, it has also meant that some Shareholders may feel “locked-in” during a time when they would have previously expected to have exited. Some Shareholders may have alternative investment plans for the funds they invested over a decade ago and the Directors remain highly conscious of this and are actively working to facilitate the exit.

The Directors remain committed to finding the best exit strategy for the Shareholders and several options have already been explored including an option to realise the assets by way of a portfolio sale. This option remains open, and low offers have been received from the market; however, the Directors would only consider this exit at a commercially viable level.

BEING “IN LIQUIDATION”

Shareholders should note that under the Companies (Jersey) Law, there will be significant restrictions on the Board's ability to operate the Company if the Special Resolution did pass and a solvent summary winding-up of the Company is initiated. Principally these are:

- a) the Company's powers shall not be exercised except so far as may be required:
 - a. to realise its assets;
 - b. to discharge its liabilities; and
 - c. to distribute its assets in accordance with the Companies (Jersey) Law; and
- b) every invoice, order for goods or services or business letter issued by or on behalf of the Company, being a document on or in which the name of the Company appears, shall contain a statement that the Company is “**in liquidation**”.
- c) The Company would not be able to extend or renew the facility with the Bank, even for a short period.

Trading “in liquidation” under the prevailing market circumstances would only serve to further emphasise a perception of distress that any potential buyer might attribute to the Company's assets.

Aside from the ordinary course of business asking the Shareholders to receive and consider the financial statements of the Company and reappoint the auditors, the purpose of this Circular is very simple. It is asking the Shareholders whether they want to:

- Option 1. Vote FOR the formal wind-up** and commence an accelerated sell-down of the Company's assets as soon as practicably possible under a formal winding-up process; or
- Option 2. Vote AGAINST the formal wind-up of** the Company and continue with the active sell-down of assets, accepting ‘sensible’ offers and facilitating the exit in the prevailing market.

If the requisite two-thirds majority does not support Option 1, then the Special Resolution to commence the winding up of the Company will not be passed and the Directors' intention is to implement Option 2.

Accordingly:

- **if you wish to reject the Directors' recommendation and vote for the winding up of the Company to be commenced immediately, vote "FOR" to the Special Resolution.**
- **if you wish to accept the Directors' recommendation and defer the winding up of the Company, vote "AGAINST" to the Special Resolution; or**

IF THE FUND IS FORCED INTO THE POSITION WHERE IT IS SELLING UNDER THE BANNER OF BEING IN LIQUIDATION, THE DETRIMENTAL IMPACT TO SHAREHOLDERS COULD BE SIGNIFICANT.

Your attention is drawn to the FORWARD-LOOKING STATEMENTS below and also the IMPORTANT INFORMATION on page 12 of this Circular.

HOW THE COMPANY WOULD PROCEED UNDER OPTIONS 1 & 2

Option 1: If the vote to wind-up carries

If the Shareholders elect to formally wind-up the Company, the Directors will call upon an Extraordinary General Meeting (the “**EGM**”) thereafter to appoint liquidators to commence the winding-up. It is anticipated that the liquidators will initiate the divestment of the properties as soon as practicably possible. In the letter obtained 25 November 2022, Grant Thornton indicated the fee of appointing liquidators would run to c.£12,000-17,000 per annum, plus disbursements and establishment costs.

The Company's creditors, including Butterfield Bank (Guernsey) Limited (the “**Bank**”), will be the first payees with the facility to be fully paid down with 100% of the net proceeds of the sales, after direct costs have been accounted for. The Bank have indicated that they would not look to impose punitive clauses in the facilities agreement if the Fund were to implement a voluntary liquidation, although risks exist that additional legal or finance charges may be incurred.

Once the Bank has been repaid in full, the liquidators will make interim distributions to the Shareholders (funds permitting). Such distributions will not commence until the liquidators believe that the Fund has achieved sufficient liquidity. A final distribution will be made after all the properties in the portfolio have been disposed of and all outstanding costs, fees and expenses have been paid. The liquidators will decide whether any retention shall be made before making the final distribution, on advice from the Auditors.

Please note that under this option, the Fund will **not** be able to renew or extend the existing facility. The Fund would be under more pressure to transact at any level to discharge the liability.

The duration of this period, whilst subject to an array of assumptions, would be expected to last between 12 to 18 months.

Option 2: If the vote to wind-up does not carry

If the Special Resolution to wind-up the Company does not receive the required two-thirds majority, then the Directors will continue to actively market the assets of the portfolio and realise the assets at ‘sensible’ levels. This is not to say that the Directors will wait for the market to go up (or achieve book value), it is to react to the prevailing market conditions, pushing to achieve the best possible price on a case-by-case basis and to exercise their discretion to realise the asset. It is the Directors’ view that this option will give them more power to negotiate a better price on each sale.

As with Option 1, it is not possible for this process to be concluded “overnight” and, whilst subject to an array of assumptions, it is anticipated that it would take between 12 and 18 months to formalise the disinvestment of the remaining assets in the portfolio.

As with Option 1, the Directors’ priority would be to discharge the liability to the Bank. The Directors are fully aware that as the Fund get to the end of the run-off, they would look to accelerate the disposal to minimise the carry cost of the Fund.

Other avenues to realise the portfolio will also be explored by the Directors, including the wholesale divestment of the Company to a single buyer by means of a sale of the Ordinary Shares. This could provide a swift and cost-effective way to exit the Fund but would likely require a large majority of Shareholder approval which would be sought at an extraordinary general meeting of the Company's members at an appropriate time. There have been no commercially viable opportunities to exit using this strategy since the last annual general meeting.

As with Option 1 above, external creditors such as the Bank will be the first payees. However, once sufficient liquidity has been created through the divestment of assets and the Directors are of the opinion that they will be in a position to make a distribution to the Shareholders, they intend to call an EGM of the Company where a Special Resolution to wind-up the Company will be proposed and recommended to the Shareholders. By calling the EGM and putting the Company into liquidation at this point, when

most of the assets have been divested or are under offer, the encumbrance of trading “in liquidation” reduces materially.

The Directors will consider quarterly whether to make distributions to the Shareholders, as required by the PPM. A final distribution will be made after all the properties in the portfolio have been disposed of and all outstanding costs, fees and expenses have been paid. The Directors will decide whether any retention shall be made before making the final distribution, on advice from the Auditors.

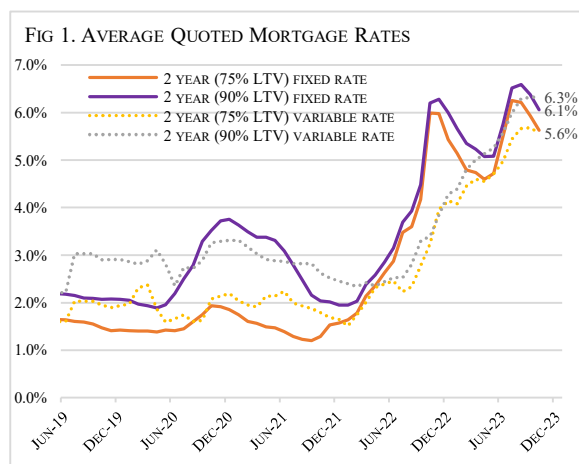
In making any changes to its strategy, the Board will have appropriate regard to the best interests of the Company, the interests of creditors of the Company and interests of Shareholders, as well as the Company’s contractual and other obligations.

COMMENT FROM LCP CAPITAL INVESTMENTS LIMITED

The November 2023 Market Update appended to this Circular provides a detailed background of current trading conditions and the dynamics of the PCL market. The Board encourages Shareholders to consider this document, along with any other independent market commentary publicly available, before casting their votes at the AGM.

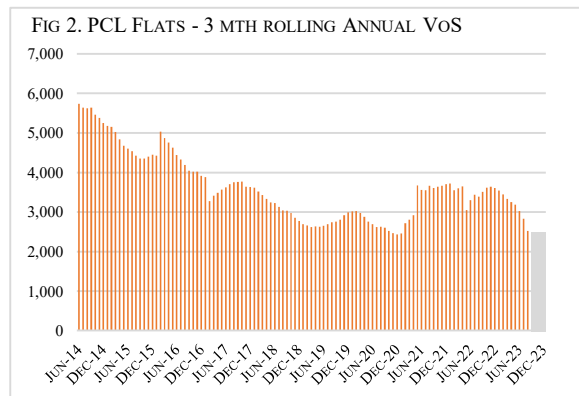
Headline inflation remained unchanged at 6.7% in the year to September and core inflation, which excludes food and fuel prices, continues to be stubbornly high at 6.1% (source: Office for National Statistics). The Bank of England, after raising the base rate for the 14th consecutive time to 5.25% in August, is holding this rate further meaning the mortgage crisis is unlikely to end anytime soon.

Figure 1 shows continued pressure on the cost of borrowing for homebuyers seeking debt funding, reaching its highest levels in 15 years and mortgage approvals are running at approximately a third lower than in the same period of 2022. Whilst cash buyers are less affected, it undeniably impacts sentiment, creating uncertainty among both buyers and sellers.



The Prime Central London (“PCL”) residential sales activity has been slow. Transaction volumes in the PCL flats market were 26% lower than the same month last year and 17% lower than the pre-pandemic October average (see Figure 2). There is a general ‘lack of urgency’ amongst buyers being reported where properties are taking longer to sell (295 average days taken to sell, LCP portfolio Q3 2023). Properties that failed to sell in the Summer/Autumn months are still in the market at reduced asking prices which may have only pushed buyer’s sentiments to ‘wait out for the bottom’.

Leading into the Christmas & New Year season, the residential market will inevitably slow further. And whilst marketing efforts will continue, LCP will consider taking some of the slow-moving properties from off the market during the period of lull to start afresh in the spring as new listings.



Despite the challenging conditions, the Directors have made significant progress in carrying out the mandate to divest the Fund. Since the last AGM, of the 27 properties within the portfolio, 8 properties have successfully sold, and an additional 9 properties are currently under offer or exchanged. This will leave 10 properties thereafter assuming successful completions of properties under conveyancing.

The following table summarises the status of the sales progress to date:

LCRRF divested properties (8 properties)	Type	Agreed Price	Red Book Valuation	% on Book Value
33 The Baynards, 1-13 Chepstow Place, W2 4TE	Flat 1 Bed	890,000	910,000	-2.2%
Flat 3, 19 Redcliffe Square, SW10 9JX	Flat 2 Bed	1,450,000	1,400,000	3.6%
Flat 1, 52 Maddox Street, W1S 1AY	Flat 1 Bed	810,000	800,000	1.3%
Flat 7, 21 Eccleston Square, SW1V 1NS	Flat 2 Bed	1,090,000	1,150,000	-5.2%
7 Linton House, 11 Holland Park Avenue, W11 3RL	Flat 1 Bed	627,500	600,000	4.6%
Raised Ground Floor/Flat B, 11 Moorhouse Road, W2 5DH	Flat 1 Bed	750,000	775,000	-3.2%
Flat 87, Vandon Court, 64 Petty France, SW1H 9HG	Flat 1 Bed	576,800	560,000	3.0%
Ground Floor Flat, 42 Stratford Road, W8 6QA	Flat 1 Bed	665,000	715,000	-7.0%
Total		6,859,300	6,910,000	-0.7%

LCRRF properties (19 remaining individual properties)	Type	Agreed Sale Price	Red Book Valuation	Monthly Rental	Yield
19 The Westbourne, 1 Artesian Road, W2 5DL	Flat 2 Bed	920,000	920,000	4,050	5.3%
16 Macready House, 75 Crawford Street, W1H 5LR	Flat 2 Bed		1,000,000	2,911	3.5%
First Floor Flat, 42 Stratford Road, W8 6QA	Flat 1 Bed		705,000	2,362	4.0%
Second Floor Flat, 42 Stratford Road, W8 6QA	Flat 1 Bed		680,000	1,978	3.5%
Third Floor Flat, 42 Stratford Road, W8 6QA	Flat 1 Bed	575,000	600,000	2,080	4.2%
Lower Ground Floor Flat, 42 Stratford Road, W8 6QA	Flat 1 Bed		700,000	1,950	3.3%
2 Pembroke Court, South Edwardes Square, W8 6HN	Flat 2 Bed		1,425,000	3,024	2.5%
12 East, 355 Kings Road, SW3 5ES	Flat 2 Bed		1,000,000	2,376	2.9%
Flat K, 34-36 Egerton Gardens, SW3 2DB	Flat 2 Bed		950,000	2,274	2.9%
Flat C, 47 Courtfield Gardens, SW5 0NA	Flat 2 Bed		1,250,000	2,253	2.2%
27 Meriden Court, Chelsea Manor Street, SW3 3TT	Flat 1 Bed		675,000	2,112	3.8%
3 Durham House, 16 John Adam Street, WC2N 6HE	Flat 1 Bed		700,000	2,817	4.8%
Flat 1, 3 Spring Street, W2 3RA	Flat 1 Bed	4,600,000	4,800,000	1,872	4.8%
Flat 2, 3 Spring Street, W2 3RA	Flat 1 Bed			2,492	
Flat 3, 3 Spring Street, W2 3RA	Flat 2 Bed			3,300	
Flat 4, 3 Spring Street, W2 3RA	Flat 1 Bed			1,966	
Flat 5, 3 Spring Street, W2 3RA	Flat 1 Bed			2,232	
Flat 6, 3 Spring Street, W2 3RA	Flat 3 Bed			3,360	
Basement & Ground Floor, 3 Spring Street, W2 3RA	Commercial			3,800	
Total		6,095,000	15,405,000	£590,489 p.a.	3.8%

	On the market
	Under offer

If the Shareholders vote to wind-up the Fund and the Company is trading 'in liquidation', current divestment efforts will likely be hampered. The liquidators will undoubtedly be faced with decisions to accept discounted offers and attempts to gazunder a sale regardless of how the liquidators communicate that this is a solvent liquidation. Moreover, this scenario does not guarantee a quicker exit as the Fund is already working to realise all of the assets.

Although the PCL market is relatively better placed to weather the storm in rising base rates as homeowners and prospective purchasers' reliance to debt is less than the domestic market, the recovery is still expected to take some time.

	SAVILLS	KNIGHT FRANK	JLL
2024	0.0%	0.0%	0.0%
2025	+3.5%	+3.0%	+4.0%
2026	+6.0%	+4.0%	+4.5%

Third party commentators on the PCL property market have adjusted their forecasts to reflect a subdued period of value movement next year and delaying any recovery in prices to at least 2025 and beyond.

Whilst forward looking statements carry risks (see page 12), LCPCI has advised the Board that it believes that the active divestment of the portfolio should take place and each sale will need to be considered carefully to optimise its commercials. LCPCI has therefore advised the Directors that, from a commercial perspective, they should recommend that the Shareholders **VOTE AGAINST THE SPECIAL RESOLUTION (Option 2)** that the Company be wound up. This does not represent a vote to extend, it is simply providing the Directors with the capacity to continue the active divestment of the portfolio, considering only 'sensible' offers and allowing Shareholders to optimise their return on investment in the prevailing market.

If you are a Shareholder and need a copy of the Market Updates please request by using this [email link](#).

FORWARD LOOKING STATEMENTS

All of the information in this document is qualified by the following cautionary statements.

This Circular contains statements related to the performance of property in PCL and property investments that may constitute forward-looking statements. They reflect current expectations, assumptions and projections about future events. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or developments to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements contained in this Circular regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Accordingly, no representations or warranties are made as to the accuracy of such statements, estimates or projections. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Circular. The information and opinions contained in this Circular do not purport to be comprehensive, are provided as at the date of the Circular and are subject to change without notice. The Directors are not under any obligation to update or keep current the information contained herein.

The financial condition and prospects of the Company may change. Except as required by applicable law, the Company does not undertake any obligation to update any of the information or intentions contained in this Circular, even though the strategy of the Board and/or the situation of the Company may change in the future. The Board may choose or be required to change its strategy for a variety of reasons at short notice and without notice to, or the consent of, Shareholders. The Board reserves the right to make such changes to its strategy as it determines in its absolute discretion.

In making any changes to its strategy, the Board will have appropriate regard to the best interests of the Company, the interests of creditors of the Company and interests of Shareholders, as well as the Company's contractual and other obligations.

IMPORTANT INFORMATION

LCPCI is not regulated to provide retail investment advice to individuals and Shareholders should seek the counsel of a qualified investment professional if they are in any doubt about decisions concerning the Fund in their own personal circumstances.

The Fund is self-managed by its board of directors (the "Board" or "Directors"). LCPCI provides investment advice and related services to the Fund on request from time to time. Subject to the investment objectives of the Fund, and the directions of the Board, LCPCI advises the Directors on investment matters to supplement advice on property matters provided by London Central Portfolio Limited ("LCP").

Market comments and projections are subject to a range of assumptions, some or all of which may not come to pass. Whilst prices may harden going forward, they could also fall further. A vote to defer the winding-up of LCRRF does not guarantee a higher return on investment. Leverage deployed by the Fund can lead to enhanced profits and losses, magnifying underlying market movements.

*This Circular refers to a recent update issued by LCPCI ("**Market Update**") to the Shareholders relating to the current market conditions in the PCL residential market and the latest Fund news. This is not intended to elicit new expressions of interest for investment into the Fund. It is recognised that existing investors may consider this information whilst forming their decisions about how to vote at a general meeting of the Fund. Whilst LCPCI has exercised all reasonable caution in compiling its views and the statistics contained in its Market Update and this Circular, reliance should not be placed on the statements or assumptions made. LCPCI does not accept any liability for any errors or omissions and the details contained within its Market Update are subject to change. LCPCI is not under any obligation to update or keep current the information contained therein. It is recommended that investors should undertake their own research for the purposes of due diligence.*

The risk factors set out below are important. There is a risk that any investment objectives may not be realised. Projections or forecasts are subject to many assumptions, some of which may not come to

pass. Property prices may fall in value due to a wide variety of general or localised economic factors. The value of property may be affected by general factors affecting supply and demand, interest rates, global capital flows, market confidence, political stability etc., which could all have an impact on the performance of an investment. Notably, at this point in time, the Ukraine war and political uncertainty has caused significant uncertainty in the market. The prospect of changes in government guidance might lead to unforeseeable events conspiring to negatively affect the market in ways that have not been considered in this Update. Capital values of the assets could fall materially, demand for rental property could reduce, yields could fall, and the Fund could struggle to meet its ongoing obligations. At the same time, uncertainty could continue to severely restrict the appeal of real estate in prime central London and limit liquidity.

Whilst the Directors consider the potential sale of residential property, it should be noted that property assets have limited liquidity, which could be more pronounced in light of the continued economic risks and there may be certain circumstances where it may prove difficult to dispose of a property asset. This factor may limit the number of asset sales and/ or may extend the period it takes to divest property assets. The capital value of any investment may fall, and the anticipated income may fall, and investors may not get back the amount originally invested. Past performance of property investments is not a guide to the future.

PCL stands for Prime Central London and means the London boroughs of Westminster and Kensington & Chelsea only. Please note that the reported past performance of the Fund relates predominantly to the performance of one and two-bedroom flats, whereas the PCL market as a whole, includes a wide variety of properties. The independent market data reported solely relates to capital values and does not reflect the overall performance of the Fund which would include transaction costs, SDLT, refurbishment costs, rental income, letting fees, financing costs, maintenance costs, the costs of management and administration of the Fund, audit and valuation fees etc.

This Circular is aimed at existing investors in the Fund who may be looking for information on prevailing market conditions whilst formulating their decisions around how to vote in a general meeting of the Shareholders of the Fund. This Circular may contain information that may influence important decisions of existing investors in the Fund and, as a result, constitutes a financial promotion. It is aimed at persons in the United Kingdom and anyone in any jurisdiction where such promotion would be legal. Please note that this promotion is not intended to be provided to persons in the United States of America. Any investor based outside the UK should take into account any possible currency fluctuations and the impact this might have on their returns, particularly in light of the recent pandemic which could lead to material currency fluctuations. This financial promotion is issued by LCP Capital Investments Ltd and approved as a financial promotion under Section 21 of the Financial Services and Markets Act 2000 by F2 Capital Ventures LLP (authorised and regulated by the Financial Conduct Authority in the UK). LCP Capital Investments Ltd is an appointed representative of F2 Capital Ventures LLP.

In this Circular, we have referred to "the Fund". Please note that the Fund is an independent property company incorporated in Jersey and that LCP is retained as its asset advisor to provide advice and a wide range of services to the Fund (relating to the acquisition of property, the refurbishment of property and the letting and management of property). LCPCI is retained to provide investment advice to the board of Directors. The Fund has generally invested in one and two-bedroom flats in PCL.

This Circular does not constitute a contract with any third-party and it does not constitute evidence of the existence of any unwritten contract with any third-party.

NOTICE OF THE AGM, QUORUM AND VOTING

Notice

Enclosed with this Circular is the notice of the AGM detailing the ordinary and specific special resolutions to be passed (the "**Notice**"). The meeting will be held at 10:00am on 07 December 2023.

Also enclosed with the Notice is the form of proxy for use at the meeting. The form should be completed, signed and deposited at the address specified in the Notice (marked for the attention of the Company Secretary) to be received as soon as possible but no later than the date and time specified in the Notice. If you complete and return the form of proxy, you may still attend and vote at the AGM should you decide to do so.

Quorum

The quorum required for the AGM is one or more Shareholders holding in aggregate at least fifty per cent of the total issued voting share capital of the Fund present in person or by proxy.

If within half an hour from the time appointed for the AGM a quorum is not present, such meeting will stand adjourned to the same day in the next week at the same time and place, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the Shareholder or Shareholders present and entitled to vote shall be a quorum. The Chairman of the Board of Directors will act as Chairman of the AGM.

Voting

A resolution put to the vote at the AGM will be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by one of more of the Shareholders present in person or by proxy entitled to vote and who together hold not less than 10 per centum of the paid up voting share capital of the Company.

On a show of hands, each Shareholder present in person or by proxy shall have one vote. On a poll every Shareholder (or their appointed proxy) at the applicable meeting shall have one vote for each Share (or each Share in the relevant class, as applicable) of which he/she is the holder.

In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members of the Company.

A Shareholder of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, or other person in the nature of a committee appointed by that court, and any such committee or other person, may on a poll, vote by proxy.

If a poll is demanded it shall be taken in such manner as the Chairman directs. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the AGM shall be entitled to a second or deciding vote. On the holding of a poll, every Shareholder who votes need not cast all the votes he uses in the same way and votes may be given either personally or by proxy.

Special Resolution

The Special Resolution must be passed by the affirmative vote of two-thirds of the Shareholders who vote in person (or by proxy) at the applicable meeting. Full text of the proposed resolutions is detailed in the Notice enclosed with this Circular.

PLEASE NOTE THAT THE MEETING MAY TAKE PLACE AND THE RESOLUTIONS MAY BE PASSED EVEN IF YOU DO NOT ATTEND. YOU ARE THEREFORE STRONGLY ADVISED TO COMPLETE AND RETURN THE FORM OF PROXY AS SOON AS POSSIBLE SO THAT YOUR VOTE CAN BE COUNTED.

BOARD RECOMMENDATION

The Directors believe that, from a purely commercial perspective, putting the Fund into liquidation and forcing asset sales during this time of unprecedented uncertainty would be detrimental to Shareholder returns. The Directors therefore cannot recommend that the Company wind-up at this point in time.

Whilst the Directors recognise that some investors now expect their investment to be returned and have a desire to divest, even if this may not represent the best commercial investment decision, they recommend that the Shareholders VOTE AGAINST THE SPECIAL RESOLUTION to wind up the Company. This does not represent a vote to extend the Fund, but simply serves to provide a more flexible regime under which to conduct an orderly divestment of the assets, without having to trade under the detrimental moniker of being in liquidation.

Further information

If you require further information, please contact Bradley Ahn:

Tel: +44 (0)7397 135 699

Email: bradley@londoncentralportfolio.com

Yours faithfully

The Directors

Enc: Notice of the AGM and Proxy Forms

The London Central Residential Recovery Fund Limited (the "Fund")

NOTICE OF ANNUAL GENERAL MEETING OF THE FUND

NOTICE IS HEREBY GIVEN that the tenth Annual General Meeting of the Fund will be held in accordance with the Companies (Jersey) Law 1991 (the "Law") and the Company's Articles of Association at the offices of the Administrator at Martello Court, Admiral Park, St. Peter Port, Guernsey, Channel Islands on 07 December 2023 at 10:00am for the purpose of considering and voting on the following resolutions:

Ordinary Resolutions

1. To receive and consider the Financial Statements of the Fund in respect of the year ended 31 March 2023.
2. To re-appoint Grant Thornton as Auditors of the Fund until the conclusion of the next Annual General Meeting.

Special Resolution

That the Fund be wound up summarily in accordance with Chapter 2 of Part 21 of the Companies (Jersey) Law, 1991 (as amended).

**By order of the Board
16 November 2023**

Registered Office
44 Esplanade
St Helier
Jersey JE4 9WG
Channel Islands

The Company Secretary

Notes:

1. Any Shareholder of the Fund entitled to attend and vote at the above meeting is also entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a Shareholder of the Fund. A form of proxy is enclosed.
2. Form of proxy and the power of attorney or other authority, if any, under which they are signed or a notarially certified copy of that power of attorney should be deposited at Intertrust Fund Services (Guernsey) Limited, PO BOX 119, Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB, Channel Islands, marked for the attention of the Company Secretary **no later than 10:00am (UK time) on 05 December 2023.** Proxy forms received after this deadline may be accepted solely at the Chairman's absolute discretion.
3. Completion and return of the form of proxy will not preclude Shareholders from attending and voting at the meeting in person should they wish to do so.

FORM OF PROXY

The London Central Residential Recovery Fund Limited (the "Fund")

Annual General Meeting of Shareholders 07 December 2023 at 10:00am

Please note that votes will only be accepted from the Shareholders as listed on the register. If your holding is via a platform or nominee, please ask their representatives to submit this form on your behalf to ensure your vote is counted. Please complete the following in block letters.

I/We (name)	
of (address)	

being (a) member(s) of the above-named Fund:

Appoint the Chairman
of the meeting* ☐

OR (see note 1 below)

Appoint (name)	
of (address)	

as my/our proxy to vote for me/us on my/our behalf as indicated at the Annual General Meeting to be held on 07 December 2023 and at any adjournment thereof. * Where I/we have appointed the Chairman of the meeting as my/our proxy (as indicated above), I/we direct and agree that the Chairman shall be entitled to delegate his/her appointment as my/our proxy to any other individual specified by the Chairman (in his sole and absolute discretion) by notice in writing to the Fund.

Please indicate with a tick (✓) in the space provided how you wish your vote to be cast. Otherwise, your proxy will vote or abstain as he thinks fit.

	FOR	AGAINST
ORDINARY RESOLUTION 1 – To receive and consider the Financial Statements of the Fund in respect of the year ended 31 March 2023.		
ORDINARY RESOLUTION 2 – To re-appoint Grant Thornton as Auditors of the Fund until the conclusion of the next Annual General Meeting.		
SPECIAL RESOLUTION – That the Fund be wound up summarily in accordance with Chapter 2 of Part 21 of the Companies (Jersey) Law, 1991 (as amended).		

Signature.....Date..... 2023

Notes:

- (1) If you desire to appoint a proxy other than the Chairman of the meeting, please insert his/her name and address and delete the words "the Chairman of the meeting OR". A proxy need not also be a Shareholder.
- (2) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the Register of Shareholders in respect of the joint holding. Names of all joint holders should be stated.
- (3) To be valid, this form should be deposited at Intertrust Fund Services (Guernsey) Limited, PO BOX 119, Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB, Channel Islands, marked for the attention of the Company Secretary no later than 10:00am (Jersey time) on 05 December 2023. The Chairman of the AGM may in his absolute discretion, accept an instrument of proxy received after this time, or sent by fax or email. Accordingly, you may choose to send your proxy by fax to +44 (0) 1481 211001 or by email to LCP@intertrustgroup.com.
- (4) Completion of this form of proxy will not prevent you from attending and voting at the meeting should you wish to do so.
- (5) If the appointer is a corporation, this proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised on its behalf.