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JAN INVESTMENT MARKETING

Mr Paul Michael Davey
3 Manor Gardens
Swindon
Wiltshire
SN2 2ND

11/11/2014

Dear Paul

Further to our meeting on 05/11/2014 at our offices, during which we discussed and recorded your financial circumstances, I would like to take the opportunity to outline my reviews, confirming the suitability and reasons for them, when considering your overall financial circumstances.

You will recall that I provided you with a copy of my Client Agreement, Service Proposition, Engagement documents and how we will be remunerated for these services as detailed below:

Date of Client Agreement	Date of Identity Verification	Date of First Meeting	Date of Last Meeting	Initial Engagement Fee	Ongoing Reviews Annual Charge
05/11/2014	05/11/2014	05/11/2014	10/11/2014	1.5%	0.5%

If you believe that the information in any of the documents provided is incorrect please let me know as soon as possible. I would also mention that if any information has not been disclosed, it is possible that my review may not take account of all your business's Pension Scheme requirements and could ultimately have been different. I cannot accept responsibility for any non-disclosed information which could have affected this review. Nor can I accept any liability should you suffer any loss due to the non-disclosure of material facts which have not been brought to my attention.

You have been made aware that we offer an Independent advice service. We have therefore reviewed products and services based on a comprehensive and fair analysis of the relevant market based on your needs and objectives.

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Current Situation

During our meeting we discussed various aspects of your personal and financial situation.

Taking into account your personal circumstances, as detailed in the completed fact find, you confirmed that you have sufficient capital available immediately or at short notice to meet any unforeseen short-term emergencies.

You have confirmed you currently have a valid Will. You should always review your Will whenever your circumstances change.

Suitability Review

To allow me to provide you with the suitability review based around your priorities and objectives, I need all available information relating to your personal circumstances. As you did not wish to disclose all details relating to your circumstances my reviews have therefore been based on the information provided.

There are various areas I believe you should be considering:

Family & Mortgage Protection

However, you instructed me to specifically limit my advice to your Small Self Administered Scheme ("SSAS") fund investments and I have acted accordingly. My reviews have therefore been based on this one area.

Priorities and Objectives

At our meeting we discussed the benefits and importance of reviewing the following areas:

V & P Property Pension Fund

As a result of our discussions you have confirmed that your current priorities and objectives are:

Due to being disappointed by the performance of your existing pension and lack of control of investment decisions, you require more flexibility with regard to choices of investment strategy so that you may achieve the growth required on your pension funds to provide you with your goal income in retirement. You have therefore made the decision to set up a SSAS (small self administered scheme) to be run by V & P Property Pension Fund Trustee.

We also discussed the period over which you wish to invest. I confirmed that a short term investment would be considered to be for a period up to 5 years, a medium term would be 5-10 years and a long term investment would be for a period of 10 years plus.

You have indicated to me that you wish to invest £876,408.55, for potential capital growth over the medium to long term.

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Funding of the Plan

The funds for this plan will be taken from:

V & P Property Pension Fund

Attitude to Risk

We discussed at some length your attitude to risk and considered your total funds in V & P Property Pension Fund and the relationship between risk and reward. You understand that a degree of risk does have to be taken in order to provide the potential for investment return. We also discussed the concept of placing your money in more secure investments and took this into account when agreeing your attitude to risk and making this recommendation.

You indicated to me that your overall attitude to risk is as follows:

Risk Level 9 – Very High Risk

You also confirmed that this is the level of risk you would wish to apply to the current recommendations, although you confirmed that you may have a different attitude to risk when addressing different priorities and risk in different situations.

Capacity for Loss

Having identified your attitude to risk, we also discussed your capacity for loss when investing any money and I explained that this would highlight the amount of money you could actually afford to lose when making your investment.

You are satisfied that the attitude to risk agreed upon is within your stated capacity for loss.

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Financial Standing

All information which is detailed below was provided as per our meeting on the 05/11/2014. This information is provided for the purpose of referral, detailed further in this document, to assist in my review of V & P Property Pension Fund. If any of the information is incorrect I urge you contact me at your earliest convince. I do not accept liability for any incorrect information that has been provided.

Assets

Asset Type	Type of Property	Owner	Value	Liabilities
Property	Residential	Applicant 1	£375,000	£276,000
Property	Buy to Let	Applicant 1	£125,000	£102,074
Property	Buy to Let	Applicant 1	£95,000	£74,799
Property	Buy to Let	Applicant 1	£95,000	£72,250
Property	Buy to Let	Applicant 1	£130,000	£96,759
Property	Buy to Let	Applicant 1	£123,000	£79,064
Property	Buy to Let	Applicant 1	£130,000	£101,268
Property	Buy to Let	Applicant 1	£87,000	£63,005
Property	Buy to Let	Applicant 1	£185,000	£136,915
Property	Buy to Let	Applicant 1	£80,000	£72,000
Property	Buy to Let	Applicant 1	£80,000	£72,213
Property	Buy to Let	Applicant 1	£136,000	£96,553
Property	Buy to Let	Applicant 1	£135,000	£112,753
Property	Buy to Let	Applicant 1	£75,000	£76,499
Property	Buy to Let	Applicant 1	£150,000	£121,473
Property	Buy to Let	Applicant 1	£80,000	£45,063.50
Property	Buy to Let	Applicant 1	£70,000	£45,063.50
Property	Buy to Let	Applicant 1	£60,000	£45,063.50
Property	Buy to Let	Applicant 1	£75,000	£45,063.50
Land	N/A	Applicant 1	£250,000	£190,000
Land	N/A	Applicant 1	£90,000	£60,000

Property equity	**£642,121.00**

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Retirement Plans

Pension Type	Do you contribute?	Owner	Value	Retirement age
SSAS	No	Applicant 1	£876,408.55	75

Retirement Values	£876,408.55

Investments/Savings

Type	Owner	Do you contribute?	Value
N/A	N/A	N/A	N/A

Investment/Savings Value	£0

Overall Value	1,518,529.55

Review of Existing Plans

V & P Property Pension Fund presently has a fund value totalling £876,408.55 and is currently held as cash with an annual administration fee of £960. The SSAS provider and scheme administrator is Pension Practitioner.

The fund(s) you're intending to invest in:

Provider Name	Scheme Type	Projected Returns	Investment amount	Type of investment	Chosen Retirement Age
CJND limited Debenture backed	Secured Loan	14% Yr 1 14% Yr 2	£603,864.73	Unconnected Third Party Loan	75
Andy McCulloch Asset backed	Secured Loan	6% Yr 1	£82,300.00	Unconnected Third Party Loan	75
Alan Edwards Pledge backed	Secured Loan	6% for 6 months	£55,740.00	Unconnected Third Party Loan	75

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I have taken into account your current risk attitude, priorities and objectives when making this review and have reviewed V & P Property Pension Fund while doing this to ensure this is still meeting your current requirements. You agreed it was in regard to providing greater flexibility and control in terms of the implementation and management of your SSAS investments, you now wish to implement these strategies.

- There is no guarantee the return on the new investment will be greater than that of your existing cash only SSAS fund.
- The charges on the new investment are higher than those on your existing SSAS cash only fund.

Adventurous risk strategy – Unconnected Third Party Loan for Carlton James North Dakota Limited

Investment Type	Invested Amount	Minimum Investment Term	Annual Returns	Frequency of Returns	Early Exit Terms	Early Exit Penalties	Capital Returned at Maturity
Unconnected Third Party Loan	£603,864.73	2 Years	14% Yr 1 14% yr 2	Annually	Payment of full 12 months Interest if in yr 1 agreed	N/A	100%

An investment through a secured unconnected third party loan issued by V & P Property Pension Fund ("The Scheme") and provides "The Scheme" with fixed annual returns. The fixed returns provide the "Scheme" with contracted cash returns of 14% per annum over a term of 2 years. At the term end (or earlier) the Company will repay the loan from investors for the original value.

The structure and flow of this investment is as follows;

- "The Scheme" secures a floating charge over the assets held within in Carlton James North Dakota Limited ("the Company");
- "The Company" then lends capital raised to Construction projects undertaken by Carlton James North Dakota Limited which is placed in a first lien/charge position effectively becoming the mortgagee;
- And in addition the Company affects a security interest in the Managed project within Carlton James North Dakota Limited;
- Payments to "The Scheme" will be made Annually in arrears;
- An independent Investment Administrator, Carlton James Private & Commercial, is appointed to oversee the above process and thus ensure the interests of investors is maintained at all times;

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Capital Requirements

- Investment is required to complete pre-development, development and construction activities.
- "The Scheme" returns of 14% gross per annum for 2 years paid on the annual anniversary of investment.
- The Investor will recapture the original investment after 2 years or earlier.
- For the two year exit a Permanent Loan will be negotiated to take out "The Scheme" monies in the second year.
- "The Scheme" capital is repaid in year 2 by means of commercial refinance of completed projects, principally Hotels in North Dakota.

Client suitability: Investors should be adventurous risk, seeking to achieve fixed annual returns generated from this US property investment. Specific Risks with this type of unconnected third party loan must be noted. "The Scheme" should be able to commit money to these investments for a maximum of two years. This investment is non FCA regulated and has no recourse to the financial Services compensation Scheme. Individual investors should consider carefully whether this investment is suitable for them in light of personal circumstances and financial resources available to them.

This is a secured loan type investment and as such the risks associated with registering a loan agreement must be considered. Full details are contained in the loan illustration, loan agreement and supporting documents already provided to all member trustees.

PLEASE REVIEW THE ATTACHED UNCONNECTED THIRD PARTY LOAN AGREEMENTS. THIS DETAILS THE LOAN TERMS IN FURTHER DETAIL.

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Adventurous risk strategy – Unconnected Third Party Loan for Andy McCulloch

Investment Type	Invested Amount	Minimum Investment Term	Annual Returns	Frequency of Returns	Early Exit Terms	Early Exit Penalties	Capital Returned at Maturity
Unconnected Third Party Loan	£75,000	4 MONTHS	6% Yr 1	MONTHLY (Interest Retained)	Payment of full Interest agreed, minimum of 4 months	N/A	100%

An investment through an unconnected third party loan issued by V & P Property Pension Fund ("The Scheme") and provides "The Scheme" with fixed annual returns. The fixed returns provide the "Scheme" with contracted cash returns of 6% per annum over a term of 6 months. At the term end the borrower will repay the loan from investors for their original value.

The structure and flow of this investment is as follows;

- "The Scheme" secures a first charge over the sale proceeds of the property asset;
- The 3rd party receiving the monies then utilises capital raised to Construction projects undertaken by the 3rd party client which is placed in a first lien/charge position effectively becoming the mortgagee;
- Payments to "The Scheme" will be made Annually in arrears;
- An independent Investment Administrator, Carlton James Private & Commercial, is appointed to oversee the above process and thus ensure the interests of the investor is maintained at all times;

Capital Requirements

- Investment is required to complete the purchase of said assets;
- "The Scheme" returns of 6% gross per annum for 1 year paid on the annual anniversary or earlier redemption of investment subject to minimum of 4 months interest
- The Investor will recapture the original investment after 1 year or earlier redemption.

Client suitability: Investors should be adventurous risk, seeking to achieve fixed annual returns generated from this property investment. Specific Risks with this type of unconnected third party loan must be noted. "The Scheme" should be able to commit money to these investments for a minimum of one year, or more if necessary. This investment is non FCA regulated and has no recourse to the financial Services compensation Scheme. Individual investors should consider carefully whether this investment is suitable for them in light of personal circumstances and financial resources available to them.

This is a secured loan type investment and as such the risks associated with registering a loan agreement must be considered. Full details are contained in the loan illustration, loan agreement and supporting documents already provided to all member trustees.

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Adventurous risk strategy – Unconnected Third Party Loan for Alan Edwards

Investment Type	Invested Amount	Minimum Investment Term	Annual Returns	Frequency of Returns	Early Exit Terms	Early Exit Penalties	Capital Returned at Maturity
Unconnected Third Party Loan	£49,000	6 Months	12% Yr 1	Monthly (interest retained)	Payment of full 6 months Interest agreed	N/A	100%

An investment through an unconnected third party loan issued by V & P Property Pension Fund ("The Scheme") and provides "The Scheme" with fixed annual returns. The fixed returns provide the "Scheme" with contracted cash returns equivalent to 12% per annum over a term of 6 months. At the term end the Company will repay the loan from investors for their original value.

The structure and flow of this investment is as follows;

- "The Scheme" secures a first charge over the asset;
- The 3rd party receiving the monies then utilises capital raised to construction projects undertaken by the 3rd party client which is placed in a first lien/charge position effectively becoming the mortgagee;
- Payments to "The Scheme" will be made in arrears, in this case 6 monthly in arrears;
- An independent Investment Administrator, Carlton James Private & Commercial, is appointed to oversee the above process and thus ensure the interests of investors is maintained at all times;

Capital Requirements

- Investment is required to complete the purchase of said assets;
- "The Scheme" returns equivalent to 12% gross per annum;
- The Investor will recapture the original investment plus interest after 6 months or earlier.

Client suitability: Investors should be adventurous risk, seeking to achieve fixed monthly returns generated from this property investment. Specific Risks with this type of secured unconnected third party loan must be noted. "The Scheme" should be able to commit money to these investments for a minimum of 6 months or more if necessary. This investment is non FCA regulated and has no recourse to the financial Services compensation Scheme. Individual investors should consider carefully whether this investment is suitable for them in light of personal circumstances and financial resources available to them.

This is a secured loan type investment and as such the risks associated with registering a loan agreement must be considered. Full details are contained in the loan illustration, loan agreement and supporting documents already provided to all member trustees.

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Reviews

We discussed the various ways you could achieve your present objectives as outlined above. You appreciate that a degree of risk has to be taken in order to meet your objectives and provide a reasonable level of return over that typically offered by cash deposit vehicles which you are currently invested. You have stated it's your intention invest a sum of £727,864.73 into secured, unconnected third party loans, which will be taken out in V & P Property Pension Fund.

In relation to this review, JAN Investment Marketing has categorised you as a Retail Client. Therefore, one of the exemptions available within either the Promotion of Collective Investment Schemes (Exemptions) Order (PCIS) or section 4.12 of the Conduct of Business Sourcebook (COBS) must apply. The exemption that is available which allows me to promote a unregulated investment schemes to you is:

Certified High Net Worth

Meaning any individual who has a current certificate of high net worth and has signed, within the period of twelve months ending with the day on which the communication is made, a relevant statement.

You have provided me with the relevant statement.

I am able to use this exemption because you have, during the financial year immediately preceding today, net assets to the value of £250,000 or more. Net assets for these purposes do not include:
(i) The property which is my primary residence or any loan secured on that residence;
(ii) Any rights of mine under a qualifying contract of insurance within the meaning of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;

Contributions to pension arrangements generate direct tax savings. All individuals make contributions net of basic rate tax relief, which means that every £100 you contribute will immediately be boosted to £125. Higher or additional rate tax payers can claim tax relief up to their highest marginal rate by notifying HMRC via their self assessment forms or a letter to their local tax office. In addition, by holding the unconnected third party loans within your pension, the returns you receive will be free from all income and capital gains tax.

Third party Loan Agreements

This documentation is important and contains information regarding the products which I have reviewed, particularly with regards to the product's aims, risks and charges, together with its legal and tax status. Therefore, please ensure you have read these documents carefully. If there are any points on which you are unsure, or require further clarification, please contact me and I will be pleased to explain these in greater detail.

Risks

The Fund unconnected third party loan agreements, illustrations and documents also provides you with details of any risks and potential disadvantages associated with the contract reviewed. We have previously discussed these, and I would like to highlight the following points:

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- Registered Pension Schemes may make loans to unconnected third parties. Broadly, these loans are not as restrictive as Sponsoring Employer Loans, and thus can incorporate a variety of repayment terms.

- Trustees have a duty to ensure that the loan is prudent, secure and commercial. This means that the terms being offered to the third party should reflect the nature of the loan.

- Third party loans will invariably be considered high risk unless assets are being offered as security. Due diligence should always be undertaken in relation to the financial strength of the borrower.

- Loans generally cannot be granted for the purposes of acquiring taxable property. To do so would likely result in a tax charge.

- Loans to connected parties, such as Members of the pension scheme, are not allowable. It is also not possible for a SSAS to lend to an employer of the Member. To do so would result in tax charges being applied to the Scheme.

- The value of this investment is not guaranteed and on encashment you may not get back the full amount invested.

Tax Treatment and Law

All statements concerning the tax treatment of products and their benefits are based on our understanding of current tax law and Her Majesty's Revenue and Customs (HMRC) practice. Levels and bases of tax relief are subject to change.

Remuneration

No Remuneration is applicable with these loan structures.

Future Contact and Ongoing Services

You have elected to receive a Transaction only service as detailed in our Service Proposition and Engagement.

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Conclusion

I trust that this letter provides an accurate summary of our discussions, however should you have any concerns or wish to discuss any of the issues raised in more detail please do not hesitate to contact me.

JAN Investment Marketing firmly believes it is prudent to regularly review a portfolio. The aim of such a review would be to ensure that both the funds and asset allocation model meet with your stated objectives and assessed risk profile on an ongoing basis, and rebalance the portfolio if necessary.

You do not feel that this is necessary and we agreed that you will contact us whenever you require a review. I recommend that you request a review if there are any material changes to your circumstances; examples of this would be redundancy, bereavement, receiving an inheritance.

We strive to provide you with a first class professional service and hope that we can continue to be of service to you for many years to come. Should you require advice at any time with regard to any aspect of your financial planning, please do not hesitate to contact me and I shall be pleased to assist.

Yours sincerely

Jan Pietruszka
JAN Investment Marketing

Please sign and return the enclosed copy of this covering letter:

Signed

Date 12/11/2014

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Appendix – Technical Information on unconnected third party loans

This information for general guidance only and is based on our understanding of legislative requirements. It does not recommend a loan as a suitable investment of a pension scheme nor does it represent JAN Investment marketing specific position as regards third party loans. Specific advice should be sought in respect of each individual case to ensure that the legislative requirements are being met.

Loans to connected parties (such as the Member, the Member's relatives or employer) are not permissible, other than a Sponsoring Employer loan via a SSAS. It is possible, however, for a registered pension scheme to make a loan to an unconnected third party as a form of investment.

Loans to third parties do not have the same criteria applied as those to Sponsoring Employers and as a consequence can have extremely flexible repayment criteria. Trustees are charged, however, with ensuring that any such loans are prudent, secure and on a commercial basis, and thus the terms being offered to any third party need to be balanced by these requirements

Amount of the Loan There is no restriction on the amount of the loan that can be granted, so the Member could theoretically consider up to 100% of the fund. In practice, however, it would be rare to grant a loan at this level, given that the risk associated with such loans can be considerable. Trustees are unlikely to sanction loans of this level, given the need for liquidity and balance in a pension fund.

Security Loans can be secured or unsecured. Where a loan is unsecured, it would be usual for the interest rate to be considerably higher to reflect the increased risk. Comparisons should potentially be made on the open market to determine appropriate terms. Considerable due diligence on the financial strength of the borrower would also likely be a prerequisite. Care must be taken where assets used as security constitute taxable property (tangible, moveable property or residential property). In these cases, creating an interest in such property by fixing a charge on them can lead to an unauthorised payment tax charge both on the costs of putting the charge in place, and on the value of the assets if the charge were ever to be enforced.

Interest There is no minimum or maximum interest rate that can or should be charged for a loan. However, it must be demonstrated that the interest being charged can be classed as commercial. Comparisons might need to be obtained against what is available on the open market.

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Term & Repayment There is no minimum or maximum term for the loan, but equally it should be commensurate with the purpose behind the loan. Equally, capital and interest can be spread throughout the term itself. Consideration of the needs of the member over the longer term should be considered in relation to the length of the loan. For example, impending retirement or the need to pay death benefits.

Prudence Ultimately, the loan needs to be considered as an investment of the pension scheme designed to enhance the benefits of the member. Where the loan is high risk then the terms of the loan should reflect this. Where a borrower defaults on a payment, unless the loan is secured, the Trustee will realistically only have recourse to the courts to try and obtain monies back. This necessitates a balanced approach to such investments. Consideration should be given to the purpose of the loan and who the borrower is. Loans being used to acquire taxable property cannot proceed unless the borrower qualifies as a 'Genuinely Diverse Commercial Vehicle'. The Trustees may consider it necessary to undertake additional due diligence as to the financial strength of the borrower to help ensure that the pension monies will be repaid, and obtain copies of accounts, and a statement from the borrower's accountant.

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Appendix – Technical Information on Small Self Administered Schemes (SSAS)

The basic state retirement pension or 'old age pension' as it is commonly known is not really sufficient to provide anyone with a comfortable retirement, even when supplemented by the additional earnings-related state benefits. The value of state pensions will reduce even further in the future as the proportion of older retired people in the population increases and the proportion of working taxpayers reduce. It is therefore essential to save for your retirement in the most tax efficient manner possible. SSAS provides just such a facility.

Contributions to pension plans generate direct tax savings. All individuals make contributions net of basic tax relief, which means that you will only actually contribute £80 net for every £100 of contributions. Higher rate tax payers can claim tax relief up to the highest marginal rate by notifying HMRC via their self assessment forms or a letter to their local tax office. Tax relief on any contributions made is limited to £3,600 per annum or 100% of salary if higher.

You will not receive any tax relief on contributions made by your employer.

Your pension contributions once made will grow in funds where there is no liability to tax on capital gains and where income receipts are also tax-free. However, dividends accruing from UK companies are received with a 10% tax credit, which the pension manager is unable to reclaim. Your money will therefore grow faster in a SHP, PPP, SIPP or SSAS than in most other forms of investment.

Under current UK legislation, pension benefits can usually be accessed from age 55. At retirement you have the option to take up to 25% of the fund as a tax-free cash lump sum with the balance being used to buy a pension, which is taxed as income at your marginal rate.

<u>Small Self Administered Schemes</u>

In order to ensure that your investment strategy matches your risk profile and objectives, the self-investment option provides access to a wide range of investment vehicles and providers. Investments permitted by HMRC include insurance companies managed funds, equities, gilts and debentures quoted on any recognised stock market, unit trusts, OEICs, investment trusts, deposit accounts, structured products and property. If you so wish, you can appoint your own investment manager who will be able to deal with your funds on either a discretionary or advisory basis.

<u>Lifetime & Annual Allowance</u>

This is the limit to the amount of pension savings anyone can make in their lifetime without tax penalty. The Lifetime Allowance is currently £1.25 million (2014/2015). The value placed on benefits when tested against the Lifetime Allowance is known as the "Crystallised Value". For SHPs, PPPs, SIPPs or SSAS this will normally be the fund value. Fund values over this amount would trigger a tax charge of 55% if taken as a lump sum or 25% if taken as an income stream. The income would also subject to income tax at your marginal rate.

Contributions into the scheme are limited by the annual allowance. The Annual Allowance is currently £40,000 (2014/2015). There is also the facility to potentially carry forward up to 3 years worth of unused relief (based on an annual amount of £40,000 for each of the previous 3 years). Contributions exceeding the annual allowance would trigger a tailored tax charge of up to 45%.

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What happens if you die?

On death, a SSAS will offer a full return of the fund value to your nominated beneficiary. If you die after age 75 and have not chosen to draw the benefits by that time, a 55% tax charge will apply.