

Important Announcement to members of the London Quantum Retirement Benefit Scheme (also known as the London Quantum Occupational Pension Scheme) (“the Scheme”)

This is the fourth announcement to members.

Investments

In our second announcement we explained that we had concerns over the purported investments made by the previous trustee. We have taken independent advice about the investments which concluded that the purported investments are not suitable for a Scheme such as this and that we should look at having investments paid back, and alternative investments made, where it is prudent and possible for us to do so. We have been considering our next steps based on this advice and have concluded that we will write to the investment providers asking them to tell us how much the Scheme would receive now if we asked for the investments back immediately. This will allow us to decide which investments this might be an appropriate course of action for and those where it would not be appropriate to do so.

Given the illiquid nature of some of the investments we anticipate that getting the money back may not be straightforward but we are liaising with the investment providers to find out what options are available. For example:

The purported Reforestation Group investment in eucalyptus trees is tied to a 7 year growth cycle. We have been told by the Reforestation Group that the trees are not yet mature enough to generate a return equivalent to the initial investment.

Investments in car parking, hotel rooms in Cape Verde and office accommodation require there to be an active secondary market willing to purchase these assets. At this time, we have no evidence of the availability of buyers or the prices they are willing to pay.

The Corporate Bonds and loan notes have a fixed term and early redemption may not be possible.

Once we have responses from the investment providers we will have to carefully consider the cost and benefit of action to have any of the investments returned early. If some of the investments cannot be returned early, this will directly affect how and when members can access their funds.

If investments are returned to the Scheme early, we will have to decide how they should be invested for the future. We will be taking further advice from a professional investment adviser to assist us in making this decision.

Administration

As mentioned in our second announcement, the Scheme has been set up in such a way that every member has a ‘personal account’ to which specific investments are allocated.

This system of 'personal accounts' is causing administrative problems with allocating the costs of the Scheme and, due to the illiquid nature of the investments, is causing problems when the Scheme is required to provide pension benefits, death benefits, transfers or cash lump sums. We are seeking legal advice on how to best deal with these administrative problems and we will update you on this in due course. Until we have resolved this issue we are unable to make any payments from the Scheme. We are also in the process of trying to resolve discrepancies in the investment splits that we received from the previous trustee.

Quantum Investment Management Solutions LLP ("Quantum") and Dorrixo Alliance (UK) Limited ("Dorrixo")

As you are aware the Scheme was established by Quantum as sponsoring employer, Dorrixo was the Scheme Trustee immediately prior the appointment of Dalriada a trustee with sole control by the Pensions Regulator.

We were advised at the end of February that Quantum had applied for Creditors Voluntary Liquidation on the grounds that they were insolvent. At a creditor's meeting on 3rd March the liquidation was confirmed and Duff & Phelps Limited was appointed as liquidator. The Pension Regulator's Order appointing Dalriada dated 18 June 2015 states that, as employer of the Scheme, Quantum is responsible for the costs and expenses of running the Scheme. The liquidator has confirmed that Quantum has very little by way of assets, which means that they are unlikely to be able to meet their obligations under the Order. If that is the case, then the Order states that these costs will be met from the assets of the Scheme.

We are also aware that Dorrixo has applied to Companies House for voluntary strike off which, if granted, would allow it to wind itself up.

What should I do if I have any further questions?

Should you have any queries in relation to this Announcement or your membership of the Scheme, please contact us. As above, please also supply copies of all correspondence or other communications which you may have received in relation to your membership of the Scheme.

There is a website set up for members at

www.dalriadatrustees.co.uk/london-quantum

We have included Frequently Asked Questions (FAQs) on this page and will update the website when further information becomes available. We will also upload all Announcements to this page.

As you will be aware, the costs of answering queries have to be met from the assets of the Scheme. In order to minimise these costs it would be very helpful if you could, in the first instance, check the FAQs to see if your question is answered there.

Should you, however, have any specific personal queries in relation to this Announcement, your membership of the Schemes or should you wish to provide us with further information, please contact us.

You can contact us as follows:

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Issued by Dalriada Trustees Limited

March 2016