

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

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This is the eighth announcement to members and is the regular update for members on what actions have been taken in relation to our appointment.

As you will recall our appointment was ordered by the Determinations Panel of The Pensions Regulator (the Regulator) under the statutory powers it holds. Our appointment gave us exclusive control over the Scheme. Since our appointment the previous Trustee, Dorrioxo Alliance (UK) Limited and the sponsoring employer, Quantum Investment Management Solutions LLP have been dissolved.

### **What has happened since the last announcement?**

The main work we have undertaken is to try to recover the money held in the remaining investments and have this paid back to the Scheme.

As outlined previously we continue to attend to the legal and governance obligations in relation to the Scheme. This includes holding trustee meetings, undertaking risk reviews, preparing accounts and preparing a Chairman’s statement. Copies of the accounts and the Chairman’s statement can be found on the members’ website. Details are set out later in this announcement.

### **Why can’t we pay benefits yet?**

It is now four years since we were appointed to the Scheme by The Pensions Regulator and we understand member’s frustration that we are still unable to pay benefits, pay transfer values or issues statements. Members contacting us have questioned why things are taking so long and are we just accruing fees for the sake of it. There are good reasons for why we are unable to make payments which we will explain.

In order to make payments we must have the cash in the Scheme. However, even if we do have cash we also have to work out what each member’s entitlement is so that by paying one member their benefits we are not disadvantaging another member. This is the position we find ourselves in as Trustee. Whilst we have ingathered some of the cash and realised or written off investments for the Scheme we have other investments where we are still trying to get the money for the Scheme. Until we do this, or come to the conclusion that we cannot, then we cannot value members’ entitlements. This is due to how costs are allocated and the nature of the member accounts that was part of the original Scheme design.

We will now set out where we are with each of the investments that we are seeking to realise.

## **Investments**

### **Dolphin Trust GmbH**

#### Amount Invested

£424,641.88

#### Current Position

Payments from the nine Dolphin corporate loan notes are due to begin in October 2019 and be fully realised by April 2020.

Dalriada have recently received return on investments with Dolphin in other schemes to which we are appointed. It remains Dalriada's view (and that of its investment adviser) that this was an inappropriate investment to be made by the previous trustee. However, Dalriada is hopeful that receipt of monies from Dolphin in relation to other pension schemes bodes well for a recovery being made by the London Quantum Scheme in due course. There is no guarantee of that though as Dalriada has very little insight into the operation of Dolphin. In light of this, Dalriada is considering the advantages of continuing to hold the investment to maturity as opposed to requesting early redemption which would incur additional exit costs. However as the loan notes are not able to be fully realised until April 2020 it would mean that the Scheme could not make any payments out before then at the earliest.

### **Park First Glasgow Limited**

#### Amount Invested

£340,000.00

#### Current Position

Previously Park First Ltd. agreed to stop operating and promoting the original car park schemes. It offered investors, including the Scheme, the choice of:

- Return of the initial investment back, with no interest (the "Buy Back" option)
- Moving into a new Lifetime Leaseback scheme (the "Lifetime Lease" option)

Dalriada had previously been advised to pursue the "Buy Back" option which we communicated to Park First Ltd. and we have had a number of discussions with them regarding aspects of this offer.

Rather than presenting Dalriada with the paperwork in order to confirm that position, Park First has instead acknowledged that the sales did not "legally complete" and that "title had not transferred". Accordingly, it is treating the proposed repayment to the Scheme as a "refund" rather than "buy back" but contends that the result is the same but there is no need to complete any paperwork. Park First has further contended that the terms are the same, i.e. that there will be deduction of rental payments from the ultimate repayment, and that it will be made 12 months from the date of request.

Given that Park First recognises the investment never completed and that the paying party wishes

to seek a refund, Dalriada considers that the refund should be due immediately. It is far from clear upon what basis Park First has instead determined that the terms are "the same".

Dalriada will continue the dialogue with Park First and will update members as soon as possible.

## **The Reforestation Group Limited**

### Amount Invested

£220,000 (although the actual amount invested is disputed – the contractual documents show a cumulative purchase price of £230,000).

### Current Position

Previously, an agreement was signed with the Reforestation Group in which they committed to paying £230,000 by 30 June 2018. To date they have not honoured that agreement and the agreed payment has not been received by Dalriada.

Dalriada's legal representatives continue to pursue this matter with the Reforestation Group.

## **Best Asset Management Ltd – Car Parks**

### Amount Invested

£189,000 in the lease of 7 car park spaces in Dubai.

### Current Position

Previously we advised that this investment is subject to legal action being taken in the United Arab Emirates. The action is being taken collectively on behalf of the investors and we are not a direct party to it.

Dalriada has been informed by Best Asset Management Limited that the judgement had been given in the UAE proceedings; that the individuals involved had been "found guilty" by the Office of Public Prosecution (the "OPP") and there are likely to be sufficient assets to make a return to the investors.

The decision delivered by the OPP will now be put before the Dubai Court as the next step. Best has also submitted civil claims against the individuals involved.

We continue to engage with Best International (Best) regarding this action.

## **Best Asset Management Ltd - ABC Corporate Bonds**

### Amount Invested

£409,000 in corporate bonds with Alpha Business Centres ("**ABC**") UK Ltd

### Current Position

This investment is also subject to the legal action being taken in the United Arab Emirates mentioned above, as it is the same people behind this investment that are behind the Dubai car park investment. We are also discussing this matter with the Scheme's legal advisers.

## **HMRC's Intention Regarding the Scheme Sanction Charge**

In our sixth Announcement we advised that HMRC intended to levy a Scheme Sanction Charge of £240,000 on the Scheme following an unauthorised payment of £600,000 which related to the London Quantum One Limited investment. Dalriada appealed this tax charge on the basis that it relates to an investment which only three of the Scheme members benefited from, and that it was neither fair nor reasonable to impose a tax charge which would affect the other Scheme members who had no exposure to, nor benefit from, it (the Scheme holds no funds in the personal accounts of these three members so the charge would have to be met from the remaining assets of the Scheme).

HMRC has said that our appeal has been successful and it will not be enforcing the charge. This is obviously very good news for Members as it will avoid what would otherwise be a significant reduction of scheme funds. We have asked HMRC for formal confirmation of this.

## **Scheme Costs**

We previously advised that, due to the way in which the Scheme was set up, a number of complexities have been encountered when considering how to allocate both investment recoveries and Scheme costs to Members' personal accounts (and for clarity these personal accounts are not like bank accounts but are a method of allocating, or earmarking, Scheme assets for the benefit of each Member). We are still looking at this point in conjunction with the Scheme's legal advisers.

It is inevitable with a complex Scheme such as this that costs, both ours and legal costs, are accrued in trying to get the money back from the Scheme investments and meet all ongoing governance requirements. As there is no sponsoring employer to meet the costs these must be met from the assets of the Scheme in accordance with the terms of the Order appointing us as Trustee. The Pensions Regulator is informed quarterly of costs and they are fully disclosed to the Schemes auditor and are set out in the Chairman's statement and the Scheme accounts which are available to members on the Scheme website.

## **What next?**

We hope that it is clear from the above why we cannot make any payments to settle benefits at this time. Dalriada as Trustee has a duty to act in the best interest of *all* the members. We hope you understand that making an early or partial payment to one member whilst we are still waiting for funds to come in, and whilst we have real difficulties in determining how to correctly apportion costs would mean that members remaining in the Scheme could be unfairly disadvantaged further. Allowing this situation to potentially arise is not acting in the best interest of all members which is something a Trustee must do.

Our intention is to wind up the Scheme as quickly as we can after we have received all the funds that we are likely to, we are clear on the position with regard to apportioning investment losses

and costs, and have formal confirmation that the tax charge has been cancelled. In the meantime we will look at a limited investment strategy to protect the funds received and seek some element of growth.

## **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](http://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. You will also find links to the Chair's Statement and the Report and Accounts.

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 appreciated 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 Scheme or should you wish to provide us with further information, please contact us. You can contact us as follows (please note the change in the postal address):

By Telephone: 028 9041 2009

By Post: Dalriada Trustees Limited  
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Via e-mail: [londonquantum@dalriadatrustees.co.uk](mailto:londonquantum@dalriadatrustees.co.uk)

**Issued by Dalriada Trustees Limited**

**February 2019**