

ALPHA DEVELOPMENT SCHEMES

FREQUENTLY ASKED QUESTIONS NO 4

This note should be read in conjunction with the document entitled Information Document and Frequently Asked Questions dated 30 June 2020 together with the Frequently Asked Questions No 2 and No 3 dated 3 July 2020 and 8 July respectively. Defined terms used in those documents are also used in this document.

This note aims to answer a number of additional questions which we didn't have time to cover in the Webinar. This note is not intended to be and does not constitute legal or financial advice.

1. If the scheme is a UCIS and the lease and underlease are void what happens if we lose the negligence claim? Will I have lost everything?

If the Scheme is held to be a UCIS this will form the basis of and support your claim for negligence. Accordingly, in our opinion, this will strengthen your claim and will minimise the possible defences that the law firm can have. Accordingly the chance of "losing everything" is low. Whilst we have not considered other claims you may also have other claims against the developer and marketing agency who sold the investment in the event that the negligence claim fails.

2. The PP Claim has suggested that we don't need to pay the ground rent and service charge as to do so would "validate" the contract. Is that correct?

Without full details of their advice it is difficult for us to comment. However, in our view, until such time as the Court declare the underlying lease and sub-lease void or they are terminated in some other way they are valid contracts with liabilities and obligations thereunder.

3. Another law firm has suggested that we can keep our lease and still claim damages. Is this correct?

Again without full details of their advice it is difficult for us to comment. However, in our view, this is not possible if the Court find the Scheme to be a UCIS. Further, even if it were possible, there would be very difficult arguments regarding the impact on quantum since you would have to deduct the residual value of the headlease from the amount you could claim in damages.

4. If the law firm goes insolvent or shuts down after judgment will I still receive damages?

If a judgment is made in your favour your claim would be against the law firm who will be backed by insurance as mentioned in previous notes.

5. How will you take instructions from the group?

We will establish a steering committee and will invite investors from different developments to join that committee.

6. Will the UCIS action find issues of fault against the directors of Alpha?

No. Whilst we can understand a desire to see the operators of the Scheme punished in some way our focus will be on recovering damages for the investors which we consider will be easiest achieved against a law firm backed by insurance rather than pursuing the directors who may well have dissipated or hidden assets to avoid enforcement.

16 July 2020