



Information about Membership of Fantasy Fleet Club.

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Membership Application Form

Statement for Certified High Net Worth Individual

1. What is Fantasy Fleet Club (FFC)?

Fantasy Fleet Ltd (FF) is a private limited company that owns a fleet of performance and sports cars. The Investors in FF represent the members of FFC, and the benefits to these investors/members include an annual allowance of points which allow access to the cars on a first come, first served basis. FF generates revenue from hiring the cars to non members and uses this revenue to cover some of the costs associated with insuring, operating, maintaining and storing the cars. The fleet running costs are therefore paid for by member annual subscriptions and non member car hire revenue.

2. History of Classic Car Club, Scotland (CCCS) & FFC

Classic Car Club, Scotland Ltd opened its doors in March 2002, opposite the Malmaison Hotel in Leith, providing access to their fleet of classic cars via an annual subscription. The revenue from this subscription covered all the running costs of the cars, and the subscription allowed members access to the cars using a points system. Over the years the CCCS fleet changed from an emphasis on classic cars to more modern sports and supercars, such as the Aston Martin DB9 and Ferrari 550 Maranello.

In the summer of 2008, capital was raised from a number of existing club members by creating a non-trading fleet holding company (i.e. FF Ltd) and rewarding investors with bonus points. This coincided with a move to the former Rolls Royce garage on the junction of Corstorphine Road and Clermiston. In the summer of 2011, due to changing personal circumstances, the CCCS closed down and they agreed to sell their shares in FF Ltd to a number of the investor members in FF Ltd. These investors have subsequently set up, and are managing the FFC, and Fantasy Garage, the trading name of its car hire arm.

3. The Fleet

The pleasure and value of the Club is derived from the fleet of cars which we own. The Club constantly strives to improve this experience by changing/upgrading the fleet according to the membership desires.

FF Ltd owns between four and six cars outright, which are available for use by the members of FFC and hirers. The number of cars it owns is closely related to the current number of investors, with roughly 1 car per 3 investors being the rule of thumb.

It is the intention of the board to replace at least one car per year with an equally interesting and exciting car. The following list is therefore subject to change.

Cars currently owned by FF Ltd:

Ferrari 360 Spider	<i>Spectacular Mid Engined V8 Ferrari Convertible</i>
Aston Martin DB9 Volante	<i>Sounds great, looks great - glorious V12 soft top</i>
Maserati Quattroporte	<i>Ferrari engined sports car, disguised as 4 door saloon</i>
Porsche Boxster S (987)	<i>Arguably the best driving Porsche, and practical too!</i>

4. How do I access the cars?

To provide an equitable usage of the cars by the Members, we have developed a points based system which reflects the value of the cars and the Members investment.

Each car is assigned a points band – for each 24-hour period, or part thereof, you have the car, that will be the number of points you use. Weekend and bank holiday days require double points, unless the booking is for 7 or more consecutive days. There is scope within the club, at the discretion of the management team, for longer term low mileage hires to use less points (as long as the car is not required elsewhere).

Points Band	Cars
15	Ferrari 360 Spider
14	Aston Martin DB9 Volante
11	Maserati Quattroporte
7	Porsche Boxster S

These points bands may be adjusted (usually when the fleet changes) in order to “balance” the usage of the fleet and running costs of each of the cars.

5. How many points do I get?

a. Annual dividend points

Investments may be made in multiples of 5,000 shares, with a minimum shareholding of 10,000. Members receive an annual award of dividend points according to the number of shares held:

No of shares	Dividend Points	% return based on 100p/share & £10/point
10,000	50	5.0%
15,000	85	5.7%
20,000	125	6.3%
25,000	175	7.0%
30,000	235	7.8%
35,000	310	8.9%
40,000	400	10.0%

b. Subscription points

A contribution to the costs of running the fleet is made from annual subscriptions from members, due 1st November every year.

The subscription is due when new members join. In addition, a subscription payment will still be due in November of your first year, but it will be adjusted down on a pro rata basis according to when you joined. If you joined on 1st of May of that year, the subscription due

in November would be 50%, as your subscription is already paid until the 1st of May the following year.

The following options are available for subscription:

Payment	Points	
£1,400	175	£8 / point
£1,000	100	£10 / point
£600	50	£12 / point

c. What does this mean in terms of car usage?

The current "average points per day" for a car in the fleet, taking into account the different weekday and weekend rates is 11. So the typical number of days available to members in the cars per annum, based on mixed usage of the fleet, is currently as follows:

No of shares	Dividend Points	Subscription	Subscription Points	No of days driving per annum
10,000	50	£1,400	175	20
10,000	50	£1,000	100	13
10,000	50	£600	50	8
20,000	125	£1,400	175	27
20,000	125	£1,000	100	20
20,000	125	£600	50	15
30,000	235	£1,400	175	37
30,000	235	£1,000	100	28
30,000	235	£600	50	24

d. Carrying over points

Note that members are allowed to carry over points from one annual period to another, up to a maximum of 1 year's allowance from the previous year (that is the dividend points + the subscription points).

e. Adding partner as a driver

Note that your partner can also be added as a member of the club, i.e. be able to book and drive the cars using your points. However, there is an annual charge for this to cover the cost of adding an additional driver to the club insurance policy (currently £80).

6. Can I top up my points?

Yes, you can buy additional points at the same rate as your subscription points, i.e.:

Payment	Points	
£1,400	175	£8 / point
£1,000	100	£10 / point
£600	50	£12 / point

These are very attractive rates, and make the cars very affordable. A 10,000 share investor buying points at £8 each can effectively hire the Porsche Boxster S (7 points/day) for £56 / day midweek. This reflects the fact that the cars belong to the members and we encourage the members to use them as often as possible.

7. Car availability for Members

Currently there are 4-5 cars available all year round, and 10-14 members each of whom has, on average, 15-20 "car days" each. In the past year hires to non-members accounted for another 40 "car days". So the total demand for cars per annum is in the region of 230-270 "car days" per annum. 4-5 cars available all year round of the year represents 1,400-1,750 "car days" of supply, meaning there is ample availability of cars for members. Even taking into account days off the road for vehicle servicing, and the fact that the demand is concentrated in the Spring - Autumn months, it is very unlikely that a car would not be available when a member requested one.

8. How do I become a member?

Membership of Fantasy Fleet Club is only open to investors in Fantasy Fleet Limited, and is automatically granted when the investment is completed. Currently there are a fixed number of shares in FF in existence, so investor / member requests may require an existing investor to sell, or the board may decide to issue additional shares if they are happy to extend the membership size. Once this has been agreed, to make the investment you complete the Membership Application Form, sign a "Statement for Certified High Net Worth Individual" (see 19 Small Print) and send them with a cheque for the amount of your investment to the Club.

Investments are in multiples of 5,000 shares, with a minimum shareholding of 10,000, as per the table in section 5. As we are a trading company the price of our shares can go up or down - they have been as low as 70p and as high as £1. At least once a year the share price is calculated by looking at the current balance sheet of the company and dividing that by the number of shares currently in issue. This will take into account the current value of the fleet and the profit and loss of the company, which includes the Fantasy Garage hire business. This usually happens at the company year end (31st October), when the vehicles will also be re-valued for the annual accounts. In November 2016 the share price was 77p, making the cost of a 10,000 share investment at that time £7,700. The current share price will be provided on request or application.

9. What will you do with my money?

Your money will be used in two ways. Firstly, to fund changes to the fleet. To protect the value we only buy depreciated cars and it is our expectation that when we come to sell cars we will not make a significant loss.

Secondly, a proportion of your money (expected to be around between 5 and 10%) will be used as working capital. This pays for things such as insurance, storage and general fleet maintenance.

10. How secure is my money?

The value of the Fleet is the security for the investors. The board, in consultation with the members, are therefore continually looking at buying and selling opportunities to maintain that value wherever possible. Any profits from annual trading are invested straight back into the fleet.

11. Can I take my money out?

There are two ways that you can get your money back.

- a. Sell your investment to a new investor.

The Fantasy Fleet and Fantasy Garage websites advertise the fact that the only way to use the cars will be to hire them or become an investor member. If you can identify a new investor then you are free to sell your shares to them directly, as long as they complete the necessary membership forms.

- b. Redeem your investment for cash.

The investment in the Fantasy Fleet Club is promoted as a long/medium term commitment, with a minimum of three years membership before qualifying to redeem shares. On 1st November each year, Members/investors who have held their investment for more than 2 years on that date will qualify for the option to redeem their shares for cash. Investors wishing to exercise this option must notify the Company Secretary in writing no later than 1st May after the qualifying date then the following 1st November the company will purchase their shares. The price the Company will pay for shares from an existing member will be the lower of the price paid or 10% less than the share price at the point notice was given.

The stamp duty associated with the club purchasing the shares back from departing members will be met by the member. The club will automatically deduct those costs from the cash value that is returned to the departing member.

Under no circumstances will outstanding points be redeemed for cash. Outstanding points can be used by the investor / member up to the date that they sell their shares.

The Board will inform Members of any change in the company share price valuation in news bulletins through the year.

12. What happens to my investment if I die?

Your investment would be viewed as part of your estate and as such can be bequeathed to anyone of your choice. They will then have the option to use and enjoy the club, or sell or redeem the investment by one of the means described in the paragraph above.

13. Who are the Management Team?

The FFC management team consists of 3 or 4 of the investors who have been nominated / elected by the membership. Currently this is a mix of the investors with the largest

shareholdings plus other representatives from the Membership. There are always opportunities for members to get more involved with all of the workings of the club if they are keen to do so, in fact we actively encourage this.

The Chairman is currently Cramond Perry who is an experienced Operations Director with experience of running small businesses. He is a long serving member of CCCS and FFC and has been involved in the development of the business. The Operations Manager is Colin Simpson who runs his own IT Company. They are joined on the board by the Company Secretary Alan Oberlander, an experienced Systems Analyst.

Other non-board members are co-opted onto committees or given tasks and responsibilities as required to help run the business.

It goes almost without saying that they are all car enthusiasts.

14. Business Plan

The whole ethos for the club is to allow members to enjoy driving exciting and interesting performance and sports cars with a minimum cost of ownership.

Firstly, we seek like-minded drivers to participate in the pleasures of the cars.

Additional members bring finance to replace and upgrade the Fleet. We advertise through our websites, we meet people through the trade and Members bring new Members. The more Members we have, the more money we have to spend on cars, the better the cars!

We have an equitable mechanism for rewarding Members, which is explained in detail within sections 4-7 above. We look to make changes to the fleet to upgrade and add new cars in line with the wishes of the members.

Secondly, we market the cars for hire to bring in funds to maintain the fleet.

Last year we managed to generate and deliver around £15,000 – £20,000 of hires through external travel agencies, and our websites and other marketing activities. We continually optimise our web based advertising to broaden the market we attract for hires. We have appointed a Marketing Committee to spearhead the campaigns and we will work with travel-related businesses to promote our cars in their packages.

We will continue to market the club and hires through our two well used and well known websites – www.fantasygarage.co.uk & www.fantasyfleetclub.co.uk. Last season, over 50% of our hire business was generated by external travel agencies, and we also intend to develop these relationships.

We operate throughout the year, except in severe adverse weather conditions. Most hiring activity takes place from end of March to end of October. Our expectation, based on our experience to date is that we will average around 2-3 hires per month.

Thirdly, we have established operational and maintenance resources to deliver a service to both the hirers and the Members.

Whilst it is difficult to predict future trading, we have every expectation of making a profit each year. The Board is considering changes to the fleet – we are aware that we need to combine an interesting variety for both hirers and investors, and so we consider regular changes to the fleet as a high priority.

15. Dividend Policy

If we have an exceptional year, the dividend policy will be to poll investors as to whether they would want a cash payout or fleet reinvestment. The money available for dividends will be calculated by taking the amount of cash held, and an appropriate amount subtracted for working capital to get us through the year.

16. Tax Position

Our tax advisors write:

Income tax 'benefit' issues:

The concern over 'benefit' issues related to the general rule that companies which provide benefits to their participators are treated for tax purposes as making distributions, taxed as dividends in the hands of the participators.

General points to note in connection with this are:-

- These rules apply where a 'close company' gives benefits to 'participators'. FF Ltd will be a close company and participators include loan creditors, and so will cover the investors.
- Broadly the tax rules treat benefits or facilities to participators as being distributions, which are taxable as dividends in the hands of the participators.
- There is a comprehensive set of tax rules relating to benefits to employees which are adopted for this purpose.
- The measure of any benefit is the cost, or net cost, to the company. Case law on employee benefits has established that this is the marginal cost, rather than the full or average cost.

The application of these general principles to the lenders to FF Ltd may be summarised as follows:-

- The lenders would receive the members' benefits without separate payment.
- The marginal cost of the benefits is negligible as most of FF Ltd's costs are fixed costs such as premises, insurance or staff costs. Hence, there should be no material tax implication.

We recommend that individual investors should satisfy themselves that this is the case.

VAT. It is FF Ltd's intention to remain under the threshold for VAT, hence no issues should arise.

17. Small Print

The content of this promotion document has not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000. Reliance on this document for the purpose of engaging in any investment activity may expose an individual to a significant risk of losing all of the property or other assets involved.

In order for this document to be exempt from the financial promotion restrictions of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, prospective investors are required to sign a "Statement for Certified High Net Worth Individual" as part of the application for membership.

The reason for this is that normally shares in companies are offered and purchased through brokers or other agencies which are registered and authorised by the Financial Services Authority. Small companies do not have the resources to go through the registration process and so the FSA make it possible for small companies to offer and sell shares as we are doing, if we bring to the attention of prospective investors that they are not fully protected by the FSA and the associated legislation. By signing the Statement they are declaring that they have been made aware of this, they are buying these shares with their "eyes open", and they are someone who has some protection through their own net worth.

All prospective investors in Fantasy Fleet Ltd should be aware that whilst the bulk of the investment is asset-backed by the value of the fleet, the value of Ordinary Shares will vary with profit or loss of the hire business over time.



MEMBERSHIP APPLICATION FORM

Mr / Mrs / Other	Surname	Forenames	Date of Birth
Country of Birth	City/Town of Birth	Nationality	Age
Home Address		Town / City	Post Code
Home Telephone	Mobile	E-Mail	
Years at current address		If less than 3 years please provide previous address(es)	
Previous Address		Town / City	Post Code
Occupation		Self – employed	Retired
Employer Name and Address		Employer Tel no.	Years with Employer
Driving Licence Number			Years Held
Details of insurance claims in the last five years		Details of motoring convictions in the last 5 years	Number of Penalty points today

I wish to apply for Membership of the Fantasy Fleet Club and confirm that the details given above are true and correct.

SIGNATURE

DATE

Please return completed form and cheque to:-

Fantasy Fleet Limited, 16 Hillpark Green, EDINBURGH, EH4 7TB

Statement for Certified High Net Worth Individual

I declare that I am a certified high net worth individual for the purposes of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.

I understand that this means:

- (a) I can receive financial promotions that may not have been approved by a person authorised by the Financial Services Authority;
- (b) the content of such financial promotions may not conform to rules issued by the Financial Services Authority;
- (c) **by signing this statement I may lose significant rights;**
- (d) I may have no right to complain to either of the following:-
 - (i) the Financial Services Authority; or
 - (ii) the Financial Ombudsman Scheme;
- (e) I may have no right to seek compensation from the Financial Services Compensation Scheme.

I am a certified high net worth individual because **at least one of the following applies:-**

- (a) I had, during the financial year immediately preceding the date below, an annual income to the value of £100,000 or more;
- (b) I held, throughout the financial year immediately preceding the date below, 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; or
 - (iii) any benefits (in the form of pensions or otherwise) which are payable on the termination of my service or on my death or retirement and to which I am (or my dependants are), or may be, entitled.

I accept that I can lose my property and other assets from making investment decisions based on financial promotions.

I am aware that it is open to me to seek advice from someone who specialises in advising on investments.

Signature

Date