

HEADlines

October, 2009 4th Edition

the route
City wealth club

A case study for The Route - Capital Ventures

“UNDER THE MOUNTAIN”

In our July Newsletter we unveiled The Route - Capital Ventures who manage our Alternative Investment platform. To recap, alternative investments were inspired by your feedback. As you know The Route – City wealth club considers diversity to be the key to any balanced portfolio and is proud to highlight our most recent alternative investment success... “Under the Mountain”.

In July 2008 The Route – Capital Ventures, in conjunction with Footprint Investments, sourced a production loan opportunity for a film called “Under the Mountain”. A movie produced by Richard Fletcher, Head of Production at Silver Screen, and directed by Jonathan King, director of hit cult comedy horror - Black Sheep. With such a dynamic combination of producer and director we are in no doubt the film should be a triumph.

“Under the Mountain” is based on Maurice Gee’s bestselling novel of the same name and stars Sam Neill, who you will remember from Jurassic Park and Dead Calm, to name a couple. Whilst the movie is aimed at younger

audiences, there’s plenty of intrigue for adults and kids alike. Set against the magical backdrop of New Zealand, “Under the Mountain” is an exciting, suspense-filled fantasy.

The New Zealand Film Commission provided 80% of the production finance, leaving a 20% deficit. It was at this stage that The Route was approached.

All this is very interesting I hear you say, but WHY did we choose this particular film to finance?

There were many reasons; firstly, the New Zealand Film Commission was a major investor. Added to this the film was fully bonded, being underwritten by Film Finances Inc, who guaranteed the production and ‘on time’ delivery, with expected pre-sales of seven times the investment. All of this made “Under the Mountain” a viable opportunity.

\$1.5 million represented the remaining 20% of the production loan needed to complete the film’s budget. With the return on investment standing at

15%, for an expected twelve month term, The Route, through Members, successfully raised this finance. The investment was made in August 2008 with repayment due by August 2009. However, due to the extreme market conditions in the film industry (one more casualty of the credit crisis), the loan started to repay in September 2009 and is expected to complete within the next three to four months.

Owing to this delay, penalty interest of 1.75% per month was triggered. This has increased the investors’ return due to the short delay in receiving their funds.

With a 15%+ return this highlights the attraction of diversity in making a success of your investment portfolio.

“Under the Mountain” is due for release in December this year and is one of many successful projects which The Route is proud to bring to its Members.

Richard Roberts
Sales Director

DISCLAIMER

This project is now closed. Past performance should not be a guide to future performance, once invested you will not have access to your capital and your capital may be at risk.



Viewpoint

Director
Mark Worrall

As October blows in with the winds of change it is time to look ahead to the next quarter. Autumn - a season of transition; through the ages this period has focused on forward planning and that is what we will be looking at too!

Of course, we no longer need to gather stocks of food and supplies to see us through the winter months. No, thankfully, we have come a LONG way since then. However, this quarter provides a great opportunity to get our finances in order. It is a relatively quiet interlude prior to the flurry of activity that defines the last months of the tax year.

In this edition of Headlines, we take an in depth look at one of our recent alternative investments, "Under the Mountain" and how it has performed against our expectations.

We are also excited to announce that The Route ... Is going GREEN! Not in colour you understand but mentally. Our main article will bring you up to speed on our latest Alternative Investment projects brought to you by The Route - Capital Ventures. We are enthused about this recent development. I won't spoil the surprise but we hope you feel the same way.

Following our July newsletter, where Jonathan Brownlow addressed the issue of decreasing tax relief on pensions. He now looks at an alternative option in the shape of Enterprise Investment Schemes (EIS).

Finally, I would like to thank all our Members who completed The Route - Survey 2009. Your feedback is invaluable to us.

Happy Halloween - we are back in the New Year.

Mark

GOING, GOING - GREEN

More and more as we realise the toll our 'progressive' lives are taking on the Earth we look towards new and renewable resources. No more flippantly disposing of our weekly trash. Oh no, we are all supremely conscience of the cost to our planet with every mile we drive and every watt of electricity we use. Of course, everyone is doing their bit.. "I recycle, switch off switches - and still the world is in dire straights!"

At The Route - City wealth club we do the same, paper, plastics, water, lights, the list is endless. So endless in fact that we stopped (not the recycling) to consider....

How can we help to save the planet and, whilst doing so, offer our Members fantastic investment opportunities?

Under The Route - Capital Ventures, we headed out into the market place. We were searching for something

land which provide an approximate, projected, return of 15% per annum with the investment being SIPP qualified. Not only does this project have tax advantages and a timber buyer with a bonded guarantee, but it also benefits local communities and the environment.

Another project that sparked our interest is...

Sunroom, 'El Espartal' in Spain

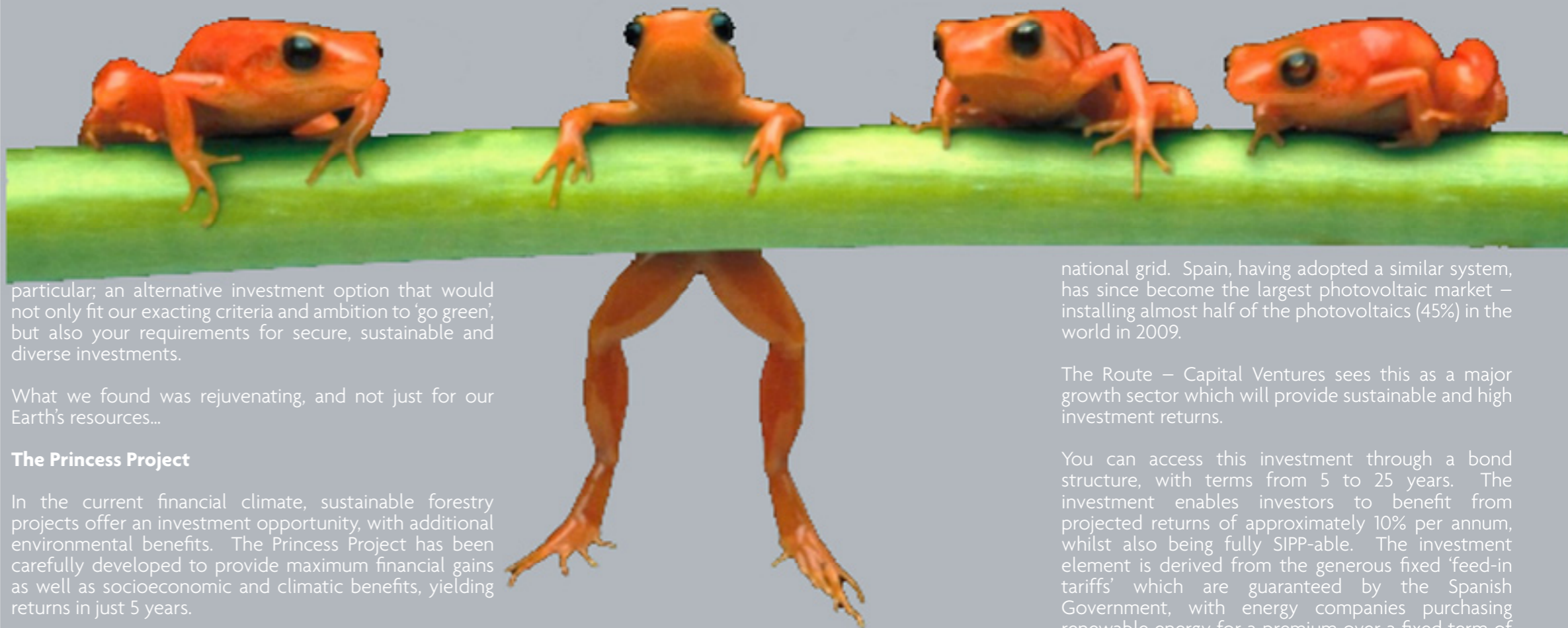
Sunroom is an investment in solar energy; we know the benefits of harnessing solar power are compelling - environmental protection, economic growth, job creation, all with the principal advantage that the source of fuel is free, abundant and inexhaustible.

Added to this is the incentive of volatile oil and gas prices, threats to a secure and stable supply as well as climate

to the cheap availability of fossil fuels in the 80's, financing was reduced. However, this is once again a hot topic, with Europe and Japan leading the market.

This particular investment focuses on Photovoltaic Energy. -Photovoltaic cells are (predominately) made of silicon which acts as a semiconductor. When light strikes the cell, a portion of it is absorbed within the semiconductor material, knocking electrons loose and allowing them to flow freely. Simply put, as the electrons move they are 'routed' into a current and... Voilà electricity! By harnessing this power directly into the existing energy grid the electricity can be used to power homes and businesses.

Germany was the first nation in Europe to head up a 'feed-in' tariff system, where electricity generated from renewable energy sources is fed directly into the



particular; an alternative investment option that would not only fit our exacting criteria and ambition to 'go green', but also your requirements for secure, sustainable and diverse investments.

What we found was rejuvenating, and not just for our Earth's resources...

The Princess Project

In the current financial climate, sustainable forestry projects offer an investment opportunity, with additional environmental benefits. The Princess Project has been carefully developed to provide maximum financial gains as well as socioeconomic and climatic benefits, yielding returns in just 5 years.

The Princess Tree, officially known as Paulownia, is recognized as the fastest growing hardwood in the world. Its timber is durable, lightweight and fire resistant, absorbing more CO2 than any other tropical plantation tree. It is so versatile that institutions are conducting research into Paulownia's potential properties as a bio-fuel.

How do you invest? Investors purchase individual plots of

change - pushing this topic to the forefront of the international agenda. Under current targets, global CO2 emissions must peak no later than 2015 and decrease rapidly thereafter. To achieve these ambitious goals, we need to start reforming the energy sector.

This need for change has led to a revival in research and development financing for solar energy. Although solar power knowledge has been around for many years, due

national grid. Spain, having adopted a similar system, has since become the largest photovoltaic market - installing almost half of the photovoltaics (45%) in the world in 2009.

The Route - Capital Ventures sees this as a major growth sector which will provide sustainable and high investment returns.

You can access this investment through a bond structure, with terms from 5 to 25 years. The investment enables investors to benefit from projected returns of approximately 10% per annum, whilst also being fully SIPP-able. The investment element is derived from the generous fixed 'feed-in tariffs' which are guaranteed by the Spanish Government, with energy companies purchasing renewable energy for a premium over a fixed term of 25 years.

If you would like to discuss these projects or Alternative Investments in general, please e-mail info@therouteclub.com or contact your Relationship Manager directly.

Richard Roberts
Sales Director

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END OF THE

Pensions, An Alternative

With cash rates on the floor and the recent decision by 'our man with a plan' Gordon and his cohort Alistair to limit pension contributions, are there investment alternatives? At The Route – Future, we believe so.

For years pensions have held a certain 'hallowed' status in financial planning due to their many attractive features, ensuring they were virtually unbeatable in the mainstream investment arena. After the Budget Statement of 2009 their status has been somewhat undermined, with the tax concessions dropping significantly.

Over the last few months we have been busy sourcing alternative structures that access similar, or superior, tax benefits to pensions, whilst allowing greater flexibility and accessibility. This article will focus on Enterprise Investment Schemes otherwise known as EIS ... and how they could be used by you.

EIS, and the tax benefits afforded them, came about as a result of the Government's desire for investment, from private investors, to be available to support new and smaller businesses. The higher risk nature of smaller companies meant that individuals needed some encouragement to invest.

Based on the current tax legislation, an investment of up to £500,000 into a business, which complies with EIS qualifying rules, will attract 20% tax relief on the amount invested - provided the shares are owned for a minimum of three years. In addition, you will pay no capital gains tax on returns made on your investment.

The EIS structure also enjoys an Inheritance Tax benefit. Shares held in an EIS qualify for Business Property Relief, once they have been held for two years, and the shares are no longer considered part of your estate

for Inheritance Tax purposes.

The combination of initial tax relief, no tax on any gains realised, and the Inheritance Tax benefit makes an EIS a very attractive and tax efficient vehicle.

EIS investments should only be considered by the more sophisticated investor due to the higher risk nature highlighted above. However, we have explored the market and found an EIS which, we believe, has a lower risk strategy and therefore is able to be considered for your portfolio.

If you would like to discuss Enterprise Investment Schemes, please e-mail info@therouteclub.com or contact your Relationship Manager directly.

Jonathan Brownlow
Financial Adviser

Why Not Property?

Who wouldn't love their own piece of paradise in the sun? Yep – that is exactly what The Route – Property thought when Harlequin Hotel & Resorts were introduced to us by one of our Members.... Who wouldn't indeed!

After reviewing Harlequin's proposal in depth and completing the necessary due diligence, we knew it was time to share this gem with our Members.

Harlequin is a family-run firm and one of the UK's leading international property investment companies, specialising in 5 star spa resorts.

The Route – Property has been offered a fantastic opportunity for our Members whereby they can purchase a property for £130,000, a huge discount from the open market price of £255,000.

As the properties are part of the

resort they will be fully furnished. You are able to use it for thirty days each year and, for the first two years, a 10% rental yield is guaranteed.

If you would like to discuss Harlequin Properties, please e-mail info@therouteclub.com or contact your Relationship Manager directly.

Stephen Smith
The Route - Property

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