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Commercial Real Estate
Fund Next Steps
Update October 1st,
2024

Update at bottom

Dear Shareholder,

As stated in previous Carlton James Commercial Real Estate (CJCRE) update statements, The CJCRE management team have been working to find a solution to allow repayment of capital to CRE investors in the short to medium term, rather than having to continue to wait for the sale of the underlying security the fund is holding in the US. We now wanted to further outline what is being done and why. In addition, what the process is for investors to expect going forward to start to receive funds.

To outline once again the current situation we find ourselves in:

- The CJ CRE fund lends money to commercial developers in the USA and as their main lender holds security against land and property they hold in the US.
- Like many other businesses across many sectors, their business has been affected beyond all expectation by the continuing global pandemic. Although recovery looks to be starting slowly, we anticipate full recovery will still be a slow process over the coming years.
- The pandemic has affected the CRE fund in two main ways:
 - Firstly, the income paid to investors is directly funded from interest payments from the underlying borrowers back to the fund. As they have been unable to make interest payments throughout 2020 and the start of 2021, this has resulted in no income being paid to investors in CRE.
 - Secondly, repayment of capital to exiting investors comes from the repayment of loans by the borrower, which in turn is funded by the completion and sale of the underlying developments in the US. There has been a very limited market for such sales in 2020, and at this point CJ do not want to force sales at a much reduced price.
- As a property lending fund, CRE does not hold assets apart from the security against the loans it has made, and as such is totally illiquid at this time.

As you know, rather than simply close the CRE fund and ask investors to wait indefinitely for the sale of security assets (or suffer potential losses due to the sale of security at a much-reduced price) the CJCRE management team have made the decision to look at other routes to buy out preference shareholders in the shortest possible timeframe. The best route for this was to get agreement from the main Carlton James Group to use another company within the group to buy out the preference shares from the CJCRE shareholders. This is being undertaken by the sale of other stock assets that Carlton James Group hold independently of the CRE fund. There is no legal requirement for Carlton James Group to do this, but the directors of the group strongly feel this is the correct thing to do at this point.

CRE Management Alternative Exit strategy

As you are all aware from our call, we have a different company within our group that has offered to purchase

the shares from our existing CRE shareholders. This has required some agreements between different parties in

the group to ensure that all are protected. This is because this company within the group has a different ownership structure. Therefore it has taken a little longer than expected to get the first release over the line. It has also been a slow process in moving the initial funds from the European account to the US account for payment. We are nearing the conclusion of this and once the legal work is in place we can start making payments to the initial investors.

Making this alternative exit strategy available has been a huge logistical challenge for the management team, through the unprecedentedly difficult period of the global pandemic and associated lockdowns and travel restrictions. We do appreciate your patience during this time, and hope you will appreciate that Carlton James are going well above and beyond any legal requirement within the fund to ensure that investor capital is secure.

We have also noticed that many of you are expecting and hoping for monies on this first tranche but unfortunately, we are unable to do this as there is not enough money being released each month to pay everyone. We have placed all investors into sections from 1 to 4. The investors in section 1 will start being paid in this tranche and so on until section 4. As we have no idea at this stage how much money will be released each month for these share purchases from you as the existing shareholders it is impossible for us to give you any dates of when your shares will be purchased. But we will of course provide regular updates to your brokers every month where we have got to.

June 2nd 2023

We are still working through the security documents to secure the new company that is purchasing your shares from the investors. Due to this being a very extraordinary process it is taking a little longer than we had hoped. I think we are around 2 weeks away from completion of this and then the first tranche can be released. We will be starting small with payments and looking to increase these over the coming months.

Sorry about this ongoing delay, this is completely new ground for all of us here and we are trying very hard to get this underway. The good news is that we have not changed our position and the plan is still going ahead without change.

3rd July 2023

The good news is that all the paperwork has now been finalized between the company that is buying the investor shares and CRE.

Unfortunately, the public shares (that are being sold to fund the acquisition of your investor shares) have now dropped in price due to market conditions, and selling too many now would mean that eventually there wouldn't be enough to purchase all investor shares from CRE investors as per your statements.

The acquiring company in our group has now requested that we wait until the share price starts to recover. This is anticipated to start happening very soon with the next announcements from the public companies, to enable the share price to lift above the desired value, thus enabling enough monies to be raised to acquire all investor shares and not just those from the first tranche of investors.

It is really important to us that all investors benefit from this alternative method. We'll update in a couple of weeks with the progress of this.

16th August 2023

Since the last update in early July we have been waiting for the public share price to start to increase to allow sales to start.

The good news is that this recovery in share price has now started and continues to move in the right direction. As of today, the target price has not yet been achieved (the target price being a price that will benefit all investors rather than just initial investors), but we do expect that target price to be achieved in the near future.

As soon as this happens sales will start and repayments will start to be made.

In addition to this we are finally moving forward with the underlying borrower to start to further develop the land sites held to help increase asset value, and more importantly increase salability. A visit has been booked to the USA to meet the borrower team on 17th Oct.

We will of course update you on all developments as soon as we have further news.

27th September 2023

As discussed in previous updates, the managers of the company that intends to acquire the preference shares from the shareholders of The Commercial Real Estate fund(that's you) has been waiting for the price of their assets to hit a value that will enable them to acquire all preference shares and act fairly towards all cre shareholders. We do expect the target price to be achieved very soon now and are confident that all that can be done to help this is being undertaken by all the relevant parties.

In anticipation of the target price being achieved we have ensured that all due processes are now in place to allow the sales process to start as quickly as possible to allow us to start releasing funds back to investors.

In addition to this we are also pleased to tell you that there have been further developments with the land assets held as security in the US. Plans for major development have been announced by the local authority very close to the sites being held as security against loans made. We do expect that this will have a positive impact on both the value of the security and the salability. This is further good news for the security of our investors until the repayment plan concludes.

14th November 2023

We now have a more definitive date for when we expect the assets of the acquiring company to hit the value required to start the process of purchasing our shareholders' preference shares. The expectation for this is now much more definitively predicted for December and we can assure you that our management team is ready to move on this as soon as this milestone is reached. We really do appreciate our shareholders' patience with this. The management team for the CRE Fund are working hard to make sure this point is reached and we can finally start having your preference share bought from you.

In respect to the sites held by the borrower, we have been assisting the borrower's management team to acquire government funding for two of the sites due to the impact of these sites on the local, county and state economy. The CRE management team are using their historical government contacts at state level to acquire grants and dollar for dollar funding routes to increase the profitability of these sites which in turn will not only increase the value of the security held on our preference shareholders' behalf but also increase the potential profitability of the sites and in turn preference shares.

As said before, we do want it to be very clear that we are taking the steps needed to ensure our investors capital and bring this product (which we were told by legal teams to let fail so we could move on from some years ago, to which we responded with a resounding NO) to a profitable end for all. Keep believing in us and we will get this to a satisfying conclusion, we assure you all.

We will of course provide further updates as soon as we have them.

12th December 2023

As stated in the November update we expect the assets of the acquiring company to hit the target value in December, and this is still very much the case. You will be pleased to know that this has not changed, and that we still fully expect the sale of these assets to commence before the end of this month. To clarify, this process will take the month as these assets still need to be sold in correlation with the market volume on a daily basis once the price hits the required target. This means that we still expect the first purchase of our investors' preference shares to take place very early in 2024.

We appreciate that this has been a very protracted and drawn out process, and once again we thank you for your patience.

We would also like to thank those shareholders who have taken the time to express their appreciation to the management team at CJ. By continuing this process, which despite taking much longer than initially expected, will ultimately mean that investors are saved from losing money as they would have done if the fund would have gone into liquidation and the assets sold at a fire sale price.

Lastly, we'd like to wish you a Happy Christmas and a prosperous 2024 from all at Carlton James.

30th January 2024

Happy New Year to you all. As we discussed in December's update, we were expecting the assets of the acquiring company to hit the target value in December. This target has not been met yet, purely due to the particular company delaying their shareholder call which should be the catalyst for a price increase. The company has delayed their shareholder call whilst they conducted further newsworthy business that was imperative to this meeting. You will be pleased to know that we are still expecting this to happen shortly and we can then start the process of buying shares from the shareholders in CRE, this has not changed, we still fully expect the sale of these assets to commence after the assets of our other group company start to be sold.

As always, it's just taking a little longer than expected due to aspects of the process outside of the management's control. It's frustrating for us and I'm sure it's even more frustrating for you. I can only apologise for these delays, if they could be avoided I assure you we would avoid them for all of our sakes.

25th March 2024

Further work is being done in the US on the land held as security for investors. Once complete we will be putting the properties on the market for sale. Whilst a quick sale is not expected, investor money is still held securely even if that security is of an illiquid nature in the current market.

In the last update we stated that the company acquiring CRE shares from investors was waiting for the target price to be hit, which was being driven by news of the current state of play of the investment. The initial information has now been put to the market (which has resulted in much larger volume in the market), however we still await the final closing for the price to move. The current expectation for this is April. I know this has continued longer than expected, but these things take time especially when they are out of our hands. This delay is frustrating for us all but at least its happening.

We do expect this to happen very shortly at which point we will be contacting each of your brokers to discuss terms of repayment.

3rd May 2024

The further work in the US on the land which acts as security for investors continues to be engineered ready for horizontal development. Once this horizontal work is completed it will increase the saleability and value of these sites as they will be able to be sold in smaller lots. The first lot has a buyer waiting for this work to be completed.

The company acquiring CRE shares from investors is still awaiting final closing to achieve the target stock price to allow the purchase of CRE shares to fully commence. Whilst we are disappointed that this did not happen in April as initially expected as the due diligence process is taking longer than anticipated, this process is still very much in motion and we are still confident this will that this will happen imminently.

31st July 2024

The horizontal work on the land in the US requires further funding to complete. Our group is happy to fund this once we are in a position to do so. We expect to have the finance to complete this work by the end of this year.

For clarity, Governments and financiers are yet to inform the public of the poor state that many country's economies are in. We have seen many funds struggle over the last couple of years due to the covid lockdowns.

Due to this problem across the globe, the land owned by borrower is currently difficult to sell due to the size of each parcel of land. The horizontal work we are advising them to complete will enable the land to be sold in much smaller more manageable parcels and will mean there is no need to sell the land at below its value.

Regarding our alternative option, as we have already discussed the company within our group that has agreed to acquire CRE shares from investors is awaiting final closing of a deal with one of their assets, so that they can achieve the target stock price that means that they can sell that asset to give them the funds required to allow them to move forward with the purchase of CRE shares from CRE shareholders(that's you investors). We are still confident that this will happen shortly, its just taking longer than expected. We are getting there though and are just weeks away. Once this is complete and we are ready to move forward we will be sending out final statements and set up calls to work through the shareholders so that everyone knows what's happening. Our hands are tied though until we have the ability to do this.

We have had a few shareholders demanding that we give them further details of this alternative repayment method. Unfortunately we are unable to give details and actually shouldn't. What you need to know about this is that we are working to have one of the companies in our group buy shares from you (the CRE shareholders) to move the delay from you back to us.

We have been very fortunate in being able to do this for you. No other fund that we have heard of has done this for their shareholders. It has not been easy for us or for you we know. However, the fact that everyone of us(including you, the CRE shareholders) has been patient has meant we've been able to do this. The company within our group who are going to buy your shares would not agree to this if there were any negative legal ramifications. So, thank you for your patience.

I expect a shorter time between updates so look out for our next update in August.

1st October 2024

Firstly, we would like to apologise for the delay in providing an update at the end of August. This was due to the closure of the UK company responsible for introducer distribution, which caused some confusion with communication. Please rest assured that this closure has no impact on the CRE Fund or its assets.

We appreciate your continued patience as we work with the company who have agreed to buy out your shareholding in the Commercial Real Estate Fund. While the deal, that gives the liquidity to the acquiring company this option, has officially closed, the press schedule which will announce the news and trigger further action, has not yet commenced. We have been informed that these press releases are expected to begin imminently, though we do not have direct control over the timing. Once this is released they expect this to give to acquiring company the ability to start purchasing your shares. Please know that we are pursuing this daily, and the urgency is felt just as strongly by the CRE management team as it is by our shareholders.

Regarding the ongoing developments in the US land assets that serve as security for the fund, there is no significant update at this time. The horizontal works required to prepare the land for smaller parcel sales remain underway, but the completion of these works is contingent on securing additional funding; something the group is committed too. While we continue our efforts to raise the necessary capital, it is important to note that the land remains a secure asset, even if it is currently illiquid. We are confident that completing the horizontal works will significantly enhance the value and saleability of the land, ultimately benefiting all shareholders.

We understand that this process has taken longer than anticipated, but we remain committed to bringing this to a satisfactory resolution for all involved. Thank you again for your patience and continued support. We expect to provide more regular updates in the coming weeks as progress unfolds.

Kind regards,

The Carlton James Real Estate Team