

Lease Purchase Target Market and Fair Value Document.

Key Features.

Product Name	Lease Purchase	Product Brand	ALPHERA Financial Services
Product Type	Purchase agreement	Credit Regulatory Class	Unregulated
Description of the product	<p>This product is a legal agreement and allows a High-Net-Worth Customer to finance premium and luxury vehicles at a lower monthly payment due to the inclusion of a Final Payment at the end of the term.</p> <p>A lower monthly payment is achieved because of setting a higher Final Payment, also known as the 'balloon' payment. The customer is notified of this final payment upfront. A deposit may be paid at the start of the agreement and monthly payments are calculated based on the difference between the retail price and the Final Payment, plus interest.</p> <p>With Lease Purchase there is an agreement by the customer to buy the car and there is no return option. At the end of the contractual period, the customer must make the final payment although they can still benefit from any equity or be required to make up any shortfall.</p>		
Key Terms and Conditions	<ul style="list-style-type: none"> ▪ This is a purchase agreement, where the customer is the registered owner. ▪ The finance company has title to the vehicle until all payments, including the balloon payment, have been made, at which point title passes to the customer. ▪ Payments are calculated for a fixed period and based on an anticipated mileage. ▪ No mileage restrictions. ▪ The interest is fixed throughout the term. ▪ The customer is responsible for, the Road Fund Licence, Maintenance, and insurance of the vehicle as well as any fines or congestion charges. ▪ Accrues more interest than a comparable Hire Purchase agreement since interest is also charged on the GMFV which does not reduce in value until the end of the agreement 		
Exclusions and Restrictions	<ul style="list-style-type: none"> ▪ The credit application must be in the customer's name. ▪ The Balance to Finance must be greater than £60,260.00. ▪ A minimum deposit of 10% must be paid where the balance to financial is £150,000.00 or above. ▪ The customer must provide a Statement of High Net Worth signed by a member of the Institute of Chartered Accountants or other professional body, as specified by the Financial Conduct Authority. This must be submitted with the finance documents. ▪ There is no statutory right to make lump sum payments. 		
Contract Exit Provisions	<ul style="list-style-type: none"> ▪ There is no statutory right to voluntary termination of the agreement. ▪ There is no 14 day right to withdraw for the customer at the start of the agreement. ▪ The customer can settle the agreement early subject to payment of outstanding balances. 		

Target Market.

Territory or territories in which the product will be sold	United Kingdom of Great Britain and Northern Ireland
Type of target	High Net Worth Private Individuals
Detailed description of the target market	Must be UK resident, over 18 years of age and an individual with High-Net-Worth status, suitability determined by an assessment of the customer's demands and needs.
Key indicators of target market	<ul style="list-style-type: none"> ▪ High Net Worth Private Individuals. ▪ Expressed an interest in ownership of a new or used high-end vehicle.
Objectives, demands and needs of the target market	<ul style="list-style-type: none"> ▪ Customers who wish to benefit from an initially lower monthly payment but understand that this results in a larger final payment. ▪ Customers who wish to use finance to purchase a high-end vehicle. ▪ Customers who understand there is no flexibility in that they must purchase the vehicle and are happy with the risks this entails. ▪ Fixed Payments and Fixed Interest. ▪ Expressed interest in use of a new, pre-registered or used vehicle.
Target market's knowledge and understanding of the product	<ul style="list-style-type: none"> ▪ All customers should have the salient product features explained and these explanations should be evidenced. e.g. <ul style="list-style-type: none"> ▫ Fixed term. ▫ No mileage restrictions ▫ The customer must make all payments and take ownership of the vehicle at the end of the agreement ▫ A balloon payment will be due at the end of the agreement ▫ The reduction in rights to end the contract early under an unregulated agreement. ▫ The vehicle may be repossessed if the customer does not maintain payments. ▪ Where individual customers have characteristics of vulnerability, distributors must consider what additional steps need to be taken to ensure the customer is able to make a fully informed and responsible borrowing decision. If the product or service on offer is likely to lead to consumer harm, it must not be sold. Any vulnerability identified must be disclosed to BMW Group Financial Services but only if the customer has given consent for you to do so and can be evidenced.
Risks faced by the target market in relation to the subject matter of the product	<ul style="list-style-type: none"> ▪ Changes to customer circumstances during agreement leading to risk of affordability. ▪ The product does not offer flexibility to end the agreement early or return the vehicle at the end of the agreement. ▪ The customer is not guaranteed to have any 'equity' in the vehicle at the end of the agreement.
Risk tolerance of the target market	<ul style="list-style-type: none"> ▪ Customers who understand the risk of taking out additional borrowing to fund a purchase. ▪ There is no option to return the vehicle. ▪ This product is intended for customers who foresee income stability at the start of the agreement and can budget appropriately for the monthly cost. ▪ Understand and accept the reduced rights afforded to them under and unregulated agreement.

Fair Value.

Fair Value	The product has been reviewed and signed off as representing fair value to customers.
Factors included, but not limited to, in the assessment of fair value:	<ul style="list-style-type: none"> ▪ Customer benefits, risks, and customer costs. ▪ Refinancing costs. ▪ Operations expenses. ▪ Fixed Commission paid by lender. ▪ Risk of credit losses. ▪ Risk of loss through lower-than-expected resale value.
What should distributors do to ensure the product provides fair value and benefit to the end customer?	<ul style="list-style-type: none"> ▪ Assess the customers' demands and needs and ensure that they align to the features of the product. ▪ Confirm the product is affordable by conducting an assessment with the customer. ▪ Present the customer with the known risks of the product. ▪ Commission, fees, or charges passed onto the customer must be proportionate to the service provided and provide fair value. ▪ Distributors should consider their costs incurred and the provision of comparable products within the market including non-credit alternatives like cash or savings. Distributors should avoid pricing that differs significantly between customers and should also take existing customers and customers with closed contracts into account.

Manufacturers and Distributors Information.

Identity of Manufacturer	BMW Group Financial Services (GB) Ltd, part of the BMW Group
Identity of Distributors	Contracted Partners and Retailers, direct sales
Types of Distribution channels	Rolls-Royce Motor Cars Financial Services, ALPHERA dealers and contracted broker partners

Document control.

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We are committed to conducting business in a fair, honest, and open manner and to ensure that we have appropriate product oversight and governance systems and controls in place to offer products that have been assessed as providing fair value to customers that are within the appropriate target market.

This summary document has been created to fulfil our responsibilities under consumer duty regulations and should not be used as a sales or marketing tool. The client facing Partner must always ensure good customer outcomes and act in the best interests of each customer individually.