

TO ALL KNOWN INVESTORS

21 December 2018

Dear Sir(s)

**Collateral (UK) Limited
Collateral Sales Limited
Collateral Security Trustee Limited
(together “the Companies”) - All in Administration**

Further to my report to all investors and creditors on 26 November 2018, I write in relation to a particular matter arising out of the Joint Administrators’ efforts to recover the outstanding loans advanced to borrowers through the Collateral platform.

As previously reported, the Joint Administrators are in discussions with a number of borrowers in relation to the outstanding amounts due. Whilst we remain hopeful that the loans will be repaid or refinanced by the borrowers on a consensual basis, we are taking all necessary steps to ensure that the Companies are in a position to enforce their rights over loans in those circumstances where a borrower is unable or unwilling to repay the outstanding amount due. Such enforcement action will include, where necessary, enforcing the security held over the borrowers’ property and other assets with a view to selling that property and those assets for the benefit of those investors that participated in the relevant loans.

Lender Resolution

The Terms and Conditions governing the contractual relationship between investors and the Companies require investors to pass a Lender Resolution before the Companies can enforce over any security.

To enable the Joint Administrators to take enforcement action as quickly and efficiently as possible, we would ask each investor to vote in favour of the following resolution (defined terms used in the wording of the resolution have the meanings given to them in the Terms and Conditions):

“I hereby authorise each Collateral Group Company (acting by the Joint Administrators, where applicable) to take such enforcement or other collection action as they deem necessary in respect of any or all of the outstanding loans in which I have participated as an investor through the Platform, including, without limitation, by appointing one or more receivers to the properties in question with a view to those properties being sold. I also ratify any such enforcement or collection action which any Collateral Group Company may already have taken, following the appointment of the Joint Administrators on 27 April 2018 but prior to the date of this resolution, to such end.”

If you are in agreement with the above resolution, please respond to this email, saying “I agree to the Lender Resolution sent to investors on 21 December 2018” (or words to that effect).

If the Joint Administrators do not receive a positive response from a sufficient majority of investors, it will be necessary for them to make a court application as a prelude to enforcement action. Any court application will add additional cost and delay to the enforcement process, most likely resulting in a slower and reduced return of funds to investors. We would therefore request each investor's assistance and a positive response to the Lender Resolution by no later than **Friday 11 January**.

As with all communications from the Joint Administrators, a copy of this letter will be uploaded to the dedicated website below:

<https://www.bdo.co.uk/en-gb/collateral-companies-in-administration>

Please contact investorcollateral@bdo.co.uk should you have any queries in relation to the above.

Yours faithfully
For and on behalf of
The Companies

A handwritten signature in black ink, appearing to read 'Shane Crooks', with a stylized flourish at the end.

Shane Crooks
Joint Administrator
Authorised by the Institute of Chartered Accountants in England & Wales in the UK