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

Frequently Asked Questions

Why have the Companies been placed into Administration?

The directors' of the Companies took steps to place the Companies into Administration on 28 February 2018, considering that the Companies were unable to meet their debts as they fell due. Mr Gordon Craig of Refresh Recovery Limited was purportedly appointed administrator over the Companies.

By law, in respect of a company carrying out regulated activities, the UK Financial Conduct Authority's (the 'FCA') consent to the proposed appointment of an administrator is required. There had historically been a dispute between the Companies and the FCA as to whether the Companies were carrying out a regulated activity.

The FCA's consent was neither sought nor provided in relation to the directors' proposed appointment of an administrator. The FCA was unwilling to provide retrospective consent to Mr Craig's purported appointment and, consequently, applied to Court for (i) a declaration that the purported appointment of Mr Craig was invalid; and (ii) an order appointing Shane Crooks and Mark Shaw of BDO LLP as Joint Administrators, with effect from 27 April 2018. The Court made an order in these terms.

Were the Companies not already in Administration?

The Court Order of 27 April 2018 states that the purported appointment of Mr Gordon Craig as administrator of the Companies on 28 February 2018 was and is invalid.

The Joint Administrators will liaise with Mr Craig to understand what steps he has taken in the period between 28 February and 27 April 2018.

Are the directors still in charge of the Companies?

No, the Joint Administrators now have the exclusive power to control and manage the affairs, business and property of the Companies.

In whose interests do the Joint Administrators act?

The Joint Administrators are officers of the English court. They are subject to the overall supervision and control of the English court and the Companies' creditors.

This places very high standards of care on the Joint Administrators to act objectively and in good faith in the interests of the Companies, its investors and its other creditors and stakeholders.

Both of the Joint Administrators are regulated as English Chartered Accountants and are authorised insolvency practitioners.

Does this mean I will not get back all of the money I have invested in the Companies?

At the current time, the Joint Administrators are unable to comment on the prospects of recovery.

The Joint Administrators are meeting with the directors and Mr Craig to obtain the Companies' books and records. They will then review the company's financial position and the terms of various legal and contractual documentation between the Companies, the investors and the borrowers. We will update investors and other creditors in respect of our findings in due course.

How will the Joint Administrators communicate with the investors and other creditors?

The Joint Administrators have set up a dedicated website that provides initial information to both investors/creditors and borrowers of the Collateral Companies. Please note the website link below:

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

This website will be updated periodically and will be used to provide updates to stakeholders on the progress of the administrations.

How I can contact the Joint Administrators?

Given the volume of investors and the need to ensure information parity among and between investors, we do not believe it is appropriate to deal with investor enquiries by telephone.

However, we have set up a dedicated email address for investors: investorcollateral@bdo.co.uk

We also have a dedicated email address for borrowers: borrowercollateral@bdo.co.uk

We propose to answer individual questions on a regular basis by responding to all investors and other creditors on the website.

Will the Companies go into liquidation?

It is too early to determine this at this stage. However, we will advise all stakeholders as soon as we can of our proposals in relation to the Companies.

What do I need to do to register my interest in the Administration(s)?

Once the Companies' books and records have been recovered, the Joint Administrators will be taking steps to reconcile the position of all investors, other creditors and borrowers.

In the meantime, investors and other creditors who wish to register their interest can send an email with details at the dedicated email address below:

investorcollateral@bdo.co.uk

Is the electronic data of the Companies secure?

The Joint Administrators appreciate the importance of securing the electronic data of the Companies. In this respect meetings have been arranged with the directors of the Companies and Mr Craig to understand what data is held, where it is held, how the platform was operated and managed and to arrange for the collection and safe-keeping of that data and information.

Will the Collateral website be restored as 'read only' so that all investors can access their account information?

The Joint Administrators will, if possible, consider making available to investors a 'read-only' version of the online platform. At this stage, it is not possible to comment on the feasibility of this option.

Are the Joint Administrators considering the sale of the loan book to another company?

The Joint Administrators will explore the feasibility and appropriateness of such a sale (should there be expressions of interest) and will act according to the best interests of the Companies and their creditors. The initial focus of the Joint Administrators, however, is to recover the books and records and understand the nature of the outstanding loan book.

What is the legal status of the investors in the Administration? How will the Joint Administrators calculate the amounts due to them and how will they administer repayments?

The Joint Administrators intend to review the books and records of the Companies to understand the contractual and legal relationship between the Companies, the investors and the borrowers. Where appropriate, the Joint Administrators will seek legal advice to assist in their determination.

The court papers make reference to funds being paid out of the Companies' accounts in February. Will the Joint Administrators be pursuing those funds?

The Joint Administrators will be carrying out investigations into the affairs of the Companies, the reasons for their failure and the conduct of the directors. The administrators will consider any appropriate action once those investigations are complete. They are unable to make any further comment at this stage.