

ARM ASSET BACKED SECURITIES SA - IN PROVISIONAL LIQUIDATION

The Provisional Liquidators' update to
Bondholders and other creditors for the period 7
February 2015 to 2 April 2015

Definitions

AHC	the Ad-Hoc Committee of Bondholders elected at the Bondholders' Meeting
BDO	BDO LLP
Bondholders	all those who invested money in the Issuer, irrespective of the Issue in which they invested (including other creditors for ease of reference)
Bondholders' Meeting	the meeting of the Bondholders that took place on 3 February 2014
CIGL or Catalyst	Catalyst Investment Group Limited
CSSF	the Commission du Surveillance du Secteur Financier, the Luxembourg financial services regulator
FCA	the Financial Conduct Authority
FCIL	Financial Credit Investment I Limited, the counterparty to the sale of the Issuer's SLS policies in 2012
FSCS	the Financial Services Compensation Scheme
Issuer	ARM Asset Backed Securities SA (in provisional liquidation)
MFSA	the Maltese Financial Services Authority
Non-Pending Investors	those Bondholders who invested in Issues 1 to 8
Period	7 February 2015 to 2 April 2015
Pending Investors	those Bondholders who invested in Issues 9 to 11 and whose investment makes up the Pending Monies (the term Bondholder here is used for ease of reference and without prejudice to the determination of the issue of whether the relevant Bonds were issued or not)
PLs or Provisional Liquidators	the provisional liquidators, namely Mark Shaw and Malcolm Cohen of BDO (who act as agents of the Issuer and without personal liability at all times)
Pending Monies	the monies which were frozen by the Financial Services Authority (as it then was), representing part of Issue 9 and all of Issues 10 and 11
PIG	the Pending Investors' Group
Representatives	the two individuals chosen to represent the Non-Pending and Pending Investors in an application to Court to determine the correct treatment of the Pending Monies, being Gordon Pullan and Walter Pisarski respectively.
SLS	Senior life settlement policies

1 Introduction

- 1.1 The Provisional Liquidators of the Issuer were appointed by the English High Court of Justice on 9 October 2013, under case number 6914 of 2013.
- 1.2 The purpose of this report is to provide Bondholders with an update as to the progress made in the provisional liquidation during the Period. The PLs are not obliged by statute to report to Bondholders in this manner, but wish all the same to do so to keep all parties updated of progress which has been made. Disclosure will not be made in respect of issues which may prejudice Bondholders' interests, for example because of legal privilege or commercial confidentiality reasons.
- 1.3 The events leading up to and progress made in the provisional liquidation to 6 February 2015 were detailed in the PLs' presentation to Bondholders dated 3 February 2014 and the monthly reports dated 28 March 2014, 2 May 2014, 4 June 2014, 11 July 2014, 3 September 2014, 10 October 2014, 5 December 2014 and 6 February 2015. Copies of these documents are available on the PLs' website:

<http://www.bdo.co.uk/arm-abs-sa/>

- 1.4 This report should be read in conjunction with that presentation and the prior reports; the PLs have not therefore repeated the background of the provisional liquidation or the progress made in the period to 6 February 2015 in this report.

The FSCS claims process

- 1.5 The FSCS continues to compensate Bondholders, including those in Malta. We will provide a further update on the levels of compensation paid in our next report.
- 1.6 A resolution has been reached between the FSCS, Standard Life and HM Revenue and Customs, so that those individuals whose investments are held through Standard Life are now receiving compensation.
- 1.7 All Bondholders should have received their application forms now. If you have not received an application form, please contact the FSCS's Initial Contact Team on Freephone 0800 678 1100 or 0207 741 4100.

The Ad-Hoc Committee

- 1.8 The seventh meeting of the AHC was held on 5 March 2015. All AHC members were present at the meeting, including both the original members and those co-opted onto the AHC recently.
- 1.9 The eighth AHC meeting is scheduled for 15 April 2015.
- 1.10 To the extent possible, the matters discussed at the AHC meetings are communicated to the Bondholders through this update report.

Pending Monies, ranking of the Bonds and exit process

- 1.11 As previously reported, in agreement with the AHC, the PLs have identified the Representatives who will be appointed (subject to obtaining the permission of the Court) to represent the Non-Pending and Pending Investors respectively, in an application for directions to the English Court to determine, amongst other things, the correct treatment of the Pending Monies.
- 1.12 Both Representatives have appointed legal advisers, whose reasonable fees and expenses will be funded from the estate. The parties listed below have signed up to a representative beneficiary agreement to govern how this process will work.

	Representative	English legal advisers
Non-Pending Investors	Gordon Pullan	Proskauer Rose (UK) LLP
Pending Investors	Walter Pisarski	Thomas Eggar LLP

- 1.13 Following an initial 'all parties' meeting on 10 February 2015, both Representatives were provided with the PLs' draft witness statement that will be submitted to the Court. This witness statement has been prepared by Akin Gump LLP and the PLs and contains a summary of the facts that are relevant to the issues being put before the Court.
- 1.14 Both Representatives have been given the opportunity to review the witness statement and to request that the PLs add further material that they believe is relevant. This has involved concerted efforts from all sides over the last six weeks, and the PLs are grateful for the efforts of the Representatives and their advisers.
- 1.15 An advanced draft of the witness statement reflecting the Representatives' comments will be circulated to the Representatives and their legal advisers in the course of next week, and it is anticipated that the application will be filed in Court shortly thereafter.
- 1.16 Once the application has been filed, the PLs will be provided by the Court with a date for the case management hearing. At the case management hearing, the judge will set out the procedure and timetable for various matters leading up to the substantive hearing.
- 1.17 The timetable will be determined by the Court, but the PLs will, within the application, request that the hearing be expedited to be heard at the earliest opportunity of the Court at the start of the autumn term this year. It will be for the judge to determine whether there are sufficient grounds on which to expedite the hearing.
- 1.18 The PLs will, of course, provide the Bondholders with further details and confirmations of dates as soon as reasonably practicable.

Financial statements

- 1.19 The PLs' accounts team have now received a substantively complete set of ARM's transactions for the period from 1 July 2009 to date, which has allowed them to build up the accounts on a cash basis.
- 1.20 The team will now start work on the analytics behind the transactions to allow the financial statements to be prepared.

Investigations

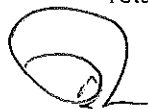
- 1.21 We continue to investigate the events prior to the PLs' appointment. Due to the nature of these investigations, we are unable to provide any detailed descriptions in a public manner.
- 1.22 As stated previously, if any Bondholders have any information they wish to share with the PLs to assist with our investigations, please can they submit this via the usual email address.

Bondholder queries

- 1.23 No general queries have been submitted by Bondholders during the Period. Although the formation of the AHC has changed how we engage with Bondholders, Bondholders should still feel free to submit questions to us via the usual email address of arm.abs.sa@bdo.co.uk.

2 Next report from the PLs

- 2.1 It is the intention of the PLs to provide their next progress report to Bondholders in the second full week of May, as we anticipate we will be able to provide further details in relation to the Pending Monies application by that time.



Mark Shaw
Joint Provisional Liquidator
7 April 2015