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

## **Frequently Asked Questions**

### **What steps have been taken in relation to the Companies' bank accounts?**

The Joint Administrators have secured control of the Companies pre-administration bank accounts, which can still accept credits in the case of borrower repayments.

### **Have borrowers continued to service the loans?**

Since the business ceased trading, there have been a limited number of receipts into the Companies' bank accounts in respect of the outstanding loans. The Joint Administrators have now obtained a significant volume of documentation in respect of the outstanding loans, which will enable them to take steps to recover the loans as they fall due.

### **Some loans should now be past their redemption date. Have they been repaid by the borrowers?**

According to the Companies' records available to the Joint Administrators, a significant portion of the loans are now past their redemption date. Now that the loan documentation has been obtained, the Joint Administrators have written to the borrowers seeking repayment of the loan amounts together with any additional interest as may be applicable.

### **Most loans are secured by a first charge against the property/development. Are these charges legally binding to the borrowers?**

Based on the information currently available there is no reason to doubt the validity of the security documentation, which the Joint Administrators note was originally prepared by the Companies' lawyers.

### **What action will the Joint Administrators take in relation to borrowers who do not pay their debts to the Companies?**

We will work closely with our solicitors in such cases but, in the event that borrowers do not repay the loans as they fall due, the Joint Administrators will take all steps available to them to recover the amounts due including, where applicable, taking enforcement action under the security held in relation to the loans.

### **Have chattel assets held as security been located?**

All chattel assets taken as physical security are held in a safe at a specialist third party secure facility. The Joint Administrators have inspected the contents of the safe, and have taken steps to ensure that the safe is under their sole control.

### **Have the Joint Administrators retained any of the Companies' staff to assist in the administration?**

The Joint Administrators have been advised that the directors made all five members of staff redundant prior to their appointment. Where appropriate, the Joint Administrators are liaising with the directors in relation to the Companies' affairs.

**The Companies' online platform allowed the investors to choose specific loans to invest into and awarded different interest rates and/or priority for different loans or different tranches of loans. Will I be receiving repayment in respect of each loan/tranche of loan that is being repaid in the same priority?**

Whilst the information that has been retrieved by the Joint Administrators to date contains details of the investors and their total loan exposure, it does not provide sufficient detail to extract an analysis of each investor's investments into specific loans or tranches of loans. The Joint Administrators' investigations to recover further information are continuing, and we will update investors in due course.

**What has happened to the IT platform?**

The Joint Administrators' have been advised that the electronic Collateral platform, and all the data which it hosted (including back-ups of the platform), was held on third party servers which had been decommissioned prior to our appointment, and was therefore not available to the Companies. We have identified the third party server provider, however, and we are currently in correspondence with the provider to determine what action, if any, can be taken to recover the data. A further update will be provided in due course.

**The domain name has expired. What steps will be taken by the Joint Administrators?**

The Companies' website and trading platform had been taken down prior to the Joint Administrators' appointment. We were aware that the domain name from which the Companies traded, [www.collateraluk.com](http://www.collateraluk.com), was being offered for sale at an online auction. Acquiring the domain name itself would not assist with the orderly wind down of the Companies' affairs, so the Joint Administrators did not attempt to purchase the domain name.

**As an investor with the Companies, what do I have to do to ensure that my interest is registered in the administrations? Do I have to submit a proof of debt?**

The Joint Administrators emailed a letter to all investors on 23 May 2018 containing statutory information and a proof of debt form. This letter has also been uploaded at the dedicated website for the administrations. At this stage, the Joint Administrators do not require the investors to complete a proof of debt form. If any investors did not receive the letter of 23 May 2018, they should send an email to [investorcollateral@bdo.co.uk](mailto:investorcollateral@bdo.co.uk) providing their contact details.

**What return can investors expect from the administrations in respect of their outstanding investments?**

It is too early to provide any estimate of the likely return to investors, which will depend to a very significant extent on the level of recoveries from the loan book.

**Will investors be treated as creditors?**

From the information currently available, the initial view of the Joint Administrators' lawyers is that investors will be treated as creditors of the Companies as a consequence of s26 of the Financial Services and Markets Act 2000. A further update will be provide in the Joint Administrators' proposals to creditors, which are due to be issued on or before 22 June 2018.