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COLLATERAL (UK) LIMITED
COLLATERAL SALES LIMITED
COLLATERAL SECURITY TRUSTEE LIMITED (TOGETHER, "THE COMPANIES")
- ALL IN CREDITORS' VOLUNTARY LIQUIDATION

UPDATE TO INVESTORS AND CREDITORS - 23 DECEMBER 2019

1. Status of liquidations

In accordance with the Joint Administrators' proposals, at the end of the administration period a year after their appointment, the Joint Administrators took steps to place the Companies into Creditors' Voluntary Liquidation ("CVL"). Accordingly, on 10 May 2019 (the date that Companies House filed the Joint Administrators' final report and notice of move to CVL), the Companies officially entered into liquidation. The Joint Liquidators continue to deal with all outstanding matters in the liquidations and, in practice, there has been no impact on the day-to-day running of the Companies' affairs.

2. Property loan book

The Joint Liquidators continue to seek to wind down the Companies' property loan book, working with our solicitors and property advisors.

As previously reported, we had taken enforcement action over 5 properties in order to recover amounts due in respect of outstanding loans. Our agents are marketing a number of properties, and we would expect sales to conclude over the coming months. Certain properties have various legal, construction and/or tenant issues that need to be resolved before they can be marketed and sold; we are liaising closely with our professional advisors in an effort to resolve these issues as soon as possible.

Additional realisations

The Joint Administrators' report dated 24 April 2019 included details of 6 property redemptions/settlements. There has been one further settlement achieved since that date, detailed in the table below.

Property	Principal Loan (£)	Amount Recovered (£)
Park Hall, Huyton Hey Road, Liverpool	195,615	180,000

Enforcement action

Since our report dated 24 April 2019, the Joint Liquidators have taken enforcement action in respect of a number of further outstanding property loans. In total, the Joint Liquidators have now taken enforcement action over 14 properties. Accordingly, there remain only two loans/properties where no enforcement action has yet been taken.

The table below lists the additional properties/loans in relation to which the Joint Liquidators have taken enforcement action. Steps are being taken to deal with any issues associated with the properties so that they can be brought to market and sold.

Property	Principal Loan (£)
Mullen Gardens, Wallsend, Newcastle upon Tyne	122,500
3, 5, 7, 9 and 15 Paddock Way, Doncaster, South Yorkshire	303,714
10 Oakwell Vale, Pontefract Road, Barnsley	49,050
37 Oakwell Vale, Pontefract Road, Barnsley	49,050
69 Oakwell Vale, Pontefract Road, Barnsley	49,050
Development - Waverledge, Rushton Street, Great Harwood	935,906
Development - Belgrave Heights, Blackburn Road, Darwen, Blackburn	1,432,000
Development Site at Sycamore Ave, Burnley, Lancashire	883,146
Development Loan - Eco Village at Nether Kypeside, Lanark	1,195,358

3. Chattel loans

As previously reported, the Joint Liquidators have collected all known chattels financed by the chattel loans.

Given the discrepancies between the value of the assets in the Companies' records and the estimated realisable values of the independent valuation obtained by the Joint Liquidators, we have not yet taken any steps to dispose of the chattels pending a substantive response from the directors in relation to the issue.

4. IT platform

Our previous reports highlighted the problems faced in relation to the Companies' electronic data and the importance of retrieving the data and producing accurate information in relation to investors' exposure to individual loans on the Collateral platform.

Following further work undertaken by our IT colleagues, we have now been able to rebuild our analysis of investors' exposure by incorporating some additional data recovered from the Companies' former servers. As a result, we have now managed to reconcile the vast majority of investors' exposure to the Collateral platform on a loan-by-loan basis. This step is particularly important as it will enable the Joint Liquidators to make future distributions to investors on a loan-by-loan basis.

We are taking further steps to finalise the reconciliation and produce individual investor reports in a user-friendly format. We anticipate circulating schedules to investors, which set out investors' exposure to each loan, early in 2020.

5. Client account

The Joint Liquidators continue to investigate the apparent discrepancy in the Companies' client account. We have sought the Companies' directors' assistance in relation to this issue.

6. Unsecured creditors

No additional unsecured creditor claims have been received since our last update to investors and creditors.

7. Investigations

The Joint Liquidators are continuing their investigations into the affairs of the Companies, and the reasons for their failure. We have sought clarification and further information from the directors of the Companies in relation to a number of issues.

Due to the sensitive nature of these investigations, we are unable to disclose any further detail at this stage. We continue to liaise closely with the Liquidation Committee in this regard.

8. Distributions to investors

The Joint Liquidators will make a first distribution to investors once recoveries from the loan book have reached a level sufficient to make a distribution process economic. At present, we are unable to set a date for such a distribution, as it will depend to a significant extent on the timing of recoveries from the sale of properties.

9. Future communications

Investors who have specific queries should continue to use the dedicated email address investorcollateral@bdo.co.uk or they can write to the Joint Liquidators c/o BDO LLP, 55 Baker Street, London W1U 7EU.

As mentioned above, the Joint Liquidators aim to circulate a detailed schedule of each investors' loan exposure early in 2020.

The next statutory report in the liquidation is not due until June 2020. A further update may be published on the website prior to that date, if there are matters to report to investors and creditors.