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THE JOINT ADMINISTRATORS ACT AS AGENTS OF THE COMPANIES AND WITHOUT PERSONAL LIABILITY

Collateral (UK) Limited

Collateral Sales Limited

Collateral Security Trustee Limited (together, “the Companies”) - All in Administration

Frequently Asked Questions

I completed the “Lender Resolution” circulated by the Joint Administrators on 21 December 2018. What happens now?

The Joint Administrators would like to thank all investors who responded to the Lender Resolution.

As investors will recall, 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. Such enforcement action may be necessary in circumstances where any borrower is unable or unwilling to repay the outstanding amount due.

We are pleased to confirm that the required Lender Resolution has been obtained in respect of all outstanding property loans. This will allow the Joint Administrators to proceed with any necessary enforcement action. In this regard, Receivers have already been appointed over a number of properties held as security against outstanding loans.

Why have some investors received a letter asking them to provide further evidence in relation to their exposure to the Collateral platform?

As noted in our previous reports to investors and creditors, a key work stream for the Joint Administrators has involved the retrieval and recovery of the electronic data previously stored on the Collateral platform.

The information provided to the Joint Administrators at the outset of the administrations (and from which the indicative, pre-completed Proof of Debt forms were prepared) only provided a summary of each investor’s total exposure to the platform, rather than a detailed analysis of each investor’s exposure to specific loans or tranches of loans. Obtaining this analysis from the electronic data is essential, as each investor will have different ‘trust’ claims against the loans into which they invested.

We have now extracted, from the recovered electronic data, a detailed analysis of each investor’s exposure to the Collateral platform. For a significant number of investor accounts (some 85% in terms of number), the detailed analysis reconciles exactly to the summary information provided to the Joint Administrators at the outset of the administrations.

However, the remaining investor accounts do not currently reconcile. We have recently written to a small number of investors (30) who have the largest discrepancies between the detailed analysis and the summary information balances, in an attempt to identify why such discrepancies have arisen.

We have already received some helpful feedback from some of the investors concerned and further work is being carried out to establish whether we can refine the detailed analysis and reconcile the account balances. We will update investors further in due course.

Why have I not received an updated schedule of my exposure to the Collateral platform?

As noted above, the detailed analysis has only been sent to a small number of investors who have the biggest discrepancies in their account balances. At the current time, the detailed schedules of exposure have not been sent to those investors (i) whose account balances reconcile; or (ii) who have smaller discrepancies.

The Joint Administrators intend to provide detailed schedules to all investors once the analysis has been further refined and the remaining accounts have been reconciled.

When will I receive the next report from the Joint Administrators?

The next report will be sent to all investors and creditors before 27 April 2018.

I understand that the Administrations will end by 27 April 2019, what are the practical implications?

The Joint Administrators' proposals, as previously approved by investors and creditors, provide for the Companies to move from Administration to Creditors' Voluntary Liquidation at the end of the 12-month administration period. Accordingly, the Joint Administrators will take steps to place the Companies into Creditors' Voluntary Liquidation before 27 April 2019.

In practice, the Joint Administrators will continue to deal with the affairs of the Companies as Joint Liquidators, and will continue their work to realise the Companies' assets and return funds to investors and creditors.