

FundingSecure Limited ('the Company')

Jonathan Avery-Gee, Edward Avery-Gee and Daniel Richardson ('the Administrators') of CG & Co ('CG') were appointed Administrators of the Company on 23 October 2019.

We have prepared this document of Frequently Asked Questions ("FAQs") to help all investors and creditors to understand what is happening in relation to the formal insolvency procedure affecting the Company.

FAQs as at:

Date 24 October 2019

Contents:-

1. Summary of the Insolvency Procedure affecting the Company
2. Contact Information

These FAQs have been updated to respond to email questions raised by individual creditors and investors. Please note that we are not in a position to respond individually to each enquiry made at this stage but have collated the issues raised and responded by updating the FAQs as below. We will continue to monitor the dedicated email and update the FAQs for the benefit of creditors and investors as matters progress.

Please note that the information contained in this document is of a general nature and is prepared for the benefit of investors, creditors and borrowers of the Company and does not constitute any form of legal, accountancy or taxation advice on the part of CG or any other party. If you are concerned about your individual circumstances and the impact of the insolvency of the Company on your personal position, you should take appropriate professional advice accordingly.

The affairs, business and property of the Company are being managed by the Administrators. They act as agents of the Company and without personal liability. The Administrators are licensed as insolvency practitioners in the UK by the Institute of Chartered Accountants in England and Wales and the Insolvency Practitioners Association. FundingSecure Limited ('FSL') is incorporated in England and Wales under the Company Act 2006 with registered number 08120200. The Company is authorised and regulated by the Financial Conduct Authority with FRN 698305.

SECTION 1 – INSOLVENCY AND THE COMPANY

The Company was placed into administration on 23 October 2019 by a resolution of the board of directors of the Company. As a result of the administration no legal proceedings may be commenced or continued with against the Company without the consent of the Administrators or leave of the Court. The Company is now protected from any third party actions by virtue of a statutory moratorium.

The business and affairs of the Company are now controlled by the Administrators who act as agents of the Company and act without personal liability.

Please note that this FAQ document has been prepared at the time of our appointment. As events and information develops we will update it.

References to 'we' refer to the Administrators.

1. What is Administration?

When a company is experiencing financial difficulties, it can be placed into administration. An administration is an insolvency process and under insolvency law, the affairs, business and property of a company in administration (such as the Company) are managed by the Administrators. The Administrators have to be independent of the Company. The Administrators act as agents of the Company without any personal liability.

The Administrators of the Company are at an early stage of their work, but obviously a key part of their role is to safeguard the loans made through the Company as the Security and Trust Deed Trustee to the various borrowers.

2. Who are the Administrators/CG & Co?

Jonathan Avery-Gee, Edward Avery-Gee and Daniel Richardson ("the Administrators") of CG & Co, were appointed by the Court following a resolution passed by the directors of the Company.

Whilst the director of the Company made the application for the appointment of Administrators, the FCA was consulted and consented to the appointment of the named Administrators.

The Administrators are qualified insolvency practitioners, regulated by The Institute of Chartered Accountants in England & Wales or the Insolvency Practitioners Association. The Administrators act independently of the Company and the directors for the benefit of all investors, creditors and stakeholders. Their primary concern and mandate is to ensure that they maximise the return to investors and creditors. In the particular case of the Company we are also mindful that it is in the best interest of all stakeholders to maximise the return to investors on loans facilitated by the Company.

CG have previously been appointed on a number of regulated matters (including acting as Special Administrators appointed by the FCA) and are highly experienced in dealing with the recovery of secured assets under short term funding arrangements. Accordingly, CG are well placed to facilitate an orderly wind-down of the loan book of the Company.

We were consulted by the directors of the Company on 8 October 2019. We were formally engaged on 15 October 2019. Prior to and apart from these contacts with the Company and the directors, neither CG nor any of its staff or partners have been instructed by the Company or directors on any other matters. We are entirely independent of the Company and the directors.

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3. What was the business?

FSL is a peer to peer lending platform which creates high yield loans between investors and third party borrowers secured on UK properties and other miscellaneous high value assets and chattels including jewellery, motor cars and boats. The Company facilitated substantial loans from retail investors to third party borrowers and the loan book currently stands at £80M approximately. The accumulated loan book represents approximately 486 investor loans from circa 3,500 investors.

4. Why has the Company entered into administration?

The directors of the Company passed a resolution to appoint the Administrators (subject to the approval of the FCA) because the Company had become insolvent and the Notice of Appointment of the Administrators was filed in court on 23 October 2019 following the approval from the FCA.

The Company's difficulties have been documented online and investors are aware that certain loans have not performed in line with expectations in addition to the issues caused by the fraud related litigation in which the Company has become embroiled. In addition, the business has not been able to demonstrate to the FCA that it can continue to meet the "Threshold Conditions" necessary to continue conducting regulated activities.

The rationale for the appointment of the Administrators is that there is a real risk that liquidation would fundamentally damage the value of the Company's assets (by adversely impacting on the recoverability of the Company's loan book) and undermine the potential return to investors and creditors. Management believe that liquidation would lead to the cessation of key operational IT systems (essential to the operation of the online account system for client funds operated by the Company) and the loss of key staff which would be detrimental to the asset realisation process and increase the costs of recovery activity.

In light of these issues the director decided to place the Company into administration and the FCA provided their consent to our appointment as Administrators.

5. When will I get something back, and how much will it be?

It is too early for the Administrators to say how much money they will be able to return to the creditors and to the investors, and when any payments will be made to them.

The Administrators are now evaluating the Company's current financial position and working to maximise recoveries either in the short or longer term. The Administrators will continue to update the creditors and investors with the progress that they are making with their investigations.

6. Will I have access to my online account?

In the short term (and pending further investigations) the online account system will be suspended whilst the Administrators undertake a review of the Company's liabilities and assets. The system will be maintained but "frozen" as at the 22 October 2019 and no deposits or withdrawals will be possible. Investors can be assured that this facility will be maintained as a means of returning funds to them once the investigations have been carried out to establish ownership of and entitlement to the assets of the Company.

We will inform Investors of the reinstatement of the operation of the online account system as soon as possible.

7. I have read some of the press articles about the Company. What are you doing about the issues raised?

As Administrators, we are obliged by law to undertake various investigations. We are aware of the issues raised but are not in a position to comment at this stage.

We will update Investors and creditors as appropriate, including by way of updates to this FAQ document, and in the forthcoming Administrators' proposals document.

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However, if you have any specific matters or concerns you wish to raise about the conduct or operation of the Company, please write to us setting out your information.

8. Are you in contact with the FCA?

Yes, we are in regular contact with the FCA.

9. Are you in contact with the Company' management?

We are now responsible for the management of the Company and are working with the Company's staff who are continuing to assist us.

The management are also providing information and assistance to the administrators.

10. Where can I get further information from?

For Creditors:

The Administrators will be writing to all creditors of the Company as soon as practicable in accordance with the Insolvency Act and Rules.

Within 8 weeks of appointment, the Administrators will be contacting creditors with details of the Administrators' Proposals. This document will set out the Administrators' plans for managing the Administration. Creditors will receive a letter with access to a website portal from where they will be able to download the Administrators' Proposals. The Administrators' Proposals will contain essential updates for the creditors.

For Investors:

The Administrators will provide updates directly to investors via the email addresses provided to the Company in accordance with the terms and conditions of the Lending Platform. This will include information on individual loans as appropriate.

For All Stakeholders:

Please also note that the Administrators' plan to issue updates to all concerned parties on a continuous basis by updates on the Company's website. As it is only the start of the Administration, our answers are likely to be necessarily brief on certain details although these answers will develop as regards further detail over the coming weeks.

11. What has happened to the Company's staff?

Some of the Company's staff will continue to be employed by the Company and are under the control of and assisting the Administrators.

12. What will happen to my loan?

The Administrators will be contacting all borrowers directly and are assessing their ability to repay, at the appropriate maturity dates, or earlier, the loans facilitated by the Company.

The Administrators continue to work with all relevant parties to determine the most appropriate strategy to enable investors to receive as much back as possible from the loans they are a party to as soon as possible. The Administrators also have to have regard to the terms on which the loans have been made to the borrowers.

Updates as at 24 October 2019

13. Are investors also creditors of the Company?

The terms and conditions of the lending platform operated by the Company specify that loans are made by investors directly to borrowers in respect of the property and assets secured by the Company.

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Therefore, investors are not categorised as creditors of the Company.

The Administrators are currently reviewing this position and we will update all stakeholders in due course.

14. Can I withdraw my money now?

At the present time all withdrawals from the online accounting system are suspended pending review of the legal structures operated by the Company by the Administrators. No withdrawals are currently permitted and we cannot enter into direct correspondence with investors on specific account related enquiries at this stage. We will update investors as soon as we can.

15. Why did the Company continue to accept deposits via the online account system when the directors knew about the administration?

The investor portal system was open as normal until close of business on 15 October 2019 at which time no further deposits were possible. It was on this date that the directors resolved to place the Company into administration subject to the approval of the FCA. The investor portal remained open for withdrawals until close of business on the 22 October 2019 and the Company was placed into Administration on 23 October 2019. The online account system is frozen as referred to at 14 above.

16. Will a Creditors Committee be formed?

This is currently under review and will be addressed in the Administrators' Proposal which will be sent to creditors as soon as possible in accordance with the Insolvency Act and Rules.

17. What impact does the Administration have on the ongoing recovery litigation commenced by the Company?

The effect of the Administration is that no litigation may be commenced or continued with **against** the Company without the consent of the Administrators or leave of the Court. Effectively, all litigation is frozen pending further application by either party. The Administrators are reviewing all the litigation affecting the Company and will pursue those actions which they are advised will enhance recoveries to the Company for the benefit of all stakeholders.

GDPR Fair Processing Notice

As part of our role as Administrators, we may need to access and use data relating to individuals. In doing so, we must abide by data protection requirements.

To the extent that you hold any personal data on the Company's data subjects provided to you by the Company or obtained otherwise, you must process such data in accordance with data protection legislation. Please contact us if you believe this applies.

SECTION 2 – CONTACT INFORMATION

Email us:

If you wish to contact us, please email us at: fundingsecure@cg-recovery.com

Website:

The following website will be updated (including with this FAQ document):

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The FCA will also be updating their website with information.

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