



FRP Advisory LLP
110 Cannon Street
London
EC4N 6EU
Tel: +44 (0)20 3005 4000
Fax: +44 (0)20 3005 4400
www.frpadvisory.com

TO ALL KNOWN CREDITORS

Your ref:

Our ref: M1461LON/JIG/PD

Please Contact: Your SIPP provider or below:

Telephone Number: 0203 005 4212

Email Address: Freedombay@frpadvisory.com

Date: 12 June 2017



Dear Sirs

MALGRETOUTE HOTEL DEVELOPMENT COMPANY LIMITED TRADING AS FREEDOM BAY (IN RECEIVERSHIP) ("THE COMPANY")

I write further to my letter dated 12 April 2017 which advised that Richard Surage of PKF St Lucia and I were appointed Joint Receivers and Managers of the Company on 28 March 2017. The purpose of this letter is to provide an update to creditors on the progress of the Receivership.

Shortly following my appointment, I travelled to St Lucia in order to meet with my Joint Receiver, local legal advisers, and representatives of Government. The outcome of those meetings was positive and I will continue to work closely with all three parties.

I also visited the development to understand the nature of the site and to assess the current state of the development. There appears to be five villas on the beachfront substantially complete under phase I of the development and the foundations for a number of villas under phase II, no work has been started on the hotel / facilities hub. One further privately owned hill top villa is partially complete along with some of the infrastructure to the development.

In order to protect the value of the development, which I understand to be the Company's sole asset, I have obtained a loan facility in the sum of £1.5m to enable me to pay ongoing holding costs including site security and insurance along with professional fees, this facility is repayable out of the assets of the Company. Due to funding constraints the Company in receivership will undertake no further construction work and my ultimate goal is to find a buyer for the development in its current state.

In order to achieve a sale of the development I need to understand all the legal issues surrounding the site, it will be necessary to resolve these issues prior to proceeding to market the development for sale. This will likely involve obtaining legal advice and discussions with the various stakeholders. Once these issues are resolved, it is my intention to engage specialist agents to value and market the development to interested parties. It may be necessary to involve the St Lucian Court in the sale process if I am unable to resolve all the issues associated with the site.

The Company has two secured creditors, being First Capital International Enterprise Limited ("First Capital") owed £9m and Heritage Corporate Services Limited ("Heritage") owed \$45m. I was appointed by First Capital and have met with Heritage and their lawyers to agree a way forward. The amount owed to Heritage relates to the funds invested by various pension providers / individuals and then loaned to the Company. Any return to creditors will depend on the ultimate sale price achieved for the development.

I will provide a further update to all stakeholders, in writing, within 60 days of the date of this letter, if you have any queries, please direct your enquiry to Freedombay@frpadvisory.com.

Yours faithfully



Geoff Rowley
Joint Receiver and Manager

Insolvency Practitioner licensed in the United Kingdom by the Insolvency Practitioners Association and bound by the Insolvency Code of Ethics

