

17 May 2017

To all known creditors

You are receiving this email as a known creditor, or creditor's representative, of Harlequin Property (SVG) Limited (the "Company"). If you believe you should not have received this email, please notify us immediately.

As you are aware I act as the Bankruptcy Trustee of the Estate of Harlequin Property (SVG) Limited.

I was affirmed at the first meeting of creditors by virtue of no other nominee being put forward as well as amassing over £106 million of votes in support of my appointment.

At the first meeting of creditors five inspectors to the estate were also appointed. This meeting was overseen by the Supervisor of Insolvency of Saint Vincent and ran in accordance with the Bankruptcy and Insolvency Act ("BIA").

I am aware that a substantial number of email communications have been received from Harlequin investors requesting additional information with regards the process of voting at the First Meeting of Creditors.

Rather than responding to each enquiry I have determined that it is more appropriate to respond with the information below to all creditors.

The First Meeting of Creditors was held pursuant to Section 95 of the BIA and as mentioned before overseen by the Supervisor of Insolvency.

Prior to the commencement of the First Meeting of Creditors, 2,492 creditor packs were sent to known creditors. This included:

- 2,103 emails directly to investors
- An additional 307 packs sent via post
- 72 emails to trade and other creditors
- Nine emails to the Self-Invested Personal Pension providers (SIPPs) representing just under 1,000 investors
- An email to the Financial Services Compensation Scheme (FSCS)

The contact details were provided to us by Harlequin Property (SVG) Limited. The First Meeting of Creditors was also advertised in two publications in Saint Vincent as well as two publications in the UK (pursuant to Section 92(5) of the BIA).

The Lifetime SIPP Company Ltd 8th Floor, 25 Marsh Street, Bristol, BS1 4AQ

The Lifetime SIPP Company Limited is authorised and regulated by the Financial Conduct Authority (464526)

Registered office: Vicarage Court, 160 Ermin Street,
Swindon SN3 4NE

Registered in England & Wales number 02455807

There appears to be confusion over the use of an “independent specialist” and why Electoral Reform Services (“ERS”) were not engaged during this process. Their use was proposed by the Company prior to our appointment as Bankruptcy Trustee for three reasons:

- a) To independently count votes for the acceptance or refusal of the proposal;
- b) The efficacy of postal voting ;
- c) And to allow electronic voting.

The three reasons above were discussed with the Company and with the Supervisor of Insolvency. Below I have provided a summary of those discussions.

a) Independence of the counting of votes

The adjudication of claim values could not legally have been performed by Electoral Reform Service.

The process undertaken by KPMG (as independent court appointee) and agreed with the Supervisor of Insolvency was that where a creditor submitted a proof of claim, the value of that claim would be allowed for voting purposes where sufficient proof was received. Where insufficient proof was received the value allowed for voting purposes was assessed at the lower of the value recorded in the books and records of the Company and the amount claimed by the creditor.

Given the oversight of the Supervisor of Insolvency to this process it was not deemed appropriate or necessary to use Electoral Reform Services.

b) Postal voting

There is no provision in the Bankruptcy and Insolvency Act (“BIA”) for postal votes to be used at the First Meeting of Creditors in a Bankruptcy. At the First Meeting of Creditors in a Bankruptcy the only way to vote is to be present, either in person or by proxy. Therefore there was no opportunity for the use of postal votes.

c) Electronic voting via a secure website

Electronic voting is not permissible under the BIA. The Bankruptcy Trustee raised a request with the Supervisor of Insolvency, however, this request was not approved.

Having considered the legal position in St. Vincent it was determined that for the purpose of the first meeting that the process as conducted was in accordance with the BIA.

Claims were received from over 2,400 investors (approximately 600 of these related to investors who had received compensation from the FSCS). The total voting amount received was approximately £127 million (approximately XCD420 million).

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As you are aware the inspectors were nominated by the creditor body and appointed by ordinary resolution. **Only five inspectors passed the threshold** of receiving more votes for than against their appointment and were subsequently appointed.

The final results are as follows (votes are represented in Eastern Caribbean Dollars - XCD):

Appointed inspectors

James Darbyshire – *For XCD254 million, Against XCD97 million*

John Cullen – *For XCD153 million, Against XCD82 million*

Stewart Haynes – *For XCD150 million, Against XCD85 million*

Thomas Kelen – *For XCD150 million, Against XCD85 million*

Gareth Fatchett – *For XCD173 million, Against XCD114 million*

Other nominees

Stephen M. McMunn – *For XCD6 million, Against XCD232 million*

Robert Storey – *For XCD91 million, Against XCD164 million*

Graham Swain – *For XCD11 million, Against XCD231 million*

Martyn Anderson – *For XCD6 million, Against XCD233 million*

Tracey Webster – *For XCD77 million, Against XCD164 million*

David Hollely – *For XCD91 million, Against XCD164 million*

Jim Baker – *For XCD14 million, Against XCD233 million*

Andrew Smith – *For XCD77 million, Against XCD167 million*

Jon Padfield – *For XCD22 million, Against XCD230 million*

Dr. Darren Gillett – *For XCD74 million, Against XCD164 million*

Jannis Jamieson – *For XCD8 million, Against XCD227 million*

Please note that votes were collated in Eastern Caribbean Dollars in accordance with the BIA because distributions will be calculated in local currency. The exchange rates used to convert claims into Eastern Caribbean Dollars are listed below:

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- GBP to XCD = 3.307
- USD to XCD = 2.70

Given the large number of creditors and the cost to the estate I hope this email provides sufficient clarity and transparency regarding the process undertaken and the results. I do not intend to provide further details as to the breakdown of individual votes for each of the nominees in order to respect the privacy of the creditors and as it is not required under the BIA nor would it be an appropriate use of estate funds.

Inspectors' meetings

Following the appointment of the inspectors at the conclusion of the First Meeting of Creditors the Bankruptcy Trustee has held two meetings with them.

The first of these was an introductory meeting during which an overview of the BIA was discussed along with the role of the inspectors of the Estate.

The second of these meetings gave an overview of the Estate of Harlequin Property (SVG) Limited and the current position as to ongoing litigation that the Estate is involved with.

The Bankruptcy Trustee has agreed with the inspectors that a First Report to creditors will be available in the week ending May 19, 2017.

Your co-operation throughout this process is appreciated

Brian Glasgow

As Bankruptcy Trustee of the Estate of Harlequin Property (SVG) Limited (and not in his personal capacity)*

*Brian Glasgow was appointed as Bankruptcy Trustee pursuant to the Laws of Saint Vincent and the Grenadines on March 3, 2017. He nor KPMG, its partners, employees or agents shall incur any personal liability pursuant to his appointment or the performance of his duties as Bankruptcy Trustee.

Yours faithfully

Angela Murphy
Compliance Manager, 17.05.17

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