

15th February 2019

Dear Investor,

Since our last update we have now taken the decision to exercise the security that the Strategic Residential Development PLC ('SRD') has in place via a debenture and share charge over and UK Property and Land Specialists Limited ('UKPALS') and take over the company with the help of some specialist insolvency practitioners and lawyers, due to the delays in interest and redemption payments, and the complete mistrust in the director of UKPALS, Mr. Weir's ability to run a company in the interests of SRD.

The advice from our insolvency practitioners had been to work with Mr. Weir to dispose of the assets that UKPALS holds which we continued to do throughout 2018. We took the reasonable position of allowing Mr. Weir further time to make good on his promises and to provide us with clearer information on the likely outcome, but at the beginning of 2019 our patience ran out and we appointed administrators. The Administrator is Simon Campbell, the company is Quantuma LLP, the lawyers are TLT. I am personally paying for their fees in order to get answers and for them to make clear the situation.

To explain the role of an Administrator it is both to control and realise assets for ALL creditors of a company, and to investigate the conduct of it's directors and potentially bring relevant claims to recover funds. The powers to investigate that they have under the Insolvency Act are sizeable and wide-ranging, but any investigation, particularly where issues are relatively complex as here, can take a considerable length of time.

Now, that the administrators have been appointed, Simon Campbell has confronted Mr. Weir with questions about his stewardship of the companies, to a certain extent the PLC's worst fears have been realised. Of the 4 distinct properties 2 are not actually owned by these companies. The money provided to the companies has been passed through to other entities, and in one case to Mr. Weir personally.

During the administrators talks with Mr. Weir it has become apparent that the values that Mr. Weir had attributed to the assets in his monthly reports were over-optimistic and that in most cases, sums due to fixed charge holders in priority, leave the company with no equity for the PLCs. The administrators are working hard to use every legal and practical lever available to combat this, but cannot guarantee success.

That is the bad news out. The opportunity of course is that the structuring of the companies and the disposition of funds leads to a multiplicity of potential claims against various parties. We have provided the administrators with considerable evidence and they will need to interview a number of other parties, including Mr. Weir himself again. The administrators have control of the company accounts and will be looking to match them up with the bank and completion statements. If appropriate we will then commence the laborious process of tracing recoverable assets consequent on any claims that the companies have.

We will continue to update you closely with events as they unfold.

Yours faithfully,



Marc Hounsell

Director Strategic Residential Development Plc