

<b>Company</b>	SME Credit Realisation Fund Limited (IN LIQUIDATION) ("the Company")
<b>Liquidators</b>	Andrea Harris and Benjamin Rhodes
<b>Date of appointment</b>	24 March 2023
<b>Background</b>	<p>The Company was incorporated in Guernsey on 22 July 2015 with registration number 60680 for the purpose of holding investments in credit assets ("Credit Assets").</p> <p>The Company was a Registered Closed-ended Collective Investment Scheme pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 2020, and the Registered Collective Investment Schemes Rules and Guidance, 2021 issued by the Guernsey Services Financial Commission.</p> <p>Based on the information outlined in the Company's 2023 Notice of Extraordinary General Meeting, the Company had been in managed wind-down since 2019, during which time the Company had realised its investment portfolio in an orderly manner and had made regular distributions to Shareholders through compulsory redemptions of Shares and distributions of dividends.</p> <p>The Company and its subsidiaries, Tallis Lending Designated Activity Company ("Tallis") and Basinghall Lending Designated Activity Company ("Basinghall") (together "the Subsidiaries") entered into agreements on 2 December 2022 (in respect of the U.S. loans in the Portfolio) and 9 December 2022 (in respect of the UK and CE loans in the portfolio) to sell all remaining credit assets in the portfolio with an Economic Cut-Off Date of 30 September 2022 (the "Sale Agreements").</p> <p>On 18 January 2023, the Company announced a return of approximately £16.4 million to Shareholders by way of a compulsory redemption of Shares at £1.1602 per Share (being the NAV per Share as at 31 December 2022), which was paid to Shareholders on 6 February 2023. This distribution represented the net proceeds from the sale of loans in the previous quarter under the Sale Agreements, less the following amounts which were set aside: (i) accruals for ongoing costs through to full liquidation of the Company; (ii) approximately £5.4 million related to indemnities under the Sale Agreements; and (iii) a £1.2 million liquidity reserve to provide for any contingent tax liabilities which may arise.</p> <p>As at 28 February 2023, the NAV attributable to the Shares of the Company was £6.65 million and the NAV per Share was £1.1602.</p> <p>In light of the Company's position, the Board unanimously agreed that it was in the best interests of the Company and its Shareholders to place the Company into voluntary liquidation.</p> <p>The Company and its Subsidiaries were subsequently placed into liquidation on 24 March 2023.</p>

**Steps taken since appointment**

The purpose of a liquidation is to realise the assets and wind up the Company's affairs, and distribute any remainder of the funds, after costs, to shareholders.

Immediately on their appointment, the Liquidators secured possession of the Company's books and records, advertised notice of their appointment in the Guernsey Gazette, and notified the Company's Directors and Secretary of their appointment.

The Company was de-listed from the London Stock Exchange on 27 March 2023 and subsequently, the Investment Scheme License was terminated.

On appointment, the Company's assets comprised of cash at bank of £6,011,806.08, EUR 934.78 and USD 541,750 and the investment in Tallis of EUR 803,685.76 and investment in Basinghall written down to £Nil. Further, the Company's liabilities stood at c.£713,959 mainly representing accrued administration, legal, audit and liquidation fees.

An interim distribution to the Shareholders of the Company of £6 million at the rate of £1.05154 per share in accordance with the details held by the Company's Registrar was completed on 12 March 2024 ("Interim Distribution").

The Liquidators continue to liaise with Funding Circle Global Partners Limited, the Company's Investment Manager, who continues to provide assistance in relation to day-to-day management of the liquidation ("Funding Circle").

The Liquidators continue to liaise with APEX Fund Services (Guernsey) Limited who were the Company's Corporate Administrator and provided payment services ("APEX").

The Liquidators continue to liaise with Link Market Services Limited who act as the Company's Registrar and Receiving Agent ("Link").

The Liquidators continue to deal with ad hoc shareholder queries on a regular basis with respect to the Company.

**Outstanding matters**

There are several outstanding matters in the liquidation of the Company.

With reference to the completed Interim Distribution noted above, some payments to the Shareholders have not been made, either due to insufficient due diligence obtained on the recipients to date ("Non-Compliant Shareholders") or due to the immaterial amount of the payment, as further explained below.

The Liquidators continue their attempts to contact the Non-Compliant Shareholders to complete the unclaimed payments to them during the liquidation.

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The Liquidators continue to liaise with Grant Thornton Ireland, the liquidator of the Subsidiaries. It is anticipated that the Irish Tax Authorities will provide tax clearance to both Subsidiaries within the next three months. Once the Subsidiaries receive tax clearance, a distribution of all remaining funds will be declared and paid to the Company.

Following the receipt of the remaining funds from the Subsidiaries, the Liquidators will proceed to declaring the final distribution of the Company of the net remaining funds ("Final Distribution"). The Liquidators anticipate completing the Final Distribution before 30 September 2024, subject to the Subsidiaries obtaining tax clearance and any unforeseen matters.

Once the Final Distribution is completed, the Liquidators will seek to finalise any outstanding matters, including obtaining tax clearance from the Guernsey Revenue Service, and will proceed to concluding the liquidation.

## Distributions

The Interim Distribution was completed during the Reporting Period as follows:

<u>Date</u>	<u>Amount (£)</u>	
12 April 2024	6,000,000.00	*See Distribution Note Below
	<u>6,000,000.00</u>	

### \*Distribution Note

Please note that due to the cost of processing payments, a distribution payment was only be made to the Shareholder if such Shareholder was entitled to receive more than £10, i.e. if they hold more than 10 shares. All distributions of £10 or less, estimated approximately £31.55 in total, will be paid to a Guernsey charity of Liquidators' choice. Please also note that payments have been withheld due to insufficient Client Due Diligence information being provided to the Liquidators. A final distribution will be declared following the dissolution of the Subsidiaries and the payment of all outstanding liabilities.

## Remaining Asset Position

As at the date of this report, the Company holds cash of £320,614, EUR1,066 and USD 9,237 and the investments in the Subsidiaries.

As at the date of this report, Tallis holds c.EUR1.2million and Basinghall c.EUR 0.2million.

## Liabilities

Any liabilities arising prior to the liquidation or as expense of the liquidation have been settled from the funds in hand.

The Liquidators note that the sale-related indemnities of c.£5.4 million outlined in the 2023 Notice of Extraordinary General Meeting expired without claims made against these. The Interim Distribution primarily consisted of the release of this indemnity held back combined with interest earned on cash balances.

It has taken longer than anticipated to receive tax authority clearance for the Subsidiaries, and as a result the said c.£1.2 million liquidity reserve, set aside to provide for any contingent tax liabilities, remains in place until all tax related matters are resolved.

At this stage the Liquidators are not in a position to calculate any further future liabilities with certainty as the level of the liabilities will depend on the amount of time needed to conclude outstanding matters.

The Liquidators will continue to settle any ongoing liquidation costs from the remaining cash assets held by the Company. The remaining liabilities are expected to be costs incurred in respect of completion of a final distribution, tax clearance process, holding the final meeting of the Company and cost incurred with other service providers (namely Funding Circle, Apex, and Link).

### Liquidators' Time and Cost Analysis

In the letter of engagement dated 1 March 2023, signed by Grant Thornton Limited and the Directors of the Company, the original fee estimate was set at £23,000 - £25,000 in respect of liquidation fees and a separate fee estimate for completing independent due diligent checks and liaising with shareholders for collating the requisite due diligence information not to exceed £32,775 during the course of the liquidation.

This estimate was based on a number of assumptions, however, due to rather protracted nature of the liquidation and significant time spent in respect of various administrative requirements relating to Shareholders' queries and coordinating the work flow amongst parties involved in the liquidation process, it was agreed that the Joint Liquidators be remunerated on a time - cost basis with reference to hourly rates for the staff members undertaking the work for the said matters.

As at 18 April 2024, invoices for the sum of £71,413.57 have been raised in respect of liquidation fees. A summary of total liquidation costs incurred to date is as follows:

Time Costs Incurred	£119,853.38
Time Costs Settled	£65,267.44
Time Costs Written Off	£31,735.06
<b>Total Time Costs Outstanding</b>	<b>£22,850.88</b>
Disbursements Settled	£320.16
Disbursements Outstanding	£0.00
<b>Total Disbursements</b>	<b>£320.16</b>

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## Annual General Meeting

The Liquidators are required to summon a general meeting of the Company's shareholders pursuant to Section 399 of the Companies (Guernsey) Law, 2008.

NOTICE IS HEREBY GIVEN, in accordance with Section 399 of The Companies (Guernsey) Law, 2008 that a GENERAL MEETING of the above named company will be held at the offices of Grant Thornton Limited, St James Place, St James Street, St Peter Port, Guernsey, on **24 May 2024 at 11.30 a.m.** for the purpose of having an account laid before the members of the Liquidators' acts, dealings and the conduct of the winding up during the preceding year.

A member entitled to attend and vote at the above meeting may appoint a proxy or proxies to attend and vote instead of them.

The Liquidators also enclose a proxy form for the general meeting that should be completed and returned in accordance with the instructions on the proxy form, which is enclosed at **Appendix IV**.

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