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12th April 2019

Dear Sirs,

Lakeview UK Investments plc ("LUKI"): 11% bonds due from 2018 (the "Bonds")

Further to our 19th October 2018 letter we present this semi-annual update on LUKI's activities in respect of the following holding:

Bonds which reached their original maturity date prior to 1st February 2019 have had their term extended by two years in accordance with LUKI's discretion. Entitlement to interest continues until repayment of the bonds. We await instructions from LUKI on their intentions for bonds maturing after this date. LUKI's decision on whether to extend the term is currently dependent on the refinancing arrangements described below.

Prime Resort Development Ltd ('Prime'), the owners of LUKI, currently have loan facilities with London Capital & Finance plc ('LCF') which were in place when Prime purchased LUKI from the previous owners last year. LCF was placed into administration in February 2019 and as a consequence Prime's credit facilities were suspended. Therefore, Prime's directors are currently negotiating replacement borrowings from another lender. We are informed that discussions are at an advanced stage but at present the completion date is unknown.

Due to the unexpected withdrawal of the credit facilities, LUKI's directors regret they have been unable to make timely payment of bondholders' interest falling due at the end of February and March. They intend to use the replacement facility to bring all bondholders' interest payments up to date, to repay the LCF loan in full, and to redeem bonds held by the estates of deceased holders. Subject to the eventual terms of the refinancing, LUKI is also considering redeeming all bonds before the expiry of their two-year term extension.

The circumstances described above have delayed finalisation of LUKI's audited accounts, which are overdue at Companies House. LUKI anticipates the accounts will be filed by the end of April but this is subject to audit.

Bondholders' security is established by way of debentures issued by LUKI held by the security trustees, Global Custodial Services Ltd and Bay Consultancy Ltd. LUKI has notified the security trustees of the circumstances described above.

In respect of the underlying property, the Waterside resort in Cornwall (www.watersidecornwall.com), LUKI's directors are pleased to report that on 19th December 2018 Cornwall County Council granted conditional planning permission for extension by a further 118 lodges as well as expansion of existing and new leisure facilities. The refurbishments already made throughout the site have led to the company forecasting a further 10% increase in revenues this year with the business outperforming budget in the first quarter of this year.

We await further news and instructions and will write again on the conclusion of Prime's current refinancing negotiations.

Yours faithfully,



Alan J Bate
Director