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Castle Trust and Management Services Limited (in liquidation)

Liquidators' Progress Report for the period from 27 October 2024 to 26 October 2025

Progress Report pursuant to S406 of the Companies Act 2014

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We, Edgar Lavarello and Luke Walsh, both of PricewaterhouseCoopers Limited of 327 Main Street, Gibraltar, were appointed as the Liquidators by the Supreme Court of Gibraltar to manage the affairs and property of Castle Trust and Management Services Limited (“the Company” or “CTMS”). We act as agents of the Company only and without personal liability. Edgar Lavarello is authorised to act as an insolvency practitioner by the Gibraltar Financial Services Commission (IP Licence Number FSCo892FSA). Luke Walsh is authorised to act as an insolvency practitioner by the Gibraltar Financial Services Commission (IP Licence Number FSCo982FSA). We may act as Data Controllers of personal data as defined by the Data Protection Act, depending upon the specific processing activities undertaken. PwC may act as a data processor on the instructions of the Liquidators. Personal data will be kept secure and processed only for matters relating to our appointment as Liquidators.

We have prepared this report as Liquidators of the Company, solely to comply with our statutory duty to report to creditors under the Gibraltar Insolvency Act 2011 and the Gibraltar Insolvency Rules 2014 on the liquidators, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of the Company.

Any estimated outcome for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.

Some reference is made in this report to occasions on which we have consulted legal advisers. However, we do not intend to waive any privilege that we have in any legal advice.

Any persons choosing to rely on this report for any purpose or in any context other than under the Gibraltar Insolvency Act 2011 and the Gibraltar Insolvency Rules 2014 do so at their own risk. To the fullest extent permitted by law, we do not assume any liability in respect of this report to any such person.

1. Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used in this report:

<i>Abbreviation or definition</i>	<i>Meaning</i>
<i>Company or CTMS</i>	<i>Castle Trust and Management Services Limited</i>
<i>Liquidators, we or ourselves</i>	<i>Edgar C Lavarello and Luke Walsh</i>
<i>Firm or PwC</i>	<i>PricewaterhouseCoopers Limited</i>
<i>IA</i>	<i>Insolvency Act 2011</i>
<i>Shareholders</i>	<i>Steven Andrew Knight (52.94%)</i> <i>Sovereign Trust International Limited as Trustees of La Rocque View (46.32%)</i> <i>Castle Nominees Limited (0.74%)</i>
<i>Directors</i>	<i>Steven Andrew Knight or SK</i> <i>Colin Charles Gibbs</i> <i>Paula Joanne Bullock</i>
<i>Secretary</i>	<i>Castle Secretaries Limited</i>

2. Key messages

2.1 Why we have sent you this report

This is the annual progress report prepared by the Liquidators of the Company pursuant to Section 406 of the Companies Act.

Creditors may wish to read this report in conjunction with our Progress Report for the period 27 October 2023 to 26 October 2024, in addition to our Preliminary Report, which are available on our website at https://www.pwc.gi/services/business_recoveries/ctms-liquidation.html. The information in those reports are not repeated here unless considered necessary or beneficial for this update.

This report provides an update on the work we have undertaken, and the progress made in the reporting period.

2.2 Creditors' claims received and potential outcome for creditors

During the administration and liquidation of the Company, we received a number of claims from creditors of the Company, that are summarised in the below schedule. No claims were paid during the administration of the Company and all claims received were automatically carried forward as claims into the liquidation. As a result, creditors were not required to re-submit claim forms already received during the administration. Please note that as at the date of this report, the Liquidators have not adjudicated on any claims as we do not expect there to be sufficient assets to enable a distribution to be made to unsecured creditors.

Class of creditor	Description	Value of claims (£)
Secured	No secured creditors*	Nil
Preferential	Employees/HMGoG Insolvency Fund for wages and holiday pay and HMGoG for PAYE and SI	25,910
Unsecured	General unsecured creditors	52,104,690
Total	Total claims received	52,130,600

* We have received a claim from a creditor that submitted two claims in the administration, one as a secured claim and the other as an unsecured claim. We have yet to fully adjudicate this claim and have therefore not made a determination, the claim is therefore included as an unsecured claim in the above schedule but may be subject to change.

3. What we've done during the liquidation

3.1 General

A full explanation of the Company's background and the circumstances leading to our appointment are explained in full in the Preliminary Report and are therefore not repeated in this report. However, following the discharge of our appointment as Joint Administrators and our appointment as Joint Liquidators on 27 October 2023, our focus changed from continuing to trade the business to winding it down. The full explanation of the winding down of the business, the sale and transfer of its assets, the employees and consultants and our investigations are fully set out in our Progress Report for the period 27 October 2023 to 26 October 2024 and therefore will not be repeated in this report.

A Creditors Committee was formed by the creditors of the Company during the administration preceding the liquidation, and that creditors' committee continues in the liquidation process. We had one Creditors Committee meeting during the first year following our appointment, with a second Committee meeting shortly after on 8 November 2024. There was one change to the membership of the Committee with a representative change.

3.2 Statutory Demands

On 19 November 2024, the Liquidators issued statutory demands against SK for £57,542.51 (CTMS) and £118,775.00 (Castle Fund Administrators Limited ("CFA")). SK applied on 9 December 2024 under section 142 of the Insolvency Act 2011 to set aside both demands, arguing the debts were disputed and subject to reconciliation. After procedural delays and re-service in early 2025, the matter was heard on 11 June 2025, with judgment delivered on 8 August 2025. The Court rejected SK's arguments, finding no substantial dispute and dismissing claims of set-off. However, the Court accepted a minor adjustment to the CTMS demand, reducing it to £27,539.30, while the CFA demand remained unchanged at £118,775.00. Both applications were refused, leaving SK liable for the revised amounts. The Court as well as refusing SK's application, also awarded costs in our favour on the standard basis.

3.3 Legal actions

On 29 July 2024, SK applied under section 165(1)(c)(i) of the IA for permission to bring proceedings against CTMS and the Liquidators. SK sought to pursue two claims: (1) an order requiring the transfer of management of companies he beneficially owns from CTMS to another service provider, and (2) recovery of the YVB Dividend, which CTMS had managed.

SK argued these were "possession claims," asserting rights over his own property rather than claims against CTMS's assets. We accepted his beneficial ownership of the companies but claimed CTMS had contractual liens over their files due to unpaid fees, making the transfer conditional on payment. Regarding the YVB Dividend, we contended SK's shareholding in YVB was obtained in breach of fiduciary duty and held on constructive trust for CTMS, meaning the YVB Dividend formed part of CTMS's estate.

3. What we've done during the liquidation - continued

3.3 Legal actions - continued

The Court held that neither claim qualified as a true possession claim. The transfer issue involved CTMS's contractual lien, an asset of the liquidation, while the dividend claim was a debt claim against YVB, not a proprietary right. Allowing SK's proceedings would disrupt the orderly liquidation process and expose the Liquidators to unnecessary litigation. Therefore, permission was refused, though SK was allowed to renew his application after four months if no settlement or litigation by the Liquidators occurred. To date, SK has not renewed his applications and has since been declared bankrupt in the UK (detailed below) which makes any potential future renewed applications unlikely.

3.4 Bankruptcy

By order of the High Court of Justice in the United Kingdom, on 8 July 2025 SK was declared bankrupt. Upon the order being made, the Official Receiver was appointed as Trustee in Bankruptcy and the JLs proceeded to file their claim for all their respective claims against SK. Our claims are inclusive of all costs orders obtained against SK in our various legal actions referred to herein and in our Progress Report for the period 27 October 2023 to 26 October 2024.

On 13 October 2025, the JLs received a letter informing them that the Official Receiver was appointing Insolvency Practitioners from Grant Thornton UK as the new Trustees in Bankruptcy. The new Trustees in Bankruptcy confirmed that the JLs claim in the bankruptcy was filed and we are currently awaiting any updates.

3.5 Inspirato Claim

Inspirato Fund No. 2 PCC Limited (in respect of Cells E, F & G, all in liquidation) has brought proceedings in the Supreme Court of Gibraltar against multiple defendants, including CTMS, its subsidiaries First Management Limited and CFA, SK and others. The claim remains live, and we have maintained a neutral position.

3. What we've done during the liquidation - continued

3.6 Legal Recoveries and next steps

At the outset of the liquidation, potential claims against SK were assessed to exceed £1 million, comprising alleged breaches of fiduciary duty, unfair preference transactions, and recovery of unpaid fees. These claims were considered alongside the Company's insolvency position and the likelihood of enforcement. After detailed legal advice and cost-benefit analysis, the Liquidators determined not to pursue Part 7 proceedings in Court. This decision was driven by several factors:

- The high cost of litigation relative to the estate's limited resources.
- Poor asset visibility, with SK already in arrears with pending claims from various parties.
- Low recovery prospects, given SK's deteriorating financial position.

Instead, the strategy focused on targeted actions to protect the estate and secure cost awards where possible. Despite avoiding full-scale litigation, the liquidators successfully defended the estate against SK's applications and achieved significant cost awards:

- Opposition to the liquidation order: Refused; indemnity costs awarded.
- Permission to commence legal action against CTMS whilst in liquidation: Refused; indemnity costs awarded.
- Applications to set aside statutory demands: One varied to £27,000, another upheld at £118,000; CTMS was awarded further costs of approximately £54,000.

As a result, aggregate costs orders now total approximately £160,000–£180,000. SK's UK bankruptcy order was made prior to receiving any funds from these costs orders, therefore the costs orders represent a significant portion of CTMS' claim in SK's bankruptcy.

In addition, CTMS retained approximately \$135,000 declared as a dividend to SK in his capacity as shareholder of YVB. These funds were held under constructive trust and unauthorised profit (as set out above), with a secondary argument for set-off against CTMS's claims against SK. The trustee in bankruptcy was formally notified of these positions and to date has raised no challenge. The monies have been applied to the liquidation estate.

SK was adjudged bankrupt in the UK, and CTMS has filed a proof of debt for the above cost orders and related amounts. While the likelihood of a dividend is low, it remains possible. Maintaining the liquidation open ensures the estate retains its voting rights and standing with the trustee, safeguarding any potential recovery.

Closing the liquidation now would forfeit these rights and any contingent recoveries. Accordingly, the liquidation will remain open, albeit in a mothballed state, until the following are resolved:

- Completion of deferred consideration receipts from the Aquarius sale.
- Final determination of SK bankruptcy dividend prospects.
- Closure of residual litigation risk (e.g., Inspirato Fund claim).

4. Creditors

The Liquidators continue to liaise with the Creditors' Committee that was appointed during the administration of the Company as the Committee continues in the Liquidation. All creditors' claims that we received in the administration were carried forward into the Liquidation and creditors were not required to re-submit their claims. If creditors have not yet submitted their claim, they are encouraged to do so by following the directions on our website:

https://www.pwc.gi/services/business_recoveries/ctms-liquidation.html

Please note that claims made by creditors have not been approved or declined by the Liquidators as they are of the view that there will not be sufficient assets within the liquidation to provide for a return to unsecured creditors.

4.1 Secured creditors

We are aware of one creditor that submitted two claims in the liquidation, one as a secured claim and the other as an unsecured claim. We have yet to fully adjudicate this claim, as a result, we are currently classifying it as unsecured.

4.2 Preferential creditors

Preferential creditors are those creditors whose claims take priority over the unsecured creditors and are determined by Schedule 1 of the Insolvency Rules 2014.

The preferential claims total £25,910.

4.3 Unsecured creditors

We have received unsecured creditor claims of £52,104,690. The majority of these claims relate to legal claims against the Company from Court Judgments.

4.4 Summary and outcome

As previously communicated to the creditors, the expenses of the liquidation currently outweigh the recoveries, meaning that there are currently insufficient funds to cover the expenses of the liquidation. As such, the probability of there being a distribution to creditors is unlikely unless we are able to recover substantial funds through the dividend prospects in SK's bankruptcy, as highlighted above.

5. Liquidators' fees and expenses

The time and fees incurred during the liquidation for the period of this report by ourselves and our team, split by staff grade and project are presented below. All costs are presented in Pounds Sterling (£) and all figures are rounded to the nearest whole number.

	Associate		Senior Associate		Manager		Senior Manager		Partner		Total	
	Time (hours)	Time costs	Time (hours)	Time costs	Time (hours)	Time costs	Time (hours)	Time costs	Time (hours)	Time costs	Time (hours)	Time costs
General	151	16,610	1	110	178	53,915	3	1,150	6	3,740	339	75,525
Claims	89	9,818	2	165	270	83,980	5	2070	144	97,580	510	193,613
Assets	61	6,710	-	-	23	7,033	4	1840	15	10,370	103	25,953
Creditors	7	715	-	-	20	5,330	1	230	16	11,050	44	17,325
Total	308	33,853	3	275	491	150,258	13	5,290	181	122,740	996	312,416
Disbursements												351
Total Liquidator costs and expenses												312,767

5. Liquidators' fees and expenses - continued

The above costs represent the time costs incurred by the Liquidators and their team for the second period from the date of entering liquidation to 26 October 2025. The most significant costs incurred are in relation to pursuing and defending legal claims, as reported previously in this report, and is attributable to investigations, correspondence and communication with external counsel and time spent on drafting legal documents to pursue or defend legal claims.

General time costs above include costs related to the surrender of the office lease, data cleansing and security, correspondence and provision of documents to authorities, such as the Gibraltar Financial Services Commission and the preparation of reports and other required documents. As well as continuing to transfer out legacy clients and deal with continuing requests from ex-clients of CTMS that have requested information and/or assistance.

The Joint Liquidators received funding from the Official Receiver of HM Government of Gibraltar of £150,000 at the end of October 2023, which were to be used to cover fees and expenses in the Liquidation. These funds were used by the Liquidators to settle a portion of their own liquidation fees of £75,000 and legal costs paid to Signature Litigation LLP incurred by the Liquidators to support the legal actions of £75,000. The funding was provided by way of an informal agreement whereby should there be recoveries in the liquidation to enable the Liquidators to pay distributions, the Official Receiver would receive a repayment of the funding provided. As such, HM Government of Gibraltar is a creditor of the Company.

As reported in our final report in the administration, time costs of £524,439 were presented to the Creditors' Committee who approved the costs on 2 October 2023 and resolved that the administrators could draw the costs when deemed appropriate. Of the fees approved by the Committee on 2 October 2023, total fees drawn in the administration and in the liquidation total £320,000.

6. Statement of receipts and payments

	Period to October 2024	Period to October 2025	Cummulative to October 2025
Receipts	£	£	£
Cash balance upon appointment	120,493	-	120,493
Fee income and recovery of debtors	206,865	15,486	222,351
Proceeds from sale of fixed assets	3,900		3,900
Director recovery	-	111,466	111,466
Proceeds from sale of business	198,301	72,827	271,128
Interest income	1,079	2,765	3,844
Total receipts	530,638	202,544	733,182
Payments	£	£	£
Office, FX & general expenses	(11,659)	(4)	(11,663)
Bank charges	(3,780)	(277)	(4,057)
Consultancy fees	(33,130)	-	(33,130)
Tax & social insurance	(6,199)	-	(6,199)
Legal fees	(231,750)	(131,466)	(363,216)
Liquidators' fees	(165,000)	(125,000)	(290,000)
Total payments	(451,518)	(256,747)	(708,265)
Cash movement	79,120	(54,203)	24,917
Cash held by Liquidators	79,120	24,917	24,917

A substantial portion of the receipts are as a result of the ability to sell the business and transfer the clients to other regulated service providers. As noted previously, in addition to the funds already received, a portion of one of the deals includes deferred consideration, so there will be additional funds to be received based on the results of the portfolio sold.

The Liquidators were also able to generate substantial amounts from the recovery of debtors and additional fee income up to the date of cease of trading.

It should be noted that the legal fees incurred by the Liquidators exceed the fees paid, with external counsel working on an agreement to support the Liquidation with the aim of future recoveries to cover the fees incurred.

7. Future communications

As reported above, we are keeping the liquidation open only as a result of certain ongoing activities, however we do not envisage needing to update the creditors on a more regular basis other than as prescribed by the IA. As a result, our next update is likely to be following the anniversary of the liquidation on 27 October 2026.

If you have any questions, please get in touch with our offices by emailing us on gi_ctmsbrs@pwc.com or calling us on +350 200 73520.



Luke Walsh

On behalf of the Joint Liquidators

12 December 2025

Edgar Lavarello and Luke Walsh of PricewaterhouseCoopers Limited, Gibraltar have been appointed Liquidators by the Supreme Court of Gibraltar (the “Company”) to manage the affairs and property of the Company. The Liquidators act as agents of the Company only and without personal liability. Edgar Lavarello is authorised to act as an insolvency practitioner by the Gibraltar Financial Services Commission (IP Licence Number FSC 0892 IPA). Luke Walsh is authorised to act as an insolvency practitioner by the Gibraltar Financial Services Commission (IP Licence Number FSC 0982 IPA).

The Liquidators may act as Data Controllers of personal data as defined by the Data Protection Act, depending upon the specific processing activities undertaken. PwC may act as a data processor on the instruction of the Liquidators. Personal data will be kept secure and processed only for matters relating to the Liquidators’ appointment.

For further information on the liquidation of the Company please contact us on gi_ctmsbrs@pwc.com.