

Dear Bondholders

Joint Administrators' Progress Report

We are pleased to announce that our progress report covering the six-month period ending 29 January 2021, is now available for viewing and download from the following website: <https://smithandwilliamson.com/london-capital/>. We recommend that Bondholders use this link to access the report as no password is required.

The progress report has also been uploaded to the joint administrators' portal at: <https://www.ips-docs.com/> and, if you have subscribed to receive updates from this platform, you may receive a notification that the progress report is now available to view. This is the same report that has been uploaded to the joint administrators' webpage and there is no requirement to login to the portal to retrieve this document. However, should you wish to access the progress report via ips-docs, please follow these instructions:

1. Click on 'Login'.
2. Begin to enter the company name, **London Capital & Finance plc**, in the Login box and select LCF as the case.
3. Enter unique ID **LondonCap1tal** (case sensitive) and click 'LOGIN'.
4. If entered incorrectly on three consecutive attempts you will be locked out for a period of time before you are permitted to try again.

LCF Security Trustee

We have been asked by the Creditors' Committee to remind all Bondholders that on 14 January 2020 the High Court made an order that Madison Pacific Trust Limited ("Madison Pacific") be appointed to replace Global Security Trustees Limited ("GST") as the LCF security trustee. This took place following a Court application made by the joint administrators. Madison Pacific has provided the following message to Bondholders:

"The role of the security trustee is to hold security granted by LCF on trust for the benefit of the bondholders. As GST had connections to LCF and its related parties, the High Court did not deem it appropriate for GST to continue to hold security for the benefit of the bondholders. In its ruling, the High Court noted that the security trustee had three express obligations:

- (1) to alert the bondholders of an event of default;*
- (2) to enforce the security; and*
- (3) to distribute the proceeds that are recovered.*

At the time of Madison Pacific's appointment, the first role had already been completed by the Administrators and the second role was in progress through the process of administration. In terms of the third role, the High Court recognised that the distribution of proceeds to bondholders is an integral role of the administrators. Therefore, although the High Court was unsure there was a role for a security trustee, it did not feel comfortable leaving the role vacant and therefore Madison Pacific was appointed as an independent security trustee.

Madison Pacific is keen to not duplicate the work already undertaken by the Administrators and add to the costs being borne by the bondholders, therefore we have kept our interaction with the Administrators proportionate. We have met with members of the Smith & Williamson ("S&W") team since our appointment and have determined that the best use of our time and experience would be to provide a degree of independent oversight of the Administrators' enforcement of the security and processes for arranging payment to the bondholders. To this end, we have spent some time at S&W's offices to review their methods of identifying bondholders and record-keeping arrangements. We also receive periodic updates from S&W and ask questions where relevant. So far, we are satisfied with the administrators' work and believe that they are acting in the best interests of the bondholders. The High Court stated that if Madison Pacific had any doubts about its role, it should apply to the court for directions. To date, nothing has led us to believe it is appropriate to incur the expense of applying to the High Court for assistance. Whilst we think it is unlikely to occur given the conduct of the administration, we continue to monitor the situation and will consider applying to the High Court should we deem it necessary.

Madison Pacific was established in 2011 and is headquartered in Hong Kong. Its London office opened in 2016. It is an independent provider of trustee and debt services and has over 40 employees across its offices. Madison Pacific has a particular focus on, and expertise in, transactions which are in default or being restructured, and often replaces trustees and agents when a borrower becomes distressed. Our transaction teams comprise senior and experienced staff who work with efficiency and integrity."

Any queries regarding the appointment of Madison Pacific should be directed to the joint

administrators.

Imperial College is conducting an independent study about the impact of LCF on investors' trust

We have previously informed Bondholders that Dr. Renata Kosova and Prof. Alex Michaelides of Imperial College are conducting an independent study about how the failure of LCF affects investors' trust in financial markets and regulatory bodies. We have been asked to remind Bondholders who are interested in participating in this research (there is no requirement), that they may fill in the anonymous survey using the following link:

https://imperial.eu.qualtrics.com/jfe/form/SV_b3ZDXWfls8RxTG5

Any questions regarding the survey should be sent to Dr. Renata Kosova (r.kosova@imperial.ac.uk). We are informed that all responses will be anonymously sent to an Imperial College account, to which only she and her colleague will have access. The results will be presented/published at conferences, forums, academic journals and shared with policy makers and media. **Please note that the administrators are not responsible for this study.**

Kind regards

The LCF Administrators

The affairs, business and property of the Company are being managed by the administrators Finbarr O'Connell, Adam Stephens, Colin Hardman, Henry Shinnars and Geoff Rowley who act as agents of the Company and without personal liability. Finbarr O'Connell, Adam Stephens, Colin Hardman, Henry Shinnars and Geoff Rowley are licensed as insolvency practitioners in the UK by the Institute of Chartered Accountants in England and Wales. Further information regarding the administration can be found at the joint administrators' webpage: www.smithandwilliamson.com/london-capital London Capital & Finance Plc is incorporated in England and Wales under the Companies Act 2006 with registered number 08140312. The Company is authorised and regulated by the Financial Conduct Authority with FRN 722603.

The Fair Processing Notice in relation to the General Data Protection Regulation can be accessed at <https://smithandwilliamson.com/rrsgdpr> Should you wish to be supplied with a hard copy, free of charge, please contact Smith & Williamson's offices.

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