

Dear Bondholder

Formation of Creditors' Committee - London Capital & Finance plc ('LCF' or 'the Company')

We write further to the creditors' meeting in the matter of London Capital & Finance plc ('the Company') which was held on 24 April. One of the main purposes of that meeting was to decide on the formation of a creditors' committee and on the composition of any such committee.

The primary purpose of a creditors' committee ('the committee') is to assist the insolvency office holder (administrators in this case) in fulfilling his or her duties. This could involve helping them to make key decisions, for example to take legal action to recover assets, to represent the interests of the main body of creditors, or to provide the office holder with the benefit of specialist knowledge either about the Company or the business environment in which the Company operates. The office holder should always take into account the views of the committee although the committee cannot direct an office holder in relation to the conduct of the insolvency proceeding. Further information on the role of the committee can be found at <https://www.r3.org.uk/media/documents/publications/professional/R3-Guide-to-Creditors-Committees.pdf>.

The formation of a Creditors' Committee

The administrators informed the creditors' meeting that the proxy votes received in favour of the formation of a creditors' committee were such that the overwhelming majority of the creditors who voted had indicated that a creditors' committee should be formed. However, the administrators also informed the meeting that Global Security Trustees Limited, the Security Trustee which is a fiduciary and agent for the Bondholders, had submitted a proxy voting form in the amount of c£57m against the formation of a creditors' committee. The administrators had informed the representatives of the Security Trustee that this vote was against the nominations/votes, and hence the wishes, of the Bondholders which the Security Trustee represents. However, the representatives of the Security Trustee were unwilling to withdraw this vote, indicating that it was felt this was the proper course of action for the Security Trustee to take (albeit that no explanation as to why the Security Trustee considered this to be the proper course was provided). Following taking legal advice with regard to the ability of the Security Trustee to vote, the administrators rejected the vote of the Security Trustee in its entirety.

The membership of the Creditors' Committee

Having decided that it was the wish of the creditors' meeting to form a creditors' committee it was then necessary for the meeting to decide on the membership of the creditors' committee.

The administrators informed the creditors' meeting that membership of the creditors' committee had to contain a minimum of 3 creditors/Bondholders and a maximum of 5 creditors/Bondholders but that there could, in addition to the members, be a number of informal/observer members, which, it was expected, would also be creditors/Bondholders.

A number of Bondholder creditors had let their proposed nomination to the creditors' committee be known to other Bondholders and to the administrators prior to the creditors' meeting and they had already garnered substantial support for their nomination to be a member of the creditors' committee prior to the creditors' meeting. At the creditors' meeting the administrators informed the meeting as to who these creditor committee nominees were and the level of support which they already had from other Bondholders. The administrators canvassed the feeling of the meeting as to whether the top 7, by value, of these creditor committee nominees should be confirmed as the 5 official members of the creditors' committee and the other two as observers to the creditors' committee.

The creditors' meeting was against this suggestion and indicated that they did not know who these 7 people were and whether there were other nominees who they might also wish to consider.

The administrators asked any other Bondholders who would be interested in being appointed to the creditors' committee to come forward and 13 other Bondholders came forward to be considered for this role. (There were also a further 28 Bondholder creditors who the administrators had received written nominations for, taking the current total number expressing a wish to be considered for membership of the creditors' committee to 48.)

The administrators suggested to the meeting that one possible way forward was that each of the potential candidates, who still wished to be considered for membership of the creditors' committee, should present to the meeting who they were, why they were suitable to be members of the committee and that the creditors/Bondholders at the meeting, who had not yet nominated a potential member of the creditors' committee, could then vote by nominating one of those potential candidates.

The meeting was against this suggestion on the basis that a number of the potential nominees for membership of the creditors' committee had spent time canvassing their interest prior to the creditors' meeting and the feeling of the meeting was that the administrators should carry out the following process:

- Ascertain if there were any other Bondholders/creditors who may wish to be considered for membership of the creditors' committee over and above those already identified
- Obtain a 'bio' for all those who wished to be nominated to be a member of the creditors' committee, explaining who they were and why they should be considered as potential members of the creditors' committee, and
- Email all of the Bondholders/creditors with this information and give all of the Bondholders/creditors an opportunity to nominate/vote on the membership of the creditors' committee.

The administrators agreed to carry out the wishes of the meeting in this regard. They also informed the meeting that there would be some costs involved in this process but that it was clear the meeting as a body wished this alternative process to be put in place to elect the five members of the creditors' committee who would represent the interests of the entire creditors'/Bondholders' constituency at meetings with the administrators and their lawyers and other advisers.

On this basis, the administrators formally adjourned the creditors' meeting in order that this alternative procedure for deciding on the members of the creditors' committee could be put in place.

Accordingly, the following process will now take place with regard to deciding those 5 creditors/Bondholders who will be the members of the creditors' committee. The administrators will then discuss with the creditors' committee as to whether it would be appropriate to also have informal/observer members and, if so, how many and who would be most appropriate to fulfil this role.

Process for nominating/voting on nominees for the creditors' committee

Creditors/Bondholders are asked to consider nominating themselves or any other Bondholder/creditor who wishes to be a member of the creditors' committee. A list of the 48 people who have already been nominated is listed at the bottom of this email. The details of

all nominees must be provided to the administrators by way of the following email address londoncapital@smithandwilliamson.com by Tuesday 30 April.

All those who wish to be nominated as members of the creditors' committee should provide any 'bio' information which they wish to be considered by the creditors/Bondholders, explaining who they are and why they should be considered as potential members of the creditors' committee. This bio information must be provided by Tuesday 30 April.

The full list of all of those who wish to be considered for membership of the creditors' committee and their 'bio' information will be sent to all of the creditors/Bondholders on Wednesday 1 May.

In accordance with the legal advice the administrators have received, the 5 nominations for membership of the creditors' committee which receive the largest value by way of nominations/votes from creditors/Bondholders received by Wednesday 8 May, will be confirmed as the formal 5 members of the creditors' committee. As mentioned above, the administrators will then discuss with the creditors' committee as to whether it would be appropriate to have informal/observer members of the creditors' committee (who will be able to attend committee meetings but will have no voting rights) and, if so, how many there will be and which other creditors/Bondholders, or their nominees, would be most appropriate to fulfil this role.

A number of creditors/Bondholders have already submitted their proxies with regard to the nominations which they wish to make with regard to membership of the creditors' committee. Proxies already submitted by creditors/Bondholders will remain valid unless a creditor/Bondholder wishes to change their vote, in which case a revised proxy form must be submitted by 4pm on 7 May. Creditors/Bondholders who have not already submitted a proxy with regard to the nominations which they wish to make for membership of the creditors' committee must do so by 4pm on 7 May. (Creditors/Bondholders should be aware that they can make 'the chair of the meeting' their proxy if they are not aware of anyone else attending and the chair will vote in accordance with the instructions as set out on the proxy form.)

The results of this voting process will be announced on 9 or 10 May, depending on the level of votes which need to be counted.

Please note that the adjourned meeting of creditors/Bondholders of the Company will take place at 4pm on Wednesday 8 May at the offices of Mishcon de Reya, Africa House, 70

Kingsway, London WC2B 6AH. The only business which will be dealt with at this adjourned meeting will be an update with regard to the nominations/votes for membership of the creditors' committee. However, as it is expected that the results of the nominations/votes for membership of the creditors' committee will not be announced until 9 or 10 May, creditors/Bondholders may well decide that they will achieve no benefit by attending this adjourned meeting. To assist us with providing a suitable room for the meeting, if you are planning to attend in person, please can you confirm your attendance by emailing us at londoncapital@smithandwilliamson.com by Tuesday 30 April.

Notice of decisions being sought at a resumed physical creditors' meeting

This explanatory email should be read in conjunction with the 'Notice of decisions being sought at a resumed physical creditors' meeting' which is available to download from www.smithandwilliamson.com/london-capital and www.ips-docs.com using the login **LO942** and password **LondonCap1tal**.

Timetable for next steps

Friday 26th April 2019 to Tuesday 30th April. Provide the administrators with names and 'Bios' of all nominees for membership of the creditors' committee. Inform the administrators if you are intending to attend the adjourned creditors' meeting on 8 May.

Wednesday 1 May. The administrators will send the creditors/Bondholders the names and 'Bios' of all nominees for membership of the creditors' committee.

Thursday 2 May to 4pm Tuesday 7 May. The creditors/Bondholders to send to the administrators, should they so wish, their nominations/votes for membership of the creditors' committee.

4pm Wednesday 8 May. The adjourned meeting of creditors/Bondholders of the Company will take place at 4pm at Mishcon de Reya's offices at Africa House, 70 Kingsway, London WC2B 6AH. The only business of this meeting will be to consider the nominations/votes for membership of the creditors' committee.

9/10 May. The administrators will announce the names of the 5 individuals who will be the members of the creditors' committee.

List of people currently nominated to be members of the creditors' committee:

Mahendra Bajaj, David Bratby, Brian Broad, Nathan Brown, Lynette Chandler, Michael Clements, Alan Considine, Timothy Coulson, Julie Crockett, Zarin Dastur, Behram Dastur, Beatrice Dautroy, Anthony Dickenson, Thomas Donegan, Philip Dudley, Joanne Ellis-Clarke, Patrick Ellum, Sylvia Francis, Graham Gee, Elaheh Ghassemieh, Kevin Hanson, Steve Harris, Kashmiro Hawker, Richard Henderson, David Holden, William Kingston, Jeffrey Kligerman, Leslie Komaromy, Renata Kosova, Julianna Lancaster, Helen MacGregor, William McCullough, Robert Mellor, Peter Monk, Peter Murray, YA Min Oo, Jaimin Patel, Jagdish Prajapati, David Robertson, Philip Sanders, Nigel John Simmonds, Jane Smith, Beirut Teclezion, Caroline Usher, Paul Webb, John Wood, Douglas Woodberry and Rhys Wynne.

Kind regards

The Joint Administrators of London Capital & Finance plc

The affairs, business and property of the Company are being managed by the administrators Finbarr O'Connell, Adam Stephens, Colin Hardman and Henry Shinnars who act as agents of the Company and without personal liability. Finbarr O'Connell, Adam Stephens, Colin Hardman and Henry Shinnars 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/rsgdpr> Should you wish to be supplied with a hard copy, free of charge, please contact Smith & Williamson's offices.