

Dear Bondholder

Simon Hume-Kendall

In our latest progress report we informed the Bondholders that Simon Hume-Kendall had indicated that he would attend on the Joint Administrators voluntarily for the purpose of being interviewed under section 236 of the Insolvency Act 1986. Following our report being issued, Simon Hume-Kendall has declined to attend for interview and is now deemed, along with Spencer Golding, Andy Thompson and Elten Barker, to have failed to cooperate with the Joint Administrators. Please note that the Joint Administrators have a number of powers under the Insolvency Act to compel these 4 individuals (and others) to cooperate with them and these powers are now being utilised. We reported some time ago that a number of individuals would probably not voluntarily cooperate and would need to be compelled to provide information to the Joint Administrators. As predicted, this is now happening and this action on the part of the Joint Administrators is part of a broad front of determined activity being undertaken by the Joint Administrators and their teams.

Administrators' Remuneration

This is an extremely complex and time consuming case and the Joint Administrators are in 'hot pursuit' of c.£240m in order to maximise the return to the Bondholders and creditors of LCF. The LCF and London Oil and Gas Limited (LOG) administrators' teams are comprised of their own staff, a substantial team from Mishcon de Reya, solicitors, other firms of lawyers in the UK and overseas, investment analysts, property consultants, investigators and others. The level of costs associated with this team is substantial, however, costs are only expended on the basis of a careful and regular cost benefit analysis.

The responsibility for monitoring and approving the LCF Joint Administrators' fees lies with the LCF creditors' committee, which is formed of 5 LCF Bondholders. The Joint Administrators fully appreciate and support the Committee's request for assistance to carry out their fee monitoring and approval function. Accordingly, as you will be aware from our email of 6 September 2019, the Committee will shortly be appointing an independent fee assessor for the purpose of providing advice and guidance in respect of the quantum and reasonableness of the Joint Administrators' remuneration.

Following our recent report being issued we have been approached by a number of Bondholders seeking further information, over and above the information provided in that report, about the LCF Joint Administrators' fees. On the basis of the existing responsibility of the LCF Creditors' Committee and the imminent appointment of an independent fee assessor the Joint Administrators believe that the most efficient way to provide the fee information being sought will be to allow the Committee and the fee assessor to perform their roles and for the outcome of that process to be communicated to the Bondholders generally in our next formal report to the Bondholders.

The significant cost of the LCF administration process is regrettable but it is necessary and was predicted by the Joint Administrators at a very early stage. Cost is a factor of the work which needs to be undertaken. As our reports have identified, what we have found in the situation surrounding LCF, and also in the situations surrounding many of the borrowers from LCF, is immensely complicated. As our reports have also identified, there are many instances where we are not receiving cooperation from those who we say should be cooperating and there is, we consider, a coordinated pushback from certain quarters which one might not unreasonably conclude is intended to frustrate the Joint Administrators' progress and at the same time add to costs. However, we should add, in this regard, that the Joint Administrators will, of course, be looking to recoup these costs as well as the principle amounts due to LCF.

Investigations

The Joint Administrators continue to receive submissions from a number of Bondholders containing press articles, Companies House filings, confidential information and theories in respect of individuals and companies which are connected to (or which are believed are connected to), or associated with, LCF and the failure of LCF. The Joint Administrators thank the Bondholders for these submissions and please rest assured that the Joint Administrators and their lawyers and investigators have the resources and specialist knowledge that is required to progress all investigations and that all relevant areas have been and are being fully examined. The information being forwarded by the Bondholders is usually already within the knowledge of the Joint Administrators' team but please do continue to forward useful information which you believe may not be within the Joint Administrators' knowledge. If only a small number of items were not previously known to the Joint Administrators then we are greatly helped and some of the items and "intelligence" we have received have already been very helpful.

Confidentiality

The members of the Creditors' Committee have recently spoken about the privileged position they are in as regards access to detailed confidential information with regard to the work of the Joint Administrators' team. There is a very good and professional working relationship between the Joint Administrators and the members of the Committee. Whilst the committee would wish that the Bondholders generally were more aware of many confidential aspects of the Joint Administrators' work they are consummate professionals and have taken on the burden of their roles in the knowledge that they are working for the best interests of the Bondholders and of the LCF creditors generally.

There are very good reasons why, and particularly in these still relatively early days, confidentiality is of very real importance. Put another way, if confidentiality was not maintained it could have a materially prejudicial effect on recoveries and in other respects. So, if the Joint Administrators have the choice of (1) maintaining strategic confidentiality and being criticised for it, or (2) releasing case sensitive information to the Bondholders' generally, but with the potential effect of Bondholders losing out financially, then they have strongly made their choice ... and it is the former.

The Joint Administrators' overriding focus is on getting the best return for the Bondholders that they can and, in this objective, they are both determined and passionate. Bondholders support and patience is greatly appreciated in this regard.

Kind regards

The Joint Administrators

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/rrsgdpr> Should you wish to be supplied with a hard copy, free of charge, please contact Smith & Williamson's offices.

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