

**31 JANUARY 2024**

**NOTICE TO NOTEHOLDERS**

**LINKLEASE FINANCE PLC**

(Incorporated in England and Wales with registered number 11663405)

to the holders of those of the Series 2022-LL4 notes issued by the Issuer on 15 December 2022 with  
ISIN: GB00BPLKP206  
(the "**Noteholders**" and the "**Notes**", respectively)

Unless otherwise defined in this Notice, capitalised terms used in this Notice shall have the meanings ascribed to them in the Trust Deed dated 19 December 2018 (as supplemented, restated or amended from time to time) between the Issuer and Note Trustee (the "**Trust Deed**").

**Event of Default under the Loan Agreement**

The Issuer hereby confirms to Noteholders that Mars Equipment Rental LLC and Mar Auto Car Rental LLC (together, the "**Borrower**") continue to have failed to pay interest due up to and including 15 December 2023 to the Issuer (as lender) in an amount of US\$338,274.27 pursuant to the terms of the Loan Agreement and that this is an Event of Default under Condition 13(h) of the Notes, which is continuing.

**Event of Default under the Notes**

The Issuer hereby notifies Noteholders that, without payment of interest from the Borrower to the Issuer pursuant to the terms of the Loan Agreement, the Issuer was unable to pay its coupon due on the Interest Payment Date falling on 15 December 2023 in an amount of US\$338,274.27 and that this is an Event of Default under Condition 13(a) of the Notes, which is continuing.

**Borrower proposal to amend terms**

The Issuer hereby notifies the Noteholders that on 31 January 2024 the Issuer and Note Trustee received from the Borrower the following proposal (set out in full below) (the "**Proposal**"):

[Linklease Finance PLC – Proposal for LL4 USD - 17:15:15 31 Jan 2024 - News article | London Stock Exchange](#)

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**Mars Equipment Rental LLC/  
Mars Auto Car Rental LLC**  
102, Tasaheel Building  
Al Qusais 4  
Dubai  
United Arab Emirates

**To:**  
Linklease Finance PLC  
1 Bartholomew Lane  
London  
EC2N 2AX

Woodside Corporate Services Limited  
4<sup>th</sup> Floor  
50 Mark Lane  
London  
EC3R 7QR

31 January 2024

**BY EMAIL ONLY**

**Re: Linklease Finance PLC (the "Issuer") -**

**Proposal for Coupon and Principal Payment deferment for; Series 2022-LL4 being up to USD\$50,000,000 of 9.75% secured medium term notes due 2025, with ISIN: GB00BPLKP206 ("Series 2022-LL4") issued on 15 December 2022 (the "Bonds")**

Dear Sirs,

Further to your recent RNS announcements in December 2023 and January 2024, Mars Equipment Rental LLC and Mars Auto Car Rental LLC (the "**Borrowers**") hereby confirm that, jointly, they are requesting a proposal to allow for a delay to the last due coupon and early principal payment of the Series 2022-LL4. The delay is required to handle the complex unwinding of multiple high value assets.

The Borrowers understand the impact that the amendments set out in this proposal may have, however they believe that revising the payment obligations of the Borrower and Issuer (as set out herein) will best allow for those payments obligations to be met.

### **The Proposal**

This letter is intended to set forth the following specific aims of:

- 1) repaying Series 2022-LL4 Noteholders' principal on the date set out below;
- 2) paying Series 2022-LL4 coupon amount on the date set out below; and
- 3) winding-down of Series 2022-LL4, under the Linklease Finance PLC MTN programme (the "**Programme**").

Together these three aims shall be referred to as, the "**Proposal**".

To enable the Proposal's aims to occur, the Borrowers request that a standstill agreement until 30 September 2024 is implemented, to allow for the orderly disposal of the assets held by the Borrowers. At the same time, a corresponding agreement for the same period will be sought between the Issuer and Trustee.

Following approval of the Proposal, each of the Borrowers would enter into approved amendments to the Loan Agreements, the Trust Deed and/or ancillary documents necessary to allow for the formalisation of the extended terms.

Please note, at no point does this Proposal change the extent of the security provision provided to the Noteholders, versus what Noteholders currently retain under the transaction and security documents of Series 2022-LL4. Should disposal of assets occur quicker than the end date of the standstill agreements, then the Borrower shall settle obligations earlier.

Below is further information and background to help evaluate the Proposal - and to facilitate a decision from the Trustee and Noteholders.

### **What is the commercial background to this Proposal?**

In 2018, Linklease Finance PLC created a \$500m MTN Secured Medium Term Note Programme and issued its first series, LL1.

As Noteholders are aware, the Bonds raised funds to invest in SME leasing equipment assets in the UAE and broader Middle East - with the asset portfolio providing the security for the Bonds - and the regular lease payments enabling the Borrowers the cashflow to meet their obligations (with 29 coupons successfully paid across all the Programme's series to date).

The original strategy was to issue multiple series over a number of years to allow the Borrower's business to grow and expand - and also crucially raise money at a reducing cost of funding, as well as allow the sale of long-life assets between series. Further series were issued in July 2020, October 2021 and December 2022.

However, due to the interest rate environment, the slow pace of raising funds and the very high costs involved (commission levels and third-party agent fees), the Borrowers do not see that the Programme has a strategic way forward; and are requesting that an orderly closure of Series 2022-LL4 is granted under this proposal.

### **Why is an extension needed?**

As the Programme's first series funded assets, a large number of the lessees successfully met their lease payments but it became increasingly apparent over the last few years of economic activity that the required final/balloon payments due and/or required would be a challenge for many. This presented a risk to the amount that could be recovered. To protect the position of the borrowers on that series, and ultimately the Noteholders, selective extensions to some lease terms were required to avoid defaults by the lessees; which would have eventually meant a subpar recovery. This has led to the borrowers in that series subsequently choosing that an extended run-off period for some lessees is preferable to recovering the equipment and selling at sub-par.

Furthermore, similar difficulties are likely to occur as Series 2022-LL4 comes to mature. Therefore, it has been decided to handle the issue now and request the orderly winding down of each series. This action is considered the best approach to ensure repayment of principal to the Noteholders.

### **Where we are now?**

*The leases across the Bonds are contractually bound to lessees under local law lease agreements. However, a new active disposal strategy is now required so the best value for each asset can be realised; and monies returned in the optimal way.*

*Under this Proposal, the assets will be wound-down and either:*

- 1) sold back to the Lessee (most preferable for full recovery);*
- 2) recovered and sold on the secondary market (less likely to gain full value; and have additional cost); or*
- 3) refinanced into other unrelated SPV vehicles.*

*This would be handled by the Borrowers strictly on an asset-by-asset basis.*

*At this stage, a straight forward enforcement option would see a significant reduction in the recovery level achievable. Such action would likely erode value, as fire sale pricing would likely apply, and in addition, the costs connected to enforcing would have to come from the same pool of funds. In the absence of default from the underlying lessees, recovery of the assets would be extremely cumbersome and face legal challenge from the lessees.*

*Additionally, activation of transaction parties and agents in an enforcement scenario will inevitably weaken any potential return for the Noteholders. This is because the main transaction parties and agents sit higher in the Post-Enforcement Priority of Payments and so take their own fees (and any costs, charges, expenses or other liabilities they may incur), before any unpaid interest and principal is returned to the Noteholders.*

*However, if this Proposal is accepted, the unknown costs of enforcements can be avoided and as much value can be retained for the Noteholders before extensive costs are applied.*

### ***What outcomes are being proposed and their timelines?***

*Following approval of this Proposal, the standstill agreement will be drafted for Series 2022-LL4; 1) between each of the Borrowers and the Issuer; and 2) back-to-back standstill agreements between the Issuer and the Trustee. The standstill agreements shall be drafted with the aim to provide the time requested by the Borrowers, to aid the repayment of principal and interest.*

*It will also be required, that the key Transaction Parties would enter into amendments to the Loan Agreement, the Trust Deed and/or any ancillary documents necessary to effectuate the following:*

- 1) a deferment of Series 2022-LL4 coupon, due on 15 December 2023, until 30 September 2024, and no further coupon payments;*
- 2) Series 2022-LL4 principal, due on 15 December 2025, paid early on 30 September 2024;*
- 3) other than as required to allow the Issuer to pay the above, the removal of all further interest payment obligations of the Borrower (including default interest); and*
- 4) call Options for Series-LL4 to be brought forward to allow principal repayment.*

### ***All Series & Programme***

- 1) A new simplified asset security release process (to be discussed and agreed with the Trustee and Security Agent) to be introduced. The Borrowers, believe the current sale/release process may negate some opportunity to take advantage of spot sales. Currently, the*

*Borrowers need to obtain approval to mandate the releases of each asset pledge. The Borrowers would like to make a request to propose an alternative process in this regard.*

- 2) *Upon above obligations being met for each series, the orderly closure of the MTN programme.*

*The Transaction Parties and Noteholders are asked to acknowledge and agree that any timescale and recovery amount may be subject to the market environment that may require the Borrowers to best manage the sale of the assets.*

*The Borrowers (and their affiliates) shall not receive any compensation for the services provided hereunder but shall be reimbursed for third party fees and professional service fees reasonably incurred (including legal, valuation and accounting fees).*

*While market forces and complex disposal events have transpired to bring the Borrowers to this position (like many other bonds in 2023), the Borrowers do understand the effect on Noteholders and wish to sincerely apologise for the impact while it resolves the situation.*

*We look forward to your support of the above Proposal.*

*Yours faithfully,*

*Authorised Signatory of:*

***Mars Equipment Rental LLC/Mars Auto Car Rental LLC***

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The Borrower gave consent to the Issuer to publish the Proposal for the Noteholders' information on 31 January 2024.

Neither the Issuer nor the Note Trustee make any recommendations and give no legal or investment advice in respect of the Proposal or as to the Notes generally.

Noteholders should take and rely on their own independent legal and financial advice and may not rely on advice or information provided to the Note Trustee, statements as to the legal position included in notices issued by the Issuer or the Note Trustee relating to the Notes or otherwise or the views of the Issuer or the Note Trustee expressed herein or otherwise.

Noteholders should note that the Proposal relates to the Notes only.

**No Further Action by the Issuer or Note Trustee in respect of the Proposal**

For the avoidance of doubt (but without prejudice to the exercise of any discretion, power or authority which the Note Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Noteholders under the Trust Deed), neither the Issuer nor the Note Trustee currently intend to take any further action in respect of the Proposal without the request or direction (including indemnification) of the Noteholders, subject always to the terms and conditions of the Trust Deed. Noteholders are reminded that the Note Trustee is under no obligation to take (or to instruct the Security Trustee to take) any enforcement action unless instructed to do so and indemnified and/or secured and/or prefunded to its satisfaction by the Noteholders.

Notwithstanding the above, the Issuer and the Note Trustee intend to facilitate Noteholders in their decision whether or not to accept the Proposal through the passing or rejecting of Extraordinary Resolutions (pursuant to the terms and conditions of the Notes). The Issuer will, at the appropriate

time, convene a meeting of Noteholders and/or arrange for written Extraordinary Resolutions to be circulated to Noteholders for the purposes of approving or rejecting the Proposal.

### **Information regarding the Proposal**

Queries regarding the Proposal should be made promptly in writing to the Calculation Agent, for onward communication to the Borrower, as follows:

ZigZag Management Experts LLC  
Unit No:423 DMCC Business Centre  
Level No 5 Jewellery & Gemplex 2  
Dubai  
United Arab Emirates  
[info@zigzag-me.com](mailto:info@zigzag-me.com)

Ref: 2022-LL4

The Calculation Agent shall not make any recommendations and shall give no legal or investment advice in respect of the Proposal or as to the Notes generally. The Calculation Agent shall use its reasonable endeavours to ensure that the Borrower answers any queries raised by Noteholders but shall assume no liability or duty of care to any party in so doing.

Noteholders should take and rely on their own independent legal and financial advice and may not rely on advice or information provided by the Calculation Agent.

### **Right to direct the Note Trustee**

Pursuant to Condition 13 (*Events of Default*), if an Event of Default has occurred and is continuing, the Note Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter of the aggregate principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject to the Note Trustee having been indemnified and/or secured and/or prefunded to its satisfaction), give written notice to the Issuer (an "**Acceleration Notice**") declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their Early Redemption Amount together with accrued interest without further action or formality.

The Security shall become enforceable upon the service of an Acceleration Notice by the Note Trustee on the Issuer.

Pursuant to Condition 18 (*Enforcement*), the Note Trustee may at any time at its discretion and without notice, take such action under or in connection with any of the Transaction Documents or the Notes or the Coupons as it may think fit (including, without limitation, directing the Security Trustee to take any action under or in connection with any of the Transaction Documents or, at any time after the security has become enforceable, to take steps to enforce the Security). The Note Trustee shall not be bound to take any such action unless (i) it shall have been directed by an Extraordinary Resolution of Noteholders or so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. The Security Trustee shall not, and shall not be bound to, take any such action unless (i) instructed by the Note Trustee and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

### **No Further Action by Note Trustee**

For the avoidance of doubt (but without prejudice to the exercise of any discretion, power or authority which the Note Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Noteholders under the Trust Deed), the Note Trustee will not take any further action without the request or direction (including indemnification) of the holders as described above.

### **Noteholder Contact**

In order to facilitate communications with Noteholders, Noteholders should make themselves known to the Note Trustee by contacting it by e-mail using the contact details below. Any such communication should make reference to the Issuer and disclose the identity of the Noteholder, the aggregate nominal amount of Notes held by the Noteholder and the details of the person(s) who shall represent the Noteholder.

All Noteholders must verify their holdings when contacting the Note Trustee by providing proof of holding (with a supporting custodian letter (if applicable)), in each case disclosing the information set out above.

Persons who hold the Notes beneficially through CREST may also disclose their identity to the Note Trustee in accordance with the above paragraph. The Note Trustee will require the Notes of any Noteholder that gives any direction to the Note Trustee to be blocked in CREST. Further instructions will be provided in connection with this process on request.

Correspondence to the Note Trustee should be addressed to [chris.powell@woodsidesecretaries.co.uk](mailto:chris.powell@woodsidesecretaries.co.uk) and [john.rowe@woodsidesecretaries.co.uk](mailto:john.rowe@woodsidesecretaries.co.uk) with the ISIN of the Notes and "*Linklease Finance Plc*" in the subject line of the email.

Queries regarding the circumstances surrounding this default may be addressed to the Calculation Agent:

ZigZag Management Experts LLC  
Unit No:423 DMCC Business Centre  
Level No 5 Jewellery & Gemplex 2  
Dubai  
United Arab Emirates  
[info@zigzag-me.com](mailto:info@zigzag-me.com)

Ref: 2022-LL4