

Educational white paper

Terms you should know before investing in Linklease Senior Secured Bond

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1 Lease Agreement

A lease agreement is a legal contract used when a party conveys equipment to another party for a specific amount of time in return for payment. The lease agreement outlines all of the aspects of the lease arrangement so that each party understands their rights and obligations under the lease.



2 Due Diligence

A comprehensive investigation, audit, appraisal performed to confirm facts or details of a matter under consideration. Linklease applies in-depth due diligence of all clients, assets and transactions. This process is led and signed off by an experienced investment committee.

The 3-pronged approach

Client due diligence

- Assessment of their ability to pay
- KYC/KYB/AML
- Bank statements

Asset due diligence

- Disposal routes (resale)
- Usage covenants
- Valuation report

Transaction due diligence

- Legally approved documents
- RFID & GPS trackers
- Registration of title

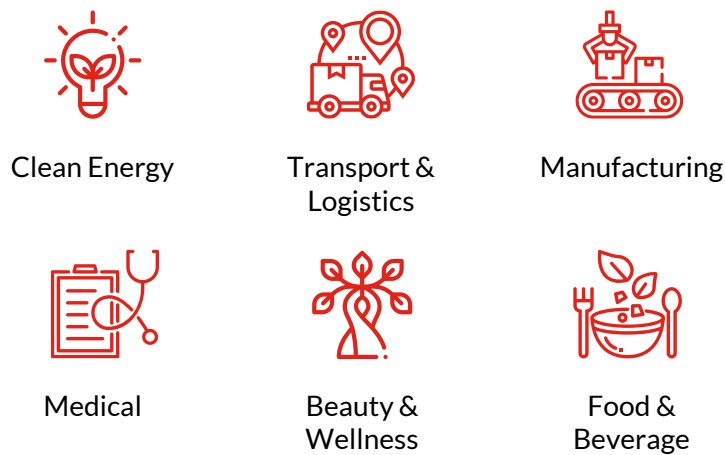


The requirement of these selection criteria allows Linklease to display the following results:

- 0% payment incident
- 0% deadweight loss
- 0% arrears

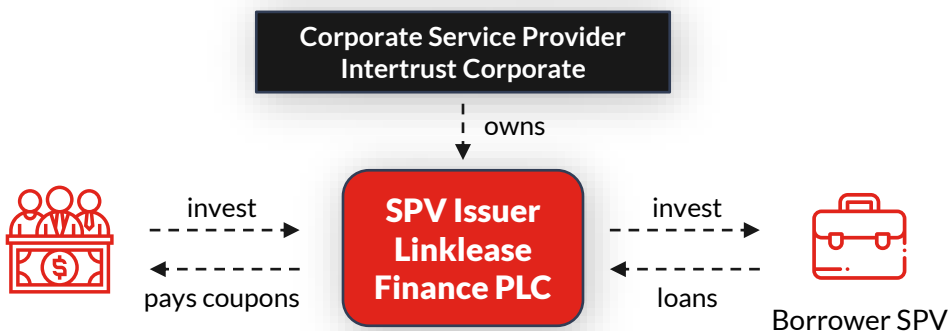
3 Defensive Sectors

Defensive industries comprise businesses that are relatively stable or relatively immune to economic fluctuations, and consumer demand for them does not decline as much during downturns. Linklease continues to further diversify its portfolio by focusing on defensive sectors.



4 Ringfenced Structure

A ring-fence is a virtual barrier that segregates a portion of an individual's or company's financial assets from the rest. Ringfencing is an important part of the reassurance for Bondholders that the equipment in the Bond is protected in a structure just for them and it cannot be transferred to any other portfolio. The Issuer, Linklease Finance Plc, has been established as an SPV (Special Purpose Vehicle) and is bankruptcy remote.



5 First Loss Provision

An insurance policy in case of unlikely total property/goods loss in a single claim, where the insurer provides cover for a sum less than the total value of the property/goods. The Bond ensures a first loss provision of at least 5% of the drawn capital. This is provided through a combination of reserves that puts Bondholders in a strong position.



6 Amortising Structure

In the final stages of the Bond, prior to maturity, the Leases on the equipment is concluded and the asset is removed from the portfolio and utilised according to one of the strategies (see below). In all cases, the cash and profit from the sale are collected in the basket of Assets ready to settle the Bonds at maturity. This is known as an "amortising structure" and is preferred by Bondholders as it doesn't rely on refinancing.

Equipment is

1 Sold to the Lessee for a balloon payment

2 Sold on the open market through the Trade Distributors

3 The Lessee takes a new lease with a different bond

7 Equipment Inspector

A person or corporate entity that represents the interests of the investors. In the case of a default, the trustee may give notice to the issuer and the bonds of that issuance would become immediately due and repayable. Linklease has Security Trustees in place to assist in the process if required.



8 Asset-Backed Structure

The Linklease bond buys physical assets with investors cash - these are always assets with a tangible value in the bond structure which can be sold to liquidate the Bond. These Assets are equipment that is leased out and are revenue generating, which in turn pays the coupon and purchases further assets. This structure is known as "Asset Backed".



----->
Linklease sell
the assets it has
as collateral



----->
The cash is
returned to
investors



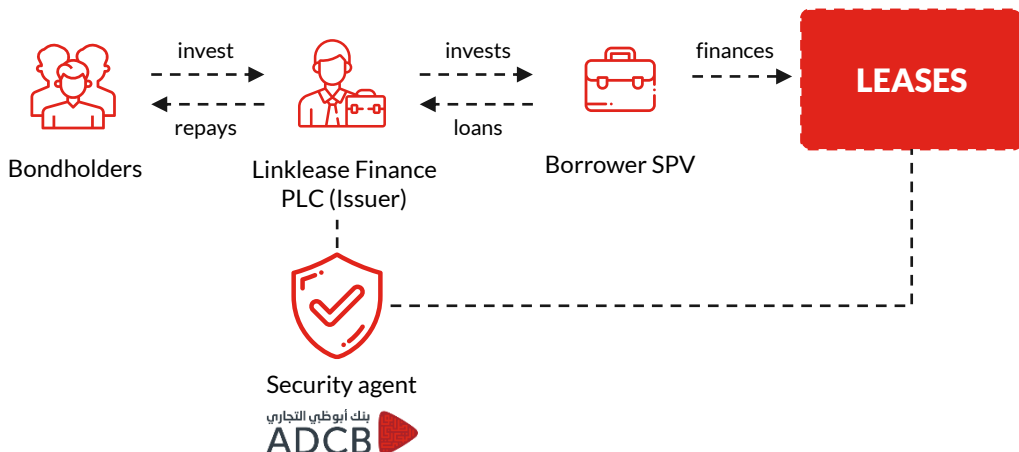
9 Security Trustee

A person or corporate entity that represents the interests of the investors. In the event of default, the security trustee will petition the investors and act on their instructions. This may involve the appointment of an administrator or liquidator to sell the assets of the company so that the proceeds can be distributed to the creditors. Linklease have appointed Woodside Corporate Services (FCA regulated) to be the security trustee.



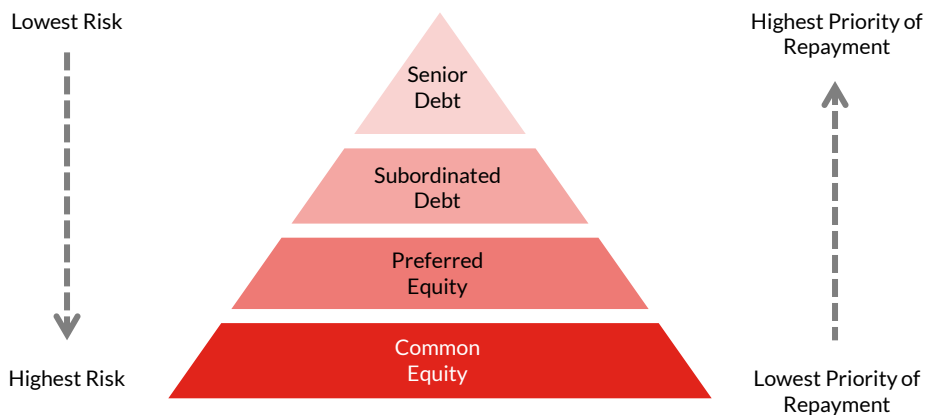
10 Security Agent

A financial institution will support the Bond's Trustee. The Security Agent can seize assets, shares and bank accounts on behalf of the Security Trustee. In the case of Linklease Finance PLC, the Security Agent is Abu Dhabi Commercial Bank (ADCB), one of the region's leading banks and agents. ADCB (Rated A (S&P), A+ (Fitch)) would sell the Assets and return the funds to the Issuer to distribute to Bondholders.



11 Senior Bond

A type of debt security that has to be paid before any other debts if the issuer has financial problems. Linklease Bond investors have a first charge (priority) guarantee on the assets of the company, i.e., the investors are first in line to repay the company's debts, if it goes bankrupt.



12 Secured Bond

A Secured Bond is a bond for which a pledge agreement has been concluded, in which some type of object (equipment, precious metals deposits, securities, etc.) represents a guarantee. The assets are held in a secure trust structure on behalf of the Bondholders and in a separate vehicle, which is bankruptcy remote.

