

From: Chris Powell <chris.powell@woodsidesecretaries.co.uk>

Sent: 28 January 2025 11:47

To: Neil Emberson <n.emberson@kngadvisors.co.uk>

Cc: LinkleaseFinance-uk@cscgfm.com; LinkleaseFinance-uk@cscgfm.com; Meka Umeadi <Meka.Umeadi@cscglobal.com>; John Rowe <john.rowe@woodsidesecretaries.co.uk>

Subject: RE: Linklease Finance PLC - next steps and correspondence

Dear Neil

Thank you for your recent email regarding Linklease.

As mentioned in previous notices, the Trustee will only act on instruction from the noteholders and neither advises nor comments on the options available to noteholders. The options open to the noteholders are to either wait for the opportunity to vote on the proposals via an Extraordinary Resolution (ER), which would be put to the noteholders by the Issuer, or direct the Trustee to enforce the secured assets, which needs the support of holders of 25%+ of the relevant notes, the settlement of our outstanding fees and the provision/pre-payment of the costs of the initial enforcement prior to any action.

1. EXTRAORDINARY RESOLUTION

An Extraordinary Resolution (ER) would allow the noteholders to direct the Trustee to execute amended transaction documents to effect the Borrowers' proposal, for which holders of 75%+ of a series needs to vote in favour. However, before the Issuer is able to circulate the ER documentation to noteholders, the Borrowers' approval to the amendments to the transaction documents is required, that approval has not been forthcoming despite the paperwork being shared with the Borrowers in March 2024. It was understood that the Borrowers withheld their approval then because they objected to the inclusion of additional conditions and safeguards in relation to the application of the sales proceeds. We understand that this remains an issue as the Issuer explained in the RNS notice of 19th November 2024 "in their [the Borrowers'] proposal there is no guarantee that the Borrower, upon receipt of funds following the sale of the assets, would pay the outstanding amounts due under the Notes or related fees of the transaction".

The new proposal made by the Borrowers, while being very similar to previous proposal does not address the underlying issue of the safeguards required by the Issuer with regards to the sale proceeds nor addresses their failure to make any contractual payments to the transaction parties since December 2023, which at the 19th November 2024 notice owed circa \$860K, and would have inevitably increased further since. Until all outstanding sums have been paid the various transaction parties, including the Issuer and the Trustee, are no longer prepared or required under the transaction documents to incur further costs and raise their exposure to the Borrowers and are not currently in a position to move forward with an Extraordinary Resolution.

2. THE ENFORCEMENT OPTION

Noteholders can direct the Trustee to enforce security, which requires a lower threshold of noteholder support than an ER. However, each enforcement throws up challenges which are often unknown and difficult to predict ahead of embarking on any action, making an assessment of the potential work involved and the associated costs extremely demanding. In the case of the Linklease programme, with 4 series each needing to be directed and indemnified/pre-funded separately, underpinned by separate packages and types of secured assets all held in Dubai by local security agents, the considerations are further complicated. Our current expectations of the process and costs are:

- Following direction from the requisite proportion of noteholders to embark on enforcement (i.e those holding an aggregate 25% of an individual series), the Trustee, would need to issue an Acceleration Notice to the Issuer demanding immediate payment of the outstanding sums due to the noteholders, this in itself should be relatively straightforward but we are not required to, nor will we, proceed until we have been suitably and acceptably indemnified and pre-paid by noteholders to cover the costs of our enforcement actions. While the drafting of the Acceleration Notice is unlikely to prove difficult or indeed particularly costly, the negotiation of an indemnity acceptable to a wide cohort of noteholders could be protracted and would incur additional costs, which would also need to be covered by the noteholders. As part of the indemnity and pre-payment arrangements we would also expect all our outstanding costs to date, including those of our advisers, to be settled.
- The Instructing Noteholders would need to sign up to the indemnity and apportion the total pre-funding amounts amongst themselves. The indemnity agreement would specify that these amounts would be returned to the indemnifying Noteholders in priority to any enforcement proceeds that are paid out. In other words, Instructing Noteholders would not be able to obtain funding from any Noteholders who choose not to instruct and need to bear the costs of any claims brought (this means that the Noteholders who do not instruct / pay can benefit without taking any risk) but Instructing Noteholders can take some comfort that any pre-payments or associated costs will be repaid in priority to distributions to Noteholders, such that all Noteholders will ultimately share equally (or, share according to their proportion of holdings) in any recoveries.
- Assuming an acceptable indemnity could be arranged, the actual enforcement costs will depend on what security the Noteholders would like to enforce (i.e. the Borrower Share Mortgages, the Borrower Account Charges and/or the Borrower Asset Charges), which needs to be assessed and agreed by the Instructing Noteholders. The Trustee will need to liaise with various parties, likely including the local security agent to take the appropriate enforcement action. These parties will likely need to appoint their own legal counsel and incur additional costs that will also need to be covered by the Noteholders. We have been advised that USD 100,000 would be a ballpark figure per series but this cannot be assumed to be particularly accurate as there may be local law quirks that need to be accommodated depending on the nature of the enforcement action taken. More accurate estimates would be able to be obtained when the decisions about enforcement are proposed.

The Enforcement Option is independent of the ER, and not hampered by the same issues.

For the Trustee to be able to pursue the Enforcement Option, we will need to be instructed by holders of 25%+ of a series and suitably and acceptably indemnified and pre-paid to cover the costs of enforcement. Each series is enforced separately. Furthermore, we will need proof of holding and confirmation that Noteholders are willing to indemnify and pre-pay the enforcement costs, on the terms explained above, should the required threshold be achieved.

Currently the Trustee has not been instructed to pursue the Enforcement Option by the requisite level of Noteholders or been suitably indemnified.

Kind regards

Chris Powell

Woodside.

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Please consider the environment before printing this email. Thank you.

From: Neil Emberson <n.emberson@kngadvisors.co.uk>

Sent: 27 January 2025 15:07

To: John Rowe <john.rowe@woodsidesecretaries.co.uk>; Chris Powell <chris.powell@woodsidesecretaries.co.uk>

Cc: LinkleaseFinance-uk@cscgfm.com; LinkleaseFinance-uk@cscgfm.com; Meka Umeadi <Meka.Umeadi@cscglobal.com>

Subject: Re: Linklease Finance PLC - next steps and correspondence

Hello John and Chris,

I represent around 30 individual investors of the LinkLease Finance PLC Bond via Hansard and Capital International Group.

Having reviewed the financial statements and comments I understand the company has made huge financial losses over and can not be sustained

What is required for the trustee to enforce the borrower/company to sell its assets and start paying back note holders ?

What are the options and next steps for note holders to ensure they are paid back part or all of their investment?

Best regards,

Neil Richard Emberson

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On 23 Jan 2025, at 12:26, Meka Umeadi <Meka.Umeadi@cscglobal.com> wrote:

Dear all.

If the noteholders would like to discuss next steps and their options following their review of the Issuer's Financial Statements, please contact the Note Trustee at john.rowe@woodsidesecretaries.co.uk and chris.powell@woodsidesecretaries.co.uk

Regards

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Meka Umeadi (he/him)

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