

Dear Bondholder

This is an interim update on several recent matters in respect of the administration of LCF, ahead of the issue of the joint administrators' first progress report, which is due to be delivered by 29 August 2019.

Intelligent Technology Investments Ltd ("ITI")

As referenced in our Proposals, which were issued in March 2019, ITI was loaned £5.3m by London Oil & Gas Ltd ("LOG"), which itself received £122m directly from LCF. By way of reminder, LOG was placed into administration in March 2019, with Smith & Williamson and CMB Partners as joint administrators. Following the failure of ITI to repay the debt due to LOG and in order to assist with the recovery of LOG assets and therefore ultimately, recovery of LCF assets, a creditors' application to court was made by LOG to wind up ITI. An order to place ITI into compulsory liquidation was granted by the court on 12 June, with Smith & Williamson and CMB Partners duly appointed as joint liquidators on 5 July 2019.

The joint liquidators of ITI now have the necessary powers to be able to fully investigate ITI's affairs and to take steps to recover the £3m that was on-lent by ITI to Asset Mapping Limited (also referenced in our Proposals). Early indications in respect of the ability to recoup the investments held by LOG in ITI and Asset Mapping Ltd are positive, however, the quantum and timing of any realisations are uncertain at this juncture. In this regard, please note that Asset Mapping Ltd went into administration on 18 April 2019 and its business was sold to a third party. The consideration for the sale of this business is mostly contingent on the future performance of the business and so the return to LOG, and hence the LCF bondholders, is dependent on how that plays out. We will continue to keep the Bondholders up to date with progress in this regard.

Bondholder Call Recordings

We have received a number of communications from Bondholders recently, requesting recordings of their calls with LCF or Surge employees, in relation to their investments. It should be noted that:

- The joint administrators do not yet have access to the call recordings database
- The joint administrators are however taking steps for delivery up to them of call recordings
- We understand that in parallel the FSCS are taking steps to secure call recordings.
- Our understanding is that the telephone recordings are not comprehensive. For example, the joint administrators are aware that a number of calls were made from mobile phones and accordingly there will not be records of these calls held by the third party provider which maintains the call recordings database
- We understand that the current third party provider only holds call recordings made/received during the last year prior to the FCA intervention in December 2018.

Joint Administrators' Progress Report

Our first progress report, detailing the first six months of the administration, will be delivered by **29 August 2019** and will be accessible online, either via our webpage: www.smithandwilliamson.com/london-capital, or via our portal: www.ips-docs.com. The report will take a similar format to our Proposals.

All of the joint administrators' previous communications, reports and forms are accessible for download at our website: www.smithandwilliamson.com/london-capital

Kind regards

The Joint Administrators of LCF

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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