

Dear Bondholders

Further important arrest made by the Serious Fraud Office (“SFO”)

It has been reported in the press that the SFO have made a further important arrest in connection with LCF.

We have been contacted by a number of Bondholders requesting further information surrounding this arrest. As you will be aware, the investigations currently being undertaken by the Joint Administrators and by certain authorities, such as the SFO, are highly confidential. However, we are able to share with you the Evening Standard article which summarises the reported position as follows:

“The millionaire whose sophisticated marketing firm put thousands of investors’ savings into collapsed bond firm London Capital & Finance has been arrested, the Evening Standard has learned.

The Serious Fraud Office arrested Paul Careless at his home near Brighton yesterday and questioned him for four-and-a-half hours at Worthing police station. SFO officers took large amounts of documentation, sources said.

Careless’s company, Surge Financial, was paid tens of millions of pounds by LCF for marketing and customer services, carrying out sophisticated online sales techniques through social media. A total of 11,600 people invested £267 million in LCF before it collapsed into administration early this year.

Confirming the arrest, a spokesperson for Surge said: “Paul Careless has not been charged and he is not on bail.

“Surge was a third-party supplier of services used in relation to raising investment for LCF. It did not handle client money and had no involvement in the deployment of funds to borrowing companies.”

His is the fifth arrest in the ongoing investigation into LCF.

Sources close to Careless said LCF’s administrator Smith & Williamson was responsible for the arrest, suggesting the arrest was a tool to get him to hand over documents which, after legal advice, he had refused to give.

S&W sources strenuously denied being involved with the arrest in any way.”

The article can also be accessed on the Evening Standard website using the following link:

<https://www.standard.co.uk/business/millionaire-becomes-fifth-arrest-in-case-of-failed-bond-firm-lcf-a4171976.html>.

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.

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