

LINK FUND SOLUTIONS LIMITED
Scheme of Arrangement in respect of the LF Equity Income Fund
OUTCOME OF SANCTION HEARING

Scheme approved by the High Court following the Sanction Hearing on 18 and 19 January 2024

Link Fund Solutions Limited (LFSL) provides an update on its scheme of arrangement (the Scheme) in relation to the LF Equity Income Fund, formerly the LF Woodford Equity Income Fund (the WEIF).

Today, the High Court has handed down a judgment sanctioning (i.e. approving) the Scheme, following the hearing in front of Mr. Justice Richards (the Judge) on 18 and 19 January 2024 (the Sanction Hearing). The Sanction Hearing was held after 93.7% by number, representing 96% by value, of those Scheme Creditors who attended and voted at the Scheme Meeting on 13 December 2023 voted in favour of the Scheme.

A copy of the judgment and the transcript from the Sanction Hearing is available on the Scheme website, [here](#). Once finalised, a copy of the Sanction Order will also be made available on the Scheme website.

A spokesperson for LFSL comments: “We are pleased the Court has decided to sanction the Scheme following the overwhelming support of the Scheme Creditors who voted on it. We have always believed that the Scheme will provide investors with a substantial level of redress, and certainty of payments in the near future.

LFSL is continuing to seek to start making payments at the earliest opportunity. In light of the timeline set out in the Court's judgment we expect to start making payments to the WEIF in April 2024, if there is no appeal of the Judge's decision. Any appeal would be likely to further delay payments to Scheme Creditors by at least several months.”

“We would like to once again thank all investors who took the time to vote on the Scheme and make their voices heard. Our focus is now on implementing the Scheme, and providing investors with redress as soon as is possible.”

Next steps for Scheme Creditors

Scheme Creditors do not need to take any action. The Scheme will affect all Scheme Creditors, regardless of whether they voted for the Scheme or not. They will receive payments in the same way as they have received capital distribution payments in the past.

Provided that no appeals are brought against the sanction of the Scheme, the Scheme is expected to become fully effective by 2 March 2024. Payments are then expected to be made to the WEIF in April 2024 for onward payment to Scheme Creditors. Under the Scheme, the Settlement Fund will be paid to the WEIF, and the WEIF will then make payments to each of its direct shareholders proportionally based on the number and class of shares they hold. Those direct shareholders (including, for example, investment platforms) will then pass on such payments to Scheme Creditors.

Key dates in the Scheme timeline:

- 9am 2 March 2024 – expected Effective Time in the Scheme.

- April 2024 - The first payments from the Settlement Fund, estimated to be between £183.5 million and £200 million, are expected to be made to the WEIF. It may take several weeks for these funds to be paid to investors via their investment platforms.

Notes to editors

Further information on the Scheme

A scheme of arrangement is a statutory procedure that allows a company to enter into a binding compromise or arrangement with its creditors or shareholders, or any class of them. To become binding, a scheme of arrangement requires the consent of a majority in number, representing 75% in value, of those creditors or shareholders who attend a meeting convened by the Court to consider the scheme, and the approval or "sanction" of the Court.

The LFSL Scheme was proposed pursuant to a conditional settlement agreement agreed with the FCA as described below. LFSL's Scheme offers Scheme Creditors certainty of payment from a Settlement Fund of up to £230 million. Provided that no appeals are brought against the sanction of the Scheme, LFSL expects to make initial payments to the WEIF for onward payment to the Scheme Creditors of between £183.5 million and £200 million in April 2024 onwards. The Settlement Fund will include all of LFSL's available assets, plus a voluntary contribution of approximately £60 million from LFSL's parent company.

The Scheme will settle all purported, disputed and threatened claims that Scheme Creditors have or could bring against LFSL, other members of the Link Group and certain other parties. This allows LFSL to make the maximum possible payment to Scheme Creditors, at the earliest opportunity. Representatives of PwC have been appointed to supervise the Scheme (the Scheme Supervisors).

The Financial Conduct Authority (FCA) continues to consider that the Scheme offers the quickest and best way to return as much money to investors as possible than might be achieved by any other means.

Summary of the Settlement Agreement

As announced by the FCA and LFSL on 19 and 20 April 2023, LFSL agreed to propose the Scheme and make a substantial payment to investors who held investments in the WEIF at the time of its suspension on 3 June 2019, as part of a conditional settlement agreement with the FCA. The settlement was subject to:

- The completion of a sale of Link Group's Fund Solutions' business, which includes LFSL's business and other additional assets owned by other companies in its group, to the Waystone Group. The sale completed on 9 October 2023; and
- The approval of the Scheme by the Court and by a majority of investors in number (more than 50%) and representing 75% or more in value of those that vote. Investors have voted in favour of the Scheme, and the Court has sanctioned the Scheme.

The Settlement Fund will comprise all of LFSL's available assets following the sale of its business (which completed on 9 October 2023), plus a voluntary contribution from Link Group of up to £60 million and insurance proceeds of up to £48 million (the Settlement Fund). LFSL estimates this will provide an expected Settlement Fund of up to £230 million which will be paid to Scheme Creditors

via the WEIF. Link Group will also voluntarily contribute £2.5 million towards the costs of implementing the Scheme.

If the Scheme becomes fully effective on 2 March 2024, the first distributions from the Settlement Fund are estimated to be between £183.5 million and £200 million and are expected to be made in April 2024. LFSL has set a prudent maximum Reserve Amount of £46.5m to cover certain cost contingencies. This means payments can be made to investors much earlier than would otherwise be the case. The Reserve Amount will be reviewed on a regular basis by LFSL and the Scheme Supervisors and further distributions will be made to investors if the cost contingencies are released.

It is important to note that none of the assets in the WEIF are being used to fund the Scheme. Over the past few years, any money raised from selling assets in the WEIF has been distributed to investors and this process will continue in exactly the same way with the remaining assets of the WEIF.

All Scheme Creditors, including those that voted against the Scheme or who did not vote at all, will be affected by the Scheme. Under the Scheme, Scheme Creditors will no longer be able to make any claim against LFSL, Link Group and other entities and persons in the Link Group of companies (the Released Parties). Scheme Creditors will continue to be able to bring claims against parties other than the Released Parties. However, Scheme Creditors' recoveries from those claims may be reduced by the amount of any contribution claims that third parties may bring against LFSL in relation to such proceedings.