

Scheme Supervisors' progress report for the period from 5 March 2024 to 4 September 2024

Scheme of Arrangement in respect of the
LF Equity Income Fund (formerly known as the
LF Woodford Equity Income Fund)

September 2024

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Abbreviations and definitions

The following table shows the abbreviations that may be used in this report:

Abbreviation or definition	Meaning
Additional LFSL Contribution	If the Reserve Amount is reduced or the amount standing to the credit of the Reserve Account as at a Review Date exceeds the Reserve Amount, LFSL shall within five business days transfer to the Settlement Account an amount by which LFSL's cash exceeds the Reserve Amount.
Effective Time	5 March 2024, 9.00am.
Excluded Liabilities	All liabilities of LFSL, and any costs and expenses that LFSL reasonably estimates that it may need to pay in relation to such liabilities, in each case other than the Scheme Liabilities.
Initial Settlement Account Distribution	The amount of £185.7 million paid by LSFL to the WEIF on 19 March 2024, in accordance with the terms of the Scheme.
Insurance Proceeds	Cash proceeds from LFSL's claims under LFSL's insurance policies.
LFSL	Link Fund Solutions Limited.
Parent	Link Administration Holdings Limited.
Period	5 March 2024 to 4 September 2024.
Reserve Account	A separate ring-fenced account in the name of LFSL where the cash assets of the Reserve Amount are held.
Reserve Amount	The cash and assets retained by LFSL to enable it to meet its Excluded Liabilities in full as they fall due, but excluding the amount that LFSL is required to contribute to the Scheme Costs Account.
Review Date	Six months after the Effective Time and every six months thereafter or such other date as the Scheme Supervisors may request LFSL to carry out a review of the Reserve Amount.
Scheme	The WEIF scheme of arrangement, made in accordance with Part 26 of the Companies Act 2006.
Scheme Claim	All actual, potential, alleged, threatened or disputed liabilities that a person who had a beneficial interest in a share or shares in the WEIF on 3 June 2019 is owed or may be owed by LFSL arising out of, or in connection with, the WEIF during any period up to and including 12 December 2023.
Scheme Costs	Costs which, in LFSL's view, acting reasonably, represent: (a) the costs of implementing and administering the Scheme; and (b) LFSL's professional and administrative costs of operating and managing the winding up of LFSL.
Scheme Costs Account	A separate ring-fenced account retained by LFSL from which Scheme costs are paid (and into which the Parent contribution to Scheme Costs is paid).
Scheme Creditor	Each person who holds a Scheme Claim as at 12 December 2023.
Scheme Liabilities	LFSL's liabilities in respect of the Scheme Claims.
Settlement Account	A bank account in the name of LFSL established and maintained primarily for the purposes of making payments to the WEIF.
WEIF	The LF Equity Income Fund (formerly the LF Woodford Equity Income Fund).

Key messages

The Scheme was approved by the High Court by a Court Order dated 27 February 2024 (having been approved by the required majority of Scheme Creditors who voted at the meeting of Scheme Creditors held on 13 December 2023). The Scheme became fully effective on 5 March 2024.

This is our first report as Scheme Supervisors and covers a six-month period ended on 4 September 2024.

This report is for Scheme Creditors' information only and has been prepared by Dan Schwarzmann and Nigel Rackham as Scheme Supervisors of the Scheme solely to provide an update to Scheme Creditors on the progress of the Scheme and for no other purpose. It is not suitable to be relied upon by Scheme Creditors or any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment or tax decision in relation to any debt or any financial investment.

Any person choosing to rely on this report for any purpose or in any context other than for assessing the progress of the Scheme does so at their own risk. To the fullest extent permitted by law, the Scheme Supervisors do not assume any liability in respect of this report to any person.

Dan Schwarzmann and Nigel Rackham have been appointed as Scheme Supervisors and act as agents of LFSL without personal liability. Both are licensed in the United Kingdom by the Institute of Chartered Accountants in England and Wales. The Scheme Supervisors are bound by the Insolvency Code of Ethics which can be found at: www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics.

LFSL will continue to update investors in the usual way about the sale of the WEIF's remaining assets and any further capital distributions, which would be in addition to each distribution made under the Scheme. All communications in relation to the winding up of the WEIF are published by LFSL at <https://equityincome.linkfundsolutions.co.uk/investor-documentation/>.

Overview of progress to date

As Scheme Supervisors we act as agents of LFSL and are required to act in good faith with reasonable skill and care in the interests of Scheme Creditors as a whole and exercise our powers and functions under the Scheme with a view to ensuring that the Scheme is implemented in accordance with its terms. In summary, our role as Scheme Supervisors includes:

- Consulting with LFSL in relation to the setting or revising of the Reserve Amount.
- Monitoring LFSL's compliance with the terms of the Scheme.
- Once every six months preparing a report for Scheme Creditors on the progress of the Scheme.
- Confirming that Scheme Costs incurred by LFSL (other than Scheme Supervisors' costs) have been properly incurred.
- Confirming the completion of the Scheme.

During the Period we liaised with LFSL's directors to discuss and assess the activities that have been undertaken in respect of the Scheme. We provide updates on the key developments below.

Calculation of the distribution to Scheme Creditors

On 19 March 2024, LFSL calculated and made the Initial Settlement Account Distribution in the amount of £185.7 million to the WEIF. The following table provides a summary of this calculation:

Category	Amount £'m
LFSL's cash and available assets ¹	124.4
Less Parent contribution to Scheme Costs ²	-2.5
Less Reserve Amount	-46.5
Initial LFSL Contribution	75.4
<i>Plus:</i>	
Initial Parent Contribution ³	60.0
Net proceeds from sale of Link Fund Solutions (Luxembourg) S.A.	1.0
Accrued interest ⁴	1.3
Insurance Proceeds ⁵	48.0
Initial Settlement Account Distribution	185.7

1. The Scheme provided for all LFSL's available assets to be paid to the Settlement Account except for the Reserve Amount and the Parent's Contribution to Scheme Costs. This included proceeds from the sale of its Authorised Corporate Director business to Waystone Management UK Limited.
2. LFSL's Parent voluntarily contributed £2.5 million towards Scheme Costs. As above this amount did not form part of the funds transferred to the Settlement Account but will be used by LFSL to cover Scheme Costs in addition to the Reserve Amount.
3. A voluntary contribution from the Parent.
4. Interest accrued on the Initial Parent Contribution and the proceeds from the sale of Link Fund Solutions (Luxembourg) S.A.
5. The Insurance Proceeds were paid into the Settlement Account on 19 March 2024.

On 28 March 2024 the WEIF made a distribution to registered holders of shares in the WEIF. The following table sets out the pence per share distribution for each share class.

ISIN number	Share class	Pence per share
GB00BLRZQ406	A Sterling Income	4.1606
GB00BLRZQ513	A Sterling Accumulation	5.0634
GB00BLRZQ620	C Sterling Income	4.2183
GB00BLRZQ737	C Sterling Accumulation	5.1290
GB00BZ01L372	F Sterling Accumulation	4.0538
GB00BLRZQB71	Z Sterling Income	4.2399
GB00BLRZQC88	Z Sterling Accumulation	5.1581
GB00BLRZQ844	X Sterling Income	4.0602
GB00BLRZQ950	X Sterling Accumulation	4.9361

Scheme Creditors will have received payments through the same process as they have previously received capital distribution payments from the WEIF.

The timing of any Additional LFSL Contribution is currently uncertain. However, the Scheme Supervisors will continue to monitor the progress of the LFSL wind-down to assess whether a reduction could be made to the Reserve Amount, thus enabling an Additional LFSL Contribution be made to the Settlement Account for onward transfer to the WEIF.

Reserve Amount

In accordance with the Scheme, LFSL has established the Reserve Amount to enable it to meet the Excluded Liabilities.

The initial Reserve Amount was set by LFSL, in consultation with the Scheme Supervisors, at £46.5 million. Following the Initial Settlement Amount Distribution, budgeted Scheme Costs have continued to be incurred and paid by LFSL and, as at 31 July 2024, LFSL had cash of £44.7 million held within the Reserve Account. The Scheme Costs Account has been fully utilised.

Under the terms of the Scheme, as soon as practical following each Review Date, LFSL is required to consider whether the Reserve Amount can be reduced in consultation with the Scheme Supervisors. In summary, the Review Date is the date falling every six months after 5 March 2024, or such other date as the Scheme Supervisors may request to LFSL. The Scheme Supervisors have maintained an ongoing dialogue with LFSL and its directors as to the appropriate level of the Reserve Amount. They have requested that the Review Date be brought forward to 2 September so that the formal decision as to the level of the Reserve Amount could be available at the time that this report is required to be issued.

The Reserve Amount was reassessed as at 2 September by LFSL in consultation with the Scheme Supervisors. It was agreed that, given the ongoing uncertainties surrounding LFSL's Excluded Liabilities, that the Reserve Amount should be maintained at up to the maximum amount permitted under the Scheme, namely £46.5 million. It is noted that the current available cash is £44.7 million. Accordingly, no Additional LFSL Contribution is proposed at this stage.

The Reserve Amount will continue to be assessed on a regular basis by LFSL and the Scheme Supervisors so that Additional LFSL Contributions can be made to the WEIF if it is concluded that these contingencies can be released. The next Review Date is anticipated to be in or around March 2025.

We set out in Appendix A an account of LFSL's receipts and payments from 5 March 2024 to 31 July 2024 which details LFSL's available cash.

Next steps

If you have any queries, please contact us using the email address: uk_lfsoa@pwc.com. We cannot deal with enquiries regarding individual investors' positions and Scheme Creditors should consult the website at <https://lfwoodfordfundscheme.com/> for regular updates or contact their investment platform, broker or intermediary. We expect to issue our next report as Scheme Supervisors in March 2025. If it is determined by LFSL that an Additional LFSL Contribution can be made before our next report is due, a notice will be provided on the Scheme website.

Yours faithfully



Dan Schwarzmann
Scheme Supervisor



Nigel Rackham
Scheme Supervisor

Appendix A: Receipts and payments for LFSL during the period 5 March to 31 July 2024

5 March 2024 to 31 July 2024
£'m

LFSL cash balance as at 5 March 2024	81.9
Interest and sundry income	0.1
Intercompany balance recovery	42.4
LFSL cash and available assets	124.4
Initial LFSL Contribution made to the Settlement Account	-75.4
LFSL cash and asset balance as at 19 March 2024	49.0
Interest and sundry income	0.6
Scheme Costs	-4.9
Cash balance held by LFSL in the Reserve Account as at 31 July 2024	44.7

1. The cash and asset balance figure at 19 March 2024 comprises the £46.5 million Reserve Amount and the £2.5 million contributed by LFSL's Parent to the Scheme Costs Account. The contribution to the Scheme Costs Account had been fully expended by 31 July 2024.
2. Scheme Costs paid prior to 5 March 2024 amounted to c.£6.6 million and as at 31 July 2024 total Scheme Costs paid were c.£11.5 million. Scheme Costs include irrecoverable VAT where applicable.
3. The intercompany balance recovery was paid by the Parent to LFSL on 30 April 2024.
4. LFSL's cash balances are now held at UK clearing banks.