

Ref: LET\_139/PM/LA

2 December 2021

Notification for the attention of the Bond Holder

Dear Sir/Madam

**Swan Real Estate PLC ("Swan Real Estate")**

**£10 million 6.25% bonds 2021 issued by Swan Real Estate (the "2021 Bonds")**

We understand that you currently hold one or more of the 2021 Bonds.

As you all will be aware, the 2021 Bonds are approaching their maturity date, being the 31st of December 2021.

However, as previously communicated to you, Swan Real Estate will not be in a position to redeem the Bonds on the originally intended maturity date.

The original issue of the Bonds did not raise the level of funding anticipated. As you are aware, the purpose of the issue of the Bonds was to raise funds to facilitate the development of several real estate assets by Swan Real Estate. It was anticipated that, once development, the assets would be sold and that the proceeds of sale would be used to redeem the Bonds at maturity. The failure to achieve full funding meant that Swan Real Estate did not have sufficient resource to complete the development on the assets before 31 December 2021. The assets have not, therefore, been sold and the proceeds of sale are not available to be applied in redemption of the Bonds on the proposed date.

Progress of the development of the real estate assets was also frustrated by restrictions imposed in connection with the Global COVID-19 pandemic.

Unfortunately, the problems outlined above persist and Swan Real Estate will not be in a position to redeem the Bonds on 31 December 2021.

Following this notification additional paperwork, drafted by DWF legal firm and subject to the prior approval of Woodside Corporate Services Limited, will be forwarded to the registered Bond holders. Alongside these documents, Swan Real Estate PLC will propose a date and time to convene a meeting of the Bond holders to agree the amendments to the structure of the Bonds. The documentation to be provided will be in order to obtain your consent to the following:

1. A further extension of the maturity date of the Bonds to a date 24 months from the date of the new security agreement.
2. A revision of the current package of security and collateral held by Woodside Corporate Services Limited (the "Bond Trustee") as security for the Bonds. The Bond Trustee currently holds a first priority bond and floating charge over all assets of Swan Real Estate PLC and first

priority Scots law standard securities over the real estate assets owned by Swan Real Estate PLC. We intend to bring in third party funders, on commercial terms, to provide additional finance to permit Swan Real Estate to complete the development of the real estate assets in order that they can be sold and the Bonds repaid. As you will appreciate, any such third party funders will require to hold first priority charges over any asset they lend against. We would, therefore, propose that you authorise the Bond Trustee to enter into any negotiations and conclude any documentation required to ensure that the security and collateral held by the Bond Trustee ranks in priority behind any security or collateral required by a third party funder.

With regard to the latter point, please note that it is our opinion that Swan Real Estate PLC will be unable to complete the development of any of the sites without such third party funding. If your consent is not obtained, the Bond Trustee will not be able to agree the necessary arrangements with Swan Real Estate PLC and any third party funder and it is likely that the maturity of the Bonds will be further delayed.

We thank you in advance to your urgent attention to this correspondence.

Yours sincerely



**PHIL MCGINLAY**  
Director  
For and on behalf of Swan Real Estate PLC