

# JBA LEGAL

## LEGAL ANALYSIS – LCL OPPORTUNITIES 3 S.à r.l.

**Date:** 17 April 2025

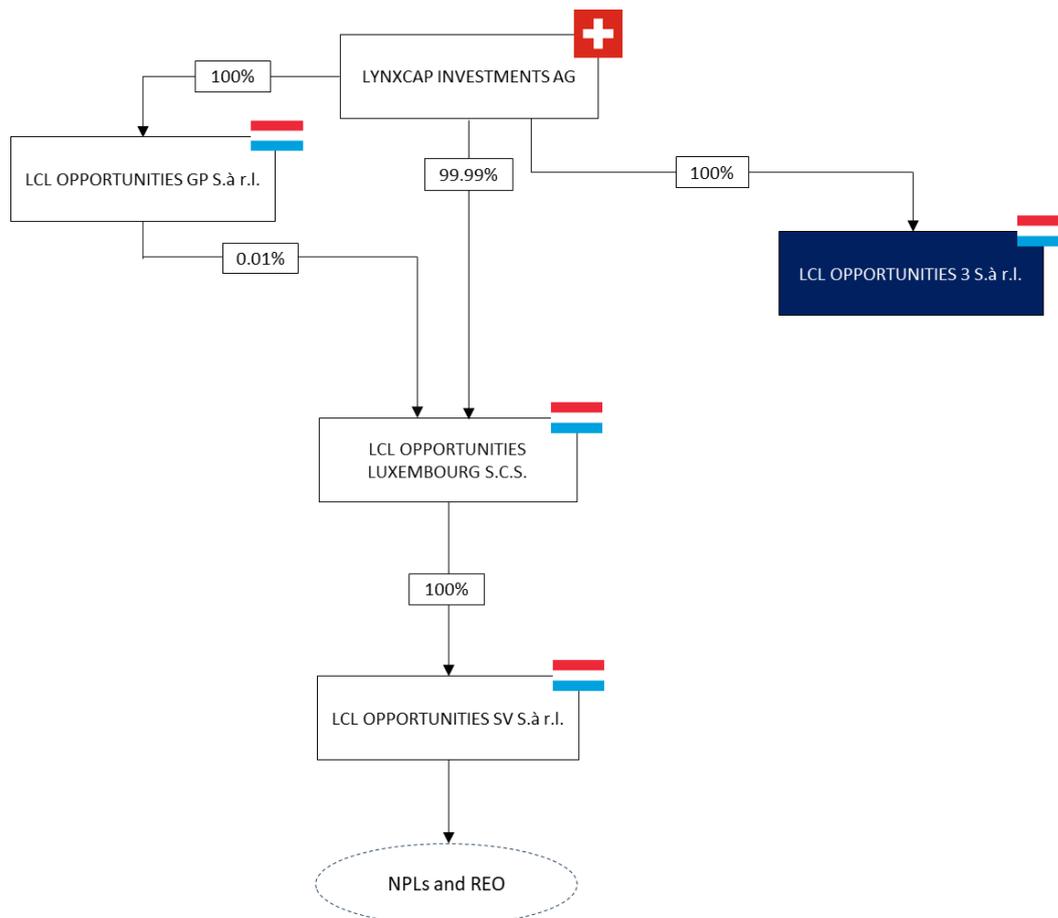
**From:** JBA LEGAL – Luxembourg legal adviser to LynxCap

**To:** [name]

Dear Sirs,

Reference is made to **LCL Opportunities 3 S.à r.l.**, a Luxembourg private limited liability company (*société à responsabilité limitée*), having its registered at 34, rue du Curé, L-1368 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés*, Luxembourg – the “**RCSL**”) under number B 268368 (“**LCL 3**”).

At this date, the corporate structure is as follows :



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société à responsabilité limitée | R.C.S. Luxembourg B 281150  
société d’avocats inscrite à la liste V du Barreau de Luxembourg  
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The Sole shareholder of LCL 3 is **LynxCap Investments AG**, a Swiss public limited liability company, having its registered office at Lüssihofweg 4, 6300 Zug, Switzerland, registered with the Register of Commerce of the canton of Zug under number CHE-244.186.164 ("**LynxCap**").

The purpose of LCL 3 is to get access to new sources of financing, by developing the digitalization of debt instruments, in this case, bonds.

At this date, LynxCap Investments AG has a fully owned subsidiary which is **LCL Opportunities Luxembourg S.C.S.**, a common limited partnership (*société en commandite simple*), having its registered office at 34, rue du Curé, L-1368 Luxembourg, Grand Duchy of Luxembourg, registered with the RCSL under number B 267834 ("**LCL Luxembourg**"), which is represented by **LCL Opportunities GP S.à r.l.**, a Luxembourg private limited liability company (*société à responsabilité limitée*), having its registered office at 34, rue du Curé, L-1368 Luxembourg, Grand Duchy of Luxembourg, registered with the RCSL under number B 260591.

LCL Luxembourg invests in notes issued by a securitization vehicle, **LCL Opportunities SV S.à r.l.**, a private limited liability company (*société à responsabilité limitée*), existing under the laws of Luxembourg as a securitisation company subject to the Luxembourg law of 22 March 2004 relating to securitisation (as amended), having its registered office at 34, rue du Curé, L-1368 Luxembourg, Grand Duchy of Luxembourg, registered with the RCSL under number B 268368. This entity invests in non-performing loans and real estate owned.

The acquisition of the notes is financed by the proceeds of the bonds issued by LCL Luxembourg. Such bonds are listed and traded on the professional segment of the Euro MTF of the Luxembourg Stock Exchange. However, for technical reasons, the Luxembourg Stock Exchange does not allow to list and trade bonds yet which are digitalized under the form of tokens, with related transactions being registered using blockchain. At this date, only a technical listing on the Official List of the Luxembourg Stock Exchange is possible but it does not allow any form of trading.

As a consequence, any issuer wishing to get financing out of the classical streams shall seek solutions out of the stock exchange system. Although some solutions exist, notably in Germany, the LynxCap group is very attached to Luxembourg where the legal environment is extremely stable. Therefore, it has been decided to use a dormant company of the group, LCL 3, to become the new source of financing for the development of the activities of the group.

LCL 3 will therefore issue bonds under the form of securities tokens which will be in a back-to-back situation with the listed bonds. The process of having such tokens listed on the Official List of the Luxembourg Stock Exchange is underway. In order to avoid falling under the prospectus regulation (EU) 2017/1129, each token will have a minimum denomination of EUR 100,000. Such tokens being classical financing instruments and not crypto-assets, they do not fall under the scope of regulation (EU) 2023/1114 MiCA.

In order to provide security for the obligations of LCL 3 under the tokens, a security agency agreement is currently being negotiated with Glas Loan Administration, S.L., a company incorporated

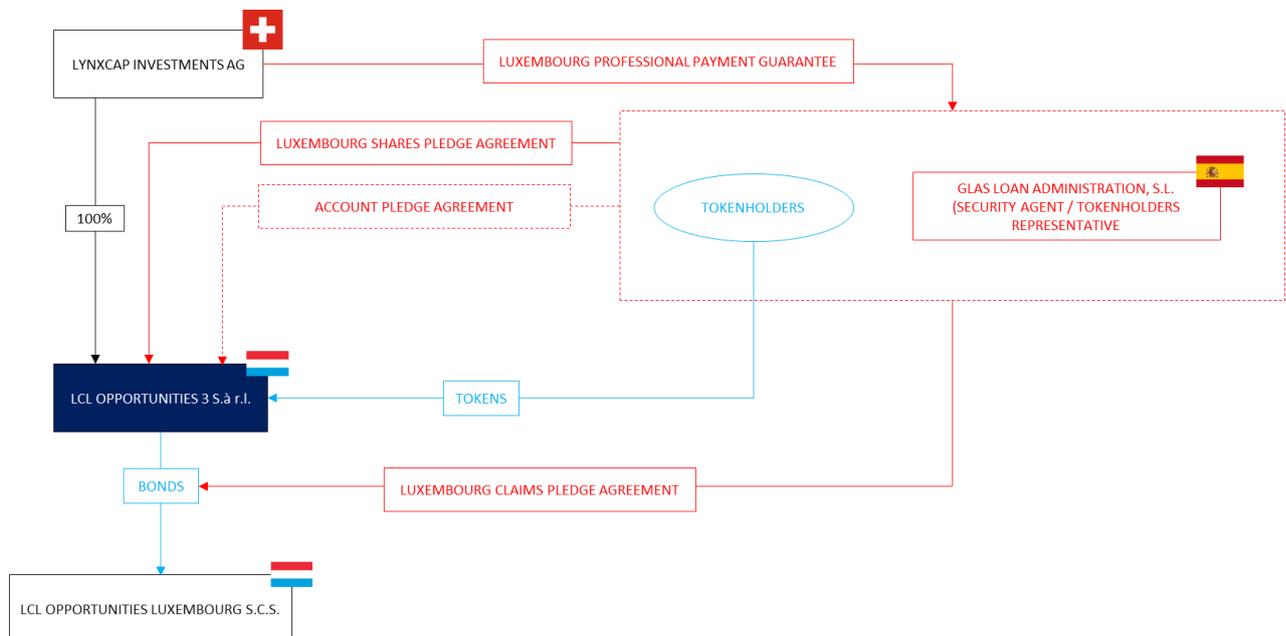
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and existing under the laws of Spain, having its registered office at Calle Velázquez 34, 7<sup>th</sup> Floor, 28001, Madrid, Spain, registered with Spanish Tax Identification Number B13776406 (the “**Security Agent**”). The Security Agent will represent the tokenholders and act during all the security period as an agent in charge of being the beneficiary of the various guarantees.

The following guarantees will be granted in favour of the tokenholders:

1. a pledge over the shares of LCL 3, governed by Luxembourg law, to be entered into by LynxCap as pledgor, the Security Agent as pledgee in the presence of LCL 3. Such security interest will allow the Security Agent to immediately take control over the shares of LCL 3 in the case of a default under the tokens.
2. a pledge over the claims held by LCL 3 against LCL Luxembourg under the listed bonds, governed by Luxembourg law, to be entered into by LCL 3 as pledgor, the Security Agent as pledgee and LCL Luxembourg as debtor. Such security interest will allow the Security Agent to immediately request a direct payment to it of the principal and interest to be repaid under the bonds held by LCL 3.
3. to the extent feasible, a pledge over the bank accounts held by LCL 3.
4. a professional payment guarantee, to be granted by LynxCap, to secure the obligations of LCL 3 under the tokens. Such professional payment guarantee is a specific Luxembourg feature being an efficient alternative to first demand guarantees.

This security interests perimeter is described below:



These guarantees will ensure that in the case of default of LCL 3, the tokenholders have rights and will receive any available proceeds coming from the bonds. Depending on whether they hold junior or senior tokens, some priority of payment may apply. However, all senior tokens will rank *pari passu*

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between them, irrespective of the date of issuance of the tokens. The same principle will apply to the junior tokens.

The respective rights attached to the tokens are described in a prospectus, currently being reviewed by and discussed with the Luxembourg Stock Exchange.

Final terms, which will be published on LynxCap website in any case, will fix the specific terms and conditions of each series (or tranche) of tokens and will specify which bonds they will finance. As such, any breach of the final terms (which could be investing in other assets than those described in the final terms) would be an Event of Default that would trigger the collapse of the tokenization structure. Doing so would be the end of LCL 3.

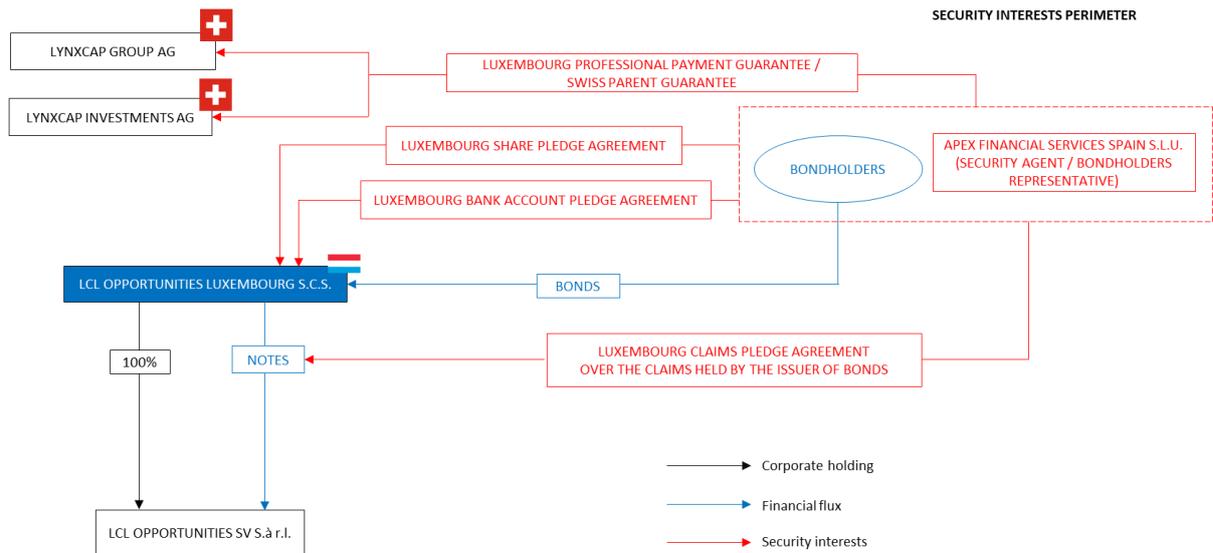
The bonds are themselves secured by the same type of guarantees. Currently, the bondholders' interests are secured by:

1. a pledge over the one unlimited (*part de commandité*) and the 20,000 limited shares of category A (*parts de commanditaires*) of LCL Luxembourg, under a shares pledge agreement dated 5 August 2022, entered into by LynxCap Investments AG and LCL Opportunities GP S.à r.l. as pledgors, and Apex Financial Services Spain S.L.U. acting as security agent for the benefit of the bondholders. Under this pledge agreement, the event of default are defined as a default under the prospectus, the final terms and the share pledge agreement. One of the representation under the share pledge agreement is that, on the signing date and during the whole security period, the pledgors are not subject to collective proceedings (which would include bankruptcy). As a consequence, should LynxCap Investments AG be subject to bankruptcy in Switzerland, Apex Financial Services Spain S.L.U., acting as security agent and Bondholders' representative would be entitled to enforce the pledge, notably by appropriating the shares. Additionally, the pledgors have waived any right of recourse they might have following an enforcement in accordance with the provisions of the Luxembourg financial collateral law of 5 August 2005, as amended (the "**Luxembourg Financial Collateral Law**").
2. A pledge over the bank account of LCL Luxembourg, under a Luxembourg law governed pledge over bank account dated 5 August 2022, entered into by LCL Luxembourg as pledgor, and Apex Financial Services Spain S.L.U. acting as security agent for the benefit of the bondholders. In the case of an enforcement, any positive balance standing on the bank account of LCL Luxembourg would be appropriated by Apex Financial Services Spain S.L.U. for the benefit of the bondholders.
3. A pledge over the present and future claims existing under the notes issued by LCL Opportunities SV S.à r.l. and subscribed by LCL Luxembourg, under a claims pledge agreement dated 5 August 2022, entered into by LCL Luxembourg as pledgor, and Apex Financial Services Spain S.L.U. acting as security agent for the benefit of the bondholders. In the case of an enforcement, Apex Financial Services Spain S.L.U. may require the direct payment to it for the benefit of the bondholders of any sums due under the notes subscribed by the Issuer.

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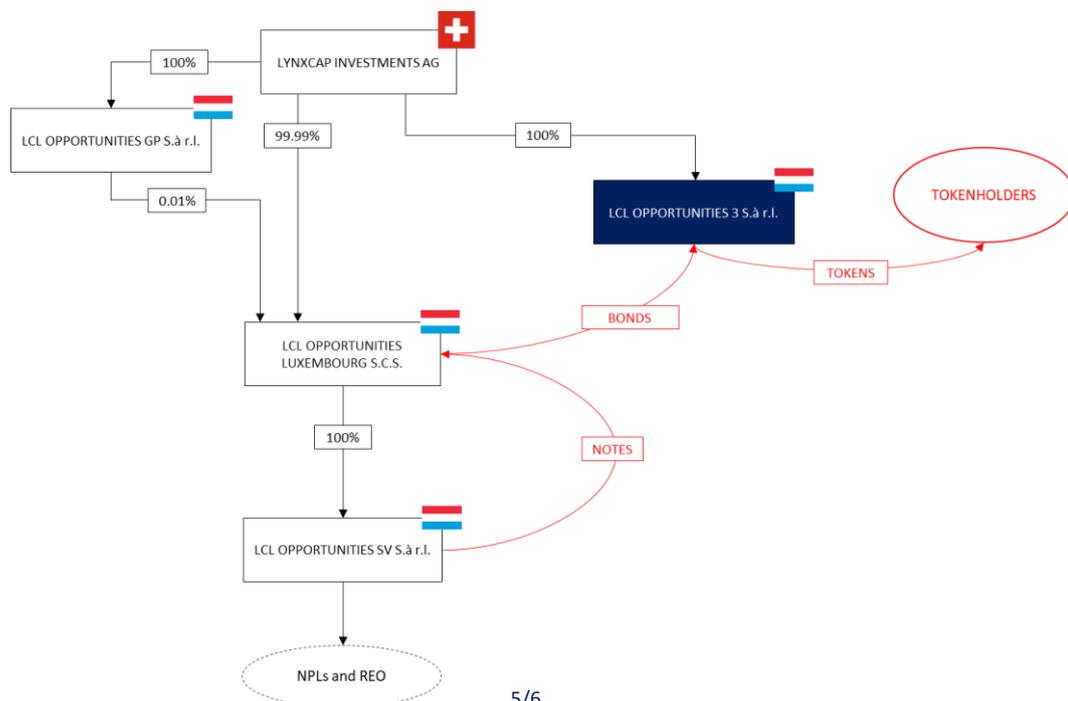
4. LynxCap Investments AG and LynxCap Group AG have granted on 5 August 2022, a professional payment guarantee governed by Luxembourg law, as well as a parent guarantee governed by Swiss law, to Apex Financial Services Spain S.L.U. acting as security agent for the benefit of the bondholders, up to the outstanding amount of the Bonds. Under the Luxembourg professional guarantee, the guarantors have waived any right of recourse they may have further to an enforcement of such guarantee.

LCL 3 investing in bonds, it would therefore be a bondholder and therefore benefit, as any other bondholder, of the full security package in place. This security interests perimeter is described below:



The prospectus relating to the bonds is publicly available on the Luxembourg Stock Exchange website on the page of LCL Opportunities Luxembourg S.C.S., its last version being dated 28 February 2025, as supplemented on 1<sup>st</sup> April 2025.

The flow of funds can be summarized as follows:



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As a consequence, the tokens are as secured as they can be in that type of structure. Additionally, LynxCap will quarterly provide the tokenholders with business updates including the amount of sales proceeds in connection with the underlying investments (non-performing loans and real estate owned), recoveries forecasts and statistical data, just as it already does for the bondholders.

Although tokenholders will not have a direct individual right against LCL 3, they are allowed to contact directly the Security Agent should they consider that an event of default has occurred. If this happens to be the case, the Security Agent will take over in accordance with the provisions of the security package.

The LynxCap group has already demonstrated its seriousness and has been subject to controls by the Luxembourg Stock Exchange. Furthermore, the annual accounts of the entities of the group are audited by Deloitte Audit Luxembourg and are publicly available on the website of the Luxembourg Register of Commerce and Companies. The Luxembourg companies have real offices and key employees are located in Luxembourg. The respective profile of the team members can be found on the website of LynxCap (<https://lynxcapinvestments.com>).

Yours faithfully,

### **Bertrand Job**

Avocat à la Cour\* | Partner | CAMS

*\* This document is signed on behalf of JBA Legal, a private limited liability company with R.C.S. number B 281150 and registered on list V of the Luxembourg bar. The individual signing this document is a qualified lawyer duly authorized to represent this entity.*