



Project Avenue

COMPROMISE PROPOSAL

15 September 2019

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Company Compromise Proposal

Key Open Issues

Privileged & Confidential
Subject to FRE 408 and Equivalent

Creditors ↔ Fosun

- > Monetization mechanic / minority protections for 25% TO stake
- > Proceeds Loan allocation (£65m vs. £100m to Airline)
- > Allocation of opening cash between Airline and TO
- > Trading restrictions on New Money Bonds £150m PIK Note
- > Subordination of Fosun Bridge to the Old Money Liquidation PIK Note Loan during bridge period

Noteholders ↔ RCF Lenders

- > Differential pricing on New Money Bond vs. New Money RCF
- > Loss sharing between New Money Bond and New Money RCF
- > Liquidation PIK Note value (5.0% vs. 7.5% of claim)

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Company Comprom: Proposal

Summary of Key Terms (1/2)

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Key Term	Proposal
Funding Sources	<ul style="list-style-type: none"> > Fosun: £450m > New Money RCF: £300m > New Money Bonds: £150m, of which £100m underwritten prior to open subscription > CQS: £150m 2nd draw standby liquidity facility directly at TO (bridge period availability and commitment fee TBD)
Treatment of 25% TO Stake	<ul style="list-style-type: none"> > Exit: <ul style="list-style-type: none"> - i) Conversion: Perpetual right to convert into FTG shares <ul style="list-style-type: none"> o Conversion value: £127m o Strike price: Lower of HK\$12.75 or 6-month VWAP prior to equitisation, with a floor of HK\$10.00 - ii) IPO: IPO proceeds or FTG shares equivalent to value of 25% stake - iii) 5th Anniversary Conversion: If neither (i) nor (ii) have been exercised within 5 years, right to convert into FTG shares at the then-current market price based on independent 3rd-party valuation of 25% stake > Protections: <ul style="list-style-type: none"> - Customary pre-emption rights on new issuances - Reserve Matters to include: amendments to constitutional documents; changes to share capital; returns of capital; borrowing in excess of certain thresholds; material related party transactions other than on arms-length terms; liquidation or wind-up - NCH can appoint one independent board director for as long as NCH holds equity in the TO > Restrictions: <ul style="list-style-type: none"> - No transfers by NCH within 3 years, unless in connection with a "Fosun Transfer" - Related to Fosun Transfers: right of first refusal on transfer; drag on transfer; tag on transfer

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Company Compromise Proposal

Summary of Key Terms (2/2)

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Key Term	Proposal
Proceeds Loan Allocation	<ul style="list-style-type: none"> > Airline: £85m > Tour Operator: £365m
Cash Allocation	<ul style="list-style-type: none"> > Allocated to each division to achieve equal (and sufficient) FY20 minimum liquidity headroom, per latest STCF prior to the launch of consent solicitation
Trading Restrictions on New Money Bonds	<ul style="list-style-type: none"> > No restrictions after the earlier of 3 months and Fosun equitisation
Priority of Fosun Bridge vs. Old Money Liquidation PIK Note During Bridge	<ul style="list-style-type: none"> > Fosun Bridge to rank senior to Old Money Liquidation PIK Note (but junior to New Money RCF and New Money Bonds) during bridge > Old Money Liquidation PIK Note to have no security or direct covenants over TO or Airline
Differential Pricing of New Money Bond vs. New Money RCF	<ul style="list-style-type: none"> > New Money Bond: 15% PIK > New Money RCF: PIYC: 3.25% Cash, 10% PIK less any amount cash-pay
Liquidation PIK Note Value	<ul style="list-style-type: none"> > 7.5p (£124m), with no equity allocation
Shareholder Tip	<ul style="list-style-type: none"> > Company awaiting feedback from Fosun / creditors on previous paper

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Proposed Updated Timeline

REVISED TIMELINE

LOCK UP AGREEMENTS

- > By Monday 23 September

CREDITORS MEETING

- > Friday 27 September

SCHEME SANCTION

- > Monday 30 September

LAUNCH OF CONSENT SOLICITATION

- > Tuesday 1 October

FUNDING

- > Wednesday 9 October

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