

TO ALL KNOWN CREDITORS

8 February 2022

Ref: RHK/AMH/KH/NH/JB

Direct line: 020 7806 9465
Email: jbhalla@parthenon.ey.com

Dear Sirs

Interserve Plc (formerly in Administration and now in Compulsory Liquidation) (“the Company”)

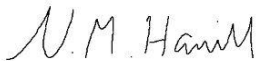
Please be advised that on 21 January 2022, an order was granted in the English High Court (“the Court”) to end the Administration of the Company and transition the Company to Compulsory Liquidation, pursuant to paragraph 79 of Schedule B1 of the Insolvency Act 1986. Please find enclosed a copy of the court order ending the Administration.

On this same date, Robert Hunter Kelly and Alan Michael Hudson, the Administrators of the Company to 21 January 2022, were discharged from liability in respect of any action of theirs as Administrators. Robert Hunter Kelly and Alan Michael Hudson were subsequently appointed Joint Liquidators of the Company.

The Court also ordered that the production of any further progress report be dispensed with, as there had been no material actions taken by the Administrators since the date of the application, on 17 December 2021, and end of the Administration, on 21 January 2022. The final progress report, appended to this letter, is therefore for the period from 15 September 2021 to the 17 December 2021.

Should you have any queries or wish to receive hard copies of the enclosed documents, please do not hesitate to contact Jai Bhalla on the contact details above.

Yours faithfully
For and on behalf of the Company



Natalie Hamill
for R H Kelly
Former Joint Administrator

Enc: Court order ending administration
Administrators' progress report for the period ending 17 December 2021

Robert Hunter Kelly is licensed in the United Kingdom to act as an insolvency practitioner by The Institute of Chartered Accountants of Scotland and Alan Michael Hudson is licensed in the United Kingdom to act as an insolvency practitioner by The Insolvency Practitioners Association.

The former Joint Administrators acted as agents of the Company only and without personal liability.

The former Joint Administrators / Joint Liquidators may act as data controllers of personal data as defined by the UK General Data Protection Regulation (as incorporated in the Data Protection Act 2018), depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Company may act as a data processor on the instructions of the former Joint Administrators / Joint Liquidators. Personal data will be kept secure and processed only for matters relating to the former joint Administrators / Joint Liquidators' appointment. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy.

Amended under the slip rule (CPR 40.12) on 26 JANUARY 2022



BR-2019-000339

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INSOLVENCY AND COMPANIES LIST (ChD)

Before

On the 21st day of January 2022

IN THE MATTER OF INTERSERVE PLC (IN ADMINISTRATION)

AND IN THE MATTER OF THE INSOLVENCY ACT 1986

Deputy ICC Judge Greenwood

ORDER

UPON THE APPLICATION of Robert Hunter Kelly of Ernst & Young LLP of 1 Bridgewater Place, Water Lane, Leeds, LS11 5QR and Alan Michael Hudson of Ernst & Young LLP, 1 More London Place, London SE1 2AF, the joint administrators (the “**Administrators**”) of Interserve plc (in administration) (the “**Company**”)

AND UPON HEARING Counsel for the Administrators

AND UPON READING the witness statement of Robert Hunter Kelly dated 20 December 2021, together with the exhibit thereto

IT IS ORDERED AND DIRECTED THAT:

1. Pursuant to paragraph 79(1) of Schedule B1 to the Insolvency Act 1986 (the “**Act**”), the appointment of the Administrators shall cease to have effect immediately.
2. Pursuant to paragraph 79(4)(d) of Schedule B1 to the Act, the Company be wound up by this court under the provisions of the Act.

3. Pursuant to paragraph 79(4)(d) of Schedule B1 to the Act, the requirement to file a winding-up petition in respect of the Company be waived.
4. Pursuant to paragraph 79(4)(d) of Schedule B1 to the Act, Robert Hunter Kelly and Alan Michael Hudson be appointed as joint liquidators of the Company. Any act required or authorised under any enactment to be done by a liquidator may be done by either joint liquidator individually or both of the joint liquidators.
5. Pursuant to paragraphs 79(4), 98(1) and 98(2)(c) of Schedule B1 to the Act, the Administrators be discharged from liability in respect of any action of theirs as administrators with immediate effect.
6. The production of any further progress report be dispensed with.
7. The costs and expenses of this application be paid as an expense of the administration of the Company.

Service of this order

The Court has provided a sealed copy of this order to the solicitors for the Administrators:

Slaughter and May, One Bunhill Row, London EC1Y 8YY (c/o Edward Couzens, edward.couzens@slaughterandmay.com, 020 7090 5912)

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND & WALES
INSOLVENCY AND COMPANIES LIST (ChD)

7 February 2022

Ref: RHK/AMH/CK/KH/NH/JB

Direct line: +44 (0) 20 7197 5327

Email:

InterservePlcAdministration@uk.ey.com

Dear Sirs

Interserve Plc (in Administration) (“the Company”)

**High Court of Justice Business and Property Courts of England and Wales
Insolvency and Companies List (ChD), Number BR-2019-000339**

We write, in accordance with Rule 3.57(1) of the Insolvency (England and Wales) Rules 2016 (“the Rules”), to provide the Court with an interim report (the “Report”) on the progress of the administration of the Company (“the Administration”) since our last progress report dated 14 October 2021.

The Report forms part of our application to the English High Court for an Order to end the Administration and transition to Compulsory Liquidation, with the appointment of Robert Hunter Kelly and Alan Michael Hudson as joint liquidators.

On 15 March 2019 (“the Date of Appointment”), the Company entered into administration and Alan Michael Hudson and Robert Hunter Kelly were appointed as joint administrators (“the Joint Administrators”). Immediately following appointment, the Joint Administrators completed a sale of substantially all of the Company’s business and assets and certain liabilities to a specially formed company, Montana 1 Limited, which was subsequently renamed Interserve Group Limited (“IGL” or “the Purchaser”) (“the Sale”).

This report covers the period from 15 September 2021 to 17 December 2021 (“the Reporting Period”) and should be read in conjunction with the Joint Administrators’ Statement of Proposals dated 21 March 2019 (“the Proposals”), the Joint Administrators’ Statement of Revised Proposals dated 1 December 2021 (“the Revised Proposals”) and the Joint Administrators’ Progress Reports dated 14 October 2019, 8 April 2020, 14 October 2020, 13 April 2021 and 14 October 2021.

Statutory information about the Company, the Administration and the office holders is given at Appendix 1.

Summary of progress

Al Binaa Shares

We continue to be involved with IGL to progress the transfer of the Company's shares in Al Binaa Contracting Company W.L.L. ("Al Binaa") ("the Al Binaa Shares").

In prior progress reports we confirmed that capital gains tax returns and other required documentation were submitted to the Qatari tax authorities, where Al Binaa is registered, to obtain tax clearance for the transfer of the Al Binaa Shares. Due to the complexity of the process and ongoing impact of COVID-19, tax clearance has still not yet been received from the Qatari tax authorities and it is unlikely to be obtained in the next few months.

As a result, the transfer of the Al Binaa Shares is not expected to complete prior to the three-year anniversary of the Date of Appointment, which is the current expiration date of the Administration. As noted below, we propose transitioning the Company to compulsory liquidation on or before this anniversary to facilitate the future orderly transfer of the Al Binaa Shares.

Exit from Administration

In our progress report dated 14 October 2021, we informed creditors that we were intending to exit the Administration via a transition to compulsory liquidation, as it was likely that receipt of the Qatari tax clearance and the transfer of the Al Binaa Shares would not be completed before the three-year anniversary of the Date of Appointment.

We sought approval from creditors, on 1 December 2021, to amend section 2.7 of the Proposals to include compulsory liquidation as an exit route from the Administration, with Robert Hunter Kelly and Alan Michael Hudson appointed as liquidators. This approval was sought under the deemed consent procedure. On 15 December 2021 at 23:59 GMT, being 14 days following delivery of our Revised Proposals to the Company's creditors, we had not received any objections and the Revised Proposals were considered to have been approved by deemed consent.

Other matters

The Joint Administrators' investigations

During the period since the Date of Appointment, we have undertaken an investigation into the Company's affairs and complied with our requirements and responsibilities in accordance with the Statement of Insolvency Practice 2 (Investigations by Office Holders) and the Company Directors' Disqualification Act 1986. Based on information received by the Joint Administrators to date, we do not propose undertaking further investigations into the Company's affairs.

VAT

Following our appointment, HMRC removed the Company from the Interserve Group's VAT group and we re-registered the Company with a new standalone VAT number, effective from the Date of Appointment.

We have continued to submit the required VAT returns since the Date of Appointment and made payments or claimed refunds, as relevant. The next VAT return will be submitted to HMRC before 31 December 2021.

Corporation tax

EY Tax specialists were instructed to assist the Company in the preparation of its corporation tax returns, as required by statute and also, under the terms of the Sale, to assist in the surrender of any available group relief for the pre-appointment period to IGL.

All available group relief for the pre-appointment period has now been surrendered and losses carried forward have been confirmed with IGL.

The Company's post-appointment corporation tax returns for the periods 15 March 2019 to 31 December 2019 and 1 January 2020 to 31 December 2020 have been submitted to HMRC. HMRC has not raised an enquiry to date, but the enquiry window remains open for both returns.

Receipts and payments account

A summary of our receipts and payments for the Reporting Period is attached at Appendix 2.

This account does not reflect future estimated realisations or costs, including our remuneration and disbursements.

Joint Administrators' remuneration

The statutory provisions relating to remuneration are set out in Part 18 of the Rules. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Administrators' Fees', a copy of which may be accessed from the website of the Institute of Chartered Accountants in England and Wales at <https://www.icaew.com/en/technical/insolvency/creditors-guides> or is available in hard copy upon written request to us.

In certain circumstances, creditors are entitled to request further information about our remuneration or expenses or to apply to court if they consider the costs to be excessive (Rules 18.9 and 18.34 of the Rules, respectively). Further information is provided in 'A Creditors' Guide to Administrators' Fees' referred to above.

The Rules require the basis of an administrator's remuneration to be fixed (Rule 18.16) and in the event that there are insufficient funds for distribution to unsecured creditors, other than the Prescribed Part and there is no creditors' committee, the basis of an administrator's remuneration must be fixed by consent of the secured creditors (Rule 18.18(4a)) and the preferential creditors (if there are any).

A statement was made in the Proposals under the provision of paragraph 52(1) of Schedule B1 to the Insolvency Act 1986 ("the Act") that there will be no funds available for the unsecured creditors of the Company, other than by virtue of the Prescribed Part. No creditors' committee has been formed and we have not been made aware of any preferential creditors.

Given the above, we sought and received agreement from the secured creditors for our remuneration being charged on a time cost basis at an estimate of £1,379,151 (exclusive of VAT) ("Fee Estimate").

Distributions to creditors

Secured creditors

As part of the Sale, the Company was released from its liability in respect of a secured principal debt amount of £814m, secured pension liabilities of approximately £250m as guarantor of the Pension Scheme and approximately £202m of other secured liabilities owed to the Company's secured creditors. This reduced the Company's secured liabilities to approximately £65.15m (as at the Date of Appointment) and comprised accrued and capitalised cash and payment in kind ("PIK") interest under the Company's and the former Interserve group's cash and bonding facilities, certain "make-whole" amounts in respect of US private placement notes issued by the Interserve group and fees.

It is not anticipated that any distributions will be made to the Company's secured creditors in respect of their outstanding liability of approximately £65.15m.

Preferential creditors

All employees of the Company were transferred to the Purchaser as a result of TUPE. In accordance with the SPA, all arrears of wages, holiday pay and employee pension deductions were required to be met by the Purchaser. As such, we are not expecting and have not received any preferential claims in the Administration of the Company.

Unsecured creditors

On 1 October 2021, formal notice of our intention to declare a first and final dividend in the Administration of the Company was sent to all known creditors. Unsecured creditors were required to submit claims by 31 October 2021, being the final date for proving. The Joint Administrators adjudicated and admitted / rejected all claims received within 14 days of the final date for proving, as required by statute. On 14 December 2021, the Joint Administrators declared a dividend of 2.03p in the pound and paid a total of £549,426.36 to unsecured creditors whose claims were received and admitted in the Administration of the Company.

The total amount distributed represented the value of the Prescribed Part of £600,000 less £50,573.64 of costs and expenses incurred by the Joint Administrators and our staff in adjudicating creditor claims and paying the distribution.

Remaining work

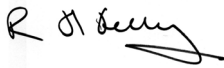
We will continue to deal with the Administration in line with the stated objectives outlined in the Proposals. Future tasks include, inter alia, the following:

- progressing the transfer of the AI Binaa Shares;
- preparing and filing corporation tax and VAT returns;
- fulfilling statutory and reporting requirements of the Administration;
- dealing with enquiries from creditors, members and other stakeholders, as required;

- preparing for transition to compulsory liquidation to continue progressing the transfer of the Al Binaa Shares; and
- any actions required by the Joint Administrators to fulfil the purpose of the Administration.

Should you have any queries regarding any of the matters outlined in this report, please contact my colleague, Jai Bhalla, on +44 (0)20 7806 9465.

Yours faithfully
for the Company



R H Kelly
Joint Administrator

The affairs, business and property of the Company are being managed by the Joint Administrators, Robert Hunter Kelly and Alan Michael Hudson, who act as agents of the Company only and without personal liability. As licensed insolvency practitioners, Robert Hunter Kelly and Alan Michael Hudson are bound by the Insolvency Code of Ethics when carrying out all professional work relating to the Administration.

Robert Hunter Kelly is licensed in the United Kingdom to act as an insolvency practitioner by The Institute of Chartered Accountants of Scotland and Alan Michael Hudson is licensed in the United Kingdom to act as an insolvency practitioner by The Insolvency Practitioners Association.

The Joint Administrators may act as data controllers of personal data as defined by the UK General Data Protection Regulation (as incorporated in the Data Protection Act 2018), depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Company may act as a data processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrators' appointment. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy.

Appendix 1

Interserve Plc (in Administration) (“the Company”)

Information about the proceedings, the Company and the office holders, as required by Rule 18.3(1) of the Insolvency (England and Wales) Rules 2016

| | |
|---|--|
| Name of Court: | High Court of Justice Business and Property Courts of England and Wales Insolvency and Companies List (ChD) |
| Court reference: | BR-2019-000339 |
| Registered name of the Company: | Interserve Plc |
| Registered office address of the Company: | c/o Ernst & Young LLP, 1 More London Place, London, SE1 2AF |
| Registered number: | 00088456 |
| Country of incorporation (for a company incorporated outside the United Kingdom): | n/a |
| Date of appointment of the Joint Administrators: | 15 March 2019 |
| Details of any changes of Administrator: | None |
| Full names of the Administrators: | Robert Hunter Kelly Alan Michael Hudson |
| Office holder numbers: | 8582 and 9200 |
| Administrators' addresses: | Ernst & Young LLP, 1 Bridgewater Place, Water Lane, Leeds LS11 5QR Ernst & Young LLP, 1 More London Place, London SE1 2AF |
| Contact details: | +44 (0) 207 197 5327 InterservePlcAdministration@uk.ey.com |
| Name of alternative person to contact with enquiries about the case: | Jai Bhalla |

Appendix 2

Interserve Plc (in Administration) ("the Company")

Joint Administrators' Summary of Receipts and Payments from 15 September 2021 to 17 December 2021

| Statement of Affairs estimated to realise values ¹ £ | 15 March 2019 to 14 September 2021 £ | 15 September 2021 to 17 December 2021 £ | Cumulative total £ |
|---|--|---|-----------------------|
| RECEIPTS | | | |
| | 3,659.09 | 21.37 | 3,680.46 |
| | 2,621,470.63 | - | 2,621,470.63 |
| 49,134.00 | 88,958.80 | - | 88,958.80 |
| | 1,158,514.94 | - | 1,158,514.94 |
| | 46,322.93 | - | 46,322.93 |
| 300,000.00 | - | - | - |
| 1,816,315.00 | - | - | - |
| 2,678,689.00 | - | - | - |
| 3,070,000.00 | - | - | - |
| 500,000.00 | - | - | - |
| 3,067,055.00 | - | - | - |
| 23,980,468.00 | - | - | - |
| | 10,771.92 | - | 10,771.92 |
| Total receipts | 3,929,698.31 | 21.37 | 3,929,719.68 |
| PAYMENTS | | | |
| | 1,146,393.03 | - | 1,146,393.03 |
| | 1,960.00 | - | 1,960.00 |
| | 135,267.73 | - | 135,267.73 |
| | 12,670.86 | - | 12,670.86 |
| | 20,011.42 | - | 20,011.42 |
| | 164,660.40 | - | 164,660.40 |
| | 1,174,843.74 | - | 1,174,843.74 |
| | 372,474.60 | 41,921.00 | 414,395.60 |
| | 4,209.21 | - | 4,209.21 |
| | 16,053.55 | - | 16,053.55 |
| | - | 549,426.36 | 549,426.36 |
| | 78.00 | 24.90 | 102.90 |
| Total payments | 3,048,622.54 | 591,372.26 | 3,639,994.80 |
| Net receipts / (payments) | 881,075.77 | (591,350.89) | 289,724.88 |
| REPRESENTED BY: | | | |
| Cash at Bank | | | 281,340.68 |
| VAT control account | | | 8,384.20 |
| | | | 289,724.88 |

Notes:

- 1 As explained in the original Proposals, the financial benefits to the Company of entering into the Sale to IGL was the release of liabilities totalling over £1.2bn rather than the receipt of cash sales consideration. Also, the Company's business and substantially all of its assets were transferred to IGL in the Sale and therefore, with the exception of cash from the HSBC pre-appointment bank account which was subsequently forwarded to IGL, realisations from other assets noted in the Statement of Affairs have not been and are not expected to be, received by the Joint Administrators.
- 2 This receipts and payments account is shown net of VAT.
- 3 This receipts and payments account has been prepared on an cash basis and does not reflect future expected receipts and payments.