

**Arrival UK Ltd ('AUK') and
Arrival Automotive UK
Limited ('AUTO')
(both in Administration)
(together 'the Companies')**

**Joint Administrators' Progress Report
for the period from 5 February 2024 to 4
August 2024**

Pursuant to Rule 18.3 of the Insolvency (England
and Wales) Rules 2016

TO ALL KNOWN CREDITORS

29 August 2024

Ref: TRS/Arrival/SE/LN/LJ

Email: aukadministration@uk.ey.com

Dear Sir or Madam

Arrival UK Ltd ('AUK') and Arrival Automotive UK Limited ('AUTO') (both in Administration) (together 'the Companies')

The High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies Ltd (ChD), Court Case Number CR-2024-000650

I write, in accordance with Rule 18.3 of the Insolvency (England and Wales) Rules 2016 ('the Rules'), to provide creditors with a report on the progress of the Administrations. This report (the 'Progress Report') covers the period from 5 February 2024 to 4 August 2024 ('the Period') and should be read in conjunction with the Joint Administrators' statement of proposals dated 28 March 2024 ('the Proposals') and update to creditors dated 25 April 2024 ('Update to Creditors'), both of which can be viewed and downloaded at the following web address, <https://www.ips-docs.com/>, using creditor key code **Arrival UK Ltd or Arrival Automotive UK Limited** (depending on which entity you are a creditor of). To access the site you can either use your unique ID that you have previously received or '**password**'.

The Companies entered Administration on 5 February 2024 and Alan Hudson, Sam Woodward and I were appointed to act as Joint Administrators (the 'Joint Administrators'). The appointments were made by the Court under the provisions of paragraph 12(1)(b) of Schedule B1 to the Insolvency Act 1986.

As licensed Insolvency Practitioners, we are bound by the Insolvency Code of Ethics when carrying out all professional work relating to the Administrations. Certain statutory information about the Companies, the Administrations and the office holders is given at *Appendix 1*.

Yours faithfully
for the Companies



Simon Edel
Joint Administrator

Simon Edel and Alan Hudson are licensed in the United Kingdom to act as Insolvency Practitioners by the Insolvency Practitioners Association. Sam Woodward is licensed in the United Kingdom to act as an Insolvency Practitioner by The Institute of Chartered Accountants in England and Wales. As Insolvency Practitioners, they are bound by the Insolvency Code of Ethics in carrying out all professional work relating to the appointment.

The affairs, business and property of the Companies are being managed by the Joint Administrators, Simon Edel, Alan Hudson and Sam Woodward who act as agents of the Companies only and without personal liability.

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 Companies may act as data processors on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrators' appointments. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy.

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1. Abbreviations

The following abbreviations are used in this report, the Proposals and Update to Creditors, which should be read in conjunction with this report:

AFA	Administration funding agreement between AUK and AUTO as the Borrowers, and the Joint Administrators and the following entities as the lenders: <ul style="list-style-type: none"> • Highbridge Tactical Credit Institutional Fund Ltd., • Highbridge Tactical Credit Master Fund, L.P, • 1992 Master Fund Co-Invest SPC Series Segregated Portfolio, • Corbin ERISA Opportunity Fund Ltd, and • Antara Capital Master Fund LP as the Lenders
Antara	Antara Capital Master Fund
Aon	Aon UK Limited
Appointments	The appointment of Alan Hudson, Sam Woodward and Simon Edel to act as Joint Administrators of the Companies on 5 February 2024
AUK	Arrival UK Ltd
AUTO	Arrival Automotive UK Limited
CDDA	Company Directors Disqualification Act 1986
Date of Appointment	5 February 2024
EY	Ernst & Young LLP
FY	Financial Year
Freshfields	Freshfields Bruckhaus Deringer LLP
FX	Foreign exchange
£ [x]bn / \$ [x]bn	£ [x] billion / \$ [x] billion
£ [x]m / \$ [x]m	£ [x] million / \$ [x] million
£ [x]k / \$ [x]k	£ [x] thousand / \$ [x] thousand
Gordon Brothers	Gordon Brothers International, LLC
GBP	Pound Sterling
Highbridge	Highbridge Capital Management, LLC
HMRC	HM Revenue and Customs
HSBC	HSBC UK plc
IT	Information technology
IP	Intellectual property
IP Legal Advisors	Kilburn & Strode LLP and Origin Ltd
Jefferies	Jefferies LLC, Jefferies GmbH
Kensington	Beaumont House, Kensington Village, London
Lloyds	Lloyds Banking Group plc
NBV	Net book value
NDA	Non disclosure agreement
NIC	National Insurance contribution
Non-core Assets	Assets identified as outside the scope of potential business sale transactions

Original Fee Estimate	The Joint Administrators' fee estimate dated 28 March 2024
Other Group Entities	Roborace Ltd and Arrival Elements B.V.
PAYE	Pay as you earn
Period	5 February 2024 to 4 August 2024
R&D	Research and development
RDEC	Research and development expenditure credit
Ropes & Gray	Ropes & Gray International LLP
ROT	Retention of title
RPS	Redundancy Payment Services
Sales Process	The going concern sale of the Companies' business and core assets
Secured Lenders	Certain funds and accounts managed or advised by each of Antara Capital LP and Highbridge Capital Management, LLC
SIP 2	Statement of Insolvency Practice Number 2
SIP 9	Statement of Insolvency Practice Number 9
SLT	Senior leadership team
the Arrival Group or the Group	Arrival SA Arrival Luxembourg S.à.r.l. Arrival Automotive ES SL (ES) Arrival UK Ltd Arrival Automotive UK Limited Arrival Elements B.V. (NL) Arrival Germany GmbH Arrival GE LLC (Georgia) UAB Arrival LT Arrival R Ltd Arrival Vault US Inc Arrival Automotive USA Inc. Arrival USA Inc Roborace Inc
the Companies	Arrival UK Ltd and Arrival Automotive UK Limited
the Court	The High Court of Justice Business and Property Courts of England and Wales, Insolvency and Companies List (ChD)
The German Entity	Arrival Germany GmbH
The Georgian Entity	Arrival GE LLC
the Joint Administrators or the Administrators	Simon Edel, Alan Hudson and Sam Woodward
the Proposals	the Joint Administrators' statement of proposals dated 28 March 2024
the Rules	The Insolvency (England & Wales) Rules 2016
The Spanish Entity	Arrival Automotive ES, S.L
The US Entity	Arrival Automotive USA Inc
TSA	Transitional services agreements
TUPE	Transfer of Undertakings (Protection of Employment)
Update to Creditors	Update to creditors dated 25 April 2024
UK	United Kingdom
US	United States of America

USD	United States Dollar
VAT	Value Added Tax

2. Executive Summary

The purpose of this report is to update creditors on the progress of the Administrations, focusing on these key points:

- ▶ Approval of the Proposals.
- ▶ Update on the Joint Administrators' actions to recover funds for creditors.
- ▶ Provide details of receipts and payments in the Administrations to date.
- ▶ Update on the outlook for distributions to creditors.
- ▶ Update on the Joint Administrators' remuneration.
- ▶ Seek creditors' approval to extend the Administrations for another 12 months, should it be required, by deemed consent.
- ▶ Seek nominations for a creditors' committee.

Below is a summary of the key messages for creditors. This summary should be read in conjunction with the full report herein, the Proposals and Update to Creditors.

	Commentary
Approval of the Proposals (Section 3.1)	<ul style="list-style-type: none"> ▶ The Proposals issued on 28 March 2024, were deemed approved for AUK and approved by deemed consent for AUTO on 12 April 2024.
Sales Process and core assets sale (Section 3.2)	<ul style="list-style-type: none"> ▶ The Joint Administrators continue to pursue a going concern sale of the Companies' business and core assets, which will result in a better outcome for creditors than a winding up of the Companies. ▶ These negotiations are ongoing, with the timeline extended to agree and finalise transaction terms with interested parties. ▶ The due diligence and negotiations are commercially sensitive in nature. The outcome of the Sales Process will be communicated to creditors and stakeholders in our next progress report.
Trading (Section 3.3)	<ul style="list-style-type: none"> ▶ Employees – 90 employees remain with the Companies, with another 99 involved indirectly via TSAs with AUK subsidiaries. At the date of writing, only one TSA remains in place with Arrival GE LLC. ▶ Suppliers – Following their appointment, the Joint Administrators issued 31 payment undertakings to critical suppliers and contractors to secure ongoing services. In the Period, ten payment undertakings have been withdrawn, saving c£0.6m in the Period and ongoing savings of c£0.1m per month. ▶ Leasehold properties – we have consolidated the Companies' real estate footprint from nine properties to one.

	Commentary
Non-core Assets' realisations (Section 3.4)	<ul style="list-style-type: none"> ▶ A total of £7.4m has been realised from the sale of the Non-core Assets of the Companies. ▶ £2.8m has been received by the Companies in respect of debtor recoveries.
Receipts and payments (Section 4)	<ul style="list-style-type: none"> ▶ Details of the Joint Administrators' receipt and payments in the Period are provided at <i>Section 4</i>.
Distributions to creditors (Section 5)	<ul style="list-style-type: none"> ▶ No distributions have been made to date. ▶ Secured creditors were owed \$110.5m (£87.3m) secured against the Companies' assets at the Date of Appointment. ▶ Primary preferential claims (employees) are currently £173.4k (AUK) and £11.2k (AUTO); for both AUK and AUTO the timing and quantum of any distribution to primary preferential creditors is dependent on the outcome of the ongoing Sales Process. ▶ Secondary preferential claims (HMRC) are £1.8m (AUK) and £121.6k (AUTO); for both AUK and AUTO the timing and quantum of any distribution is dependent on the outcome of the ongoing Sales Process. ▶ Non-preferential, unsecured creditors are estimated at £114.4m (AUK) and £27.1m (AUTO) noting that we have not formally adjudicated creditor claims at this stage and therefore this is subject to change. ▶ As noted at <i>Sections 5.1.4 and 5.1.5</i> there remains the possibility of a Prescribed Part distribution for the non-preferential, unsecured creditors of AUK. The timing and quantum of any possible dividend under the Prescribed Part is dependent on the outcome of the ongoing Sales Process.
Investigations (Section 6)	<ul style="list-style-type: none"> ▶ Investigations have been concluded and reports were submitted to the Insolvency Service on 30 April 2024.
Extension of the Administrations and creditors' committee (Sections 8 and 9)	<ul style="list-style-type: none"> ▶ The Joint Administrators are seeking 12-month extensions for both the AUK and AUTO Administrations, should it be necessary, to meet Sales Process requirements. The Joint Administrators are seeking the creditors' deemed consent to such extensions as per statutory provisions. Please see <i>Section 8</i> for further information. ▶ An invitation is enclosed to form a creditors' committee at <i>Appendix 8</i> for both AUK and AUTO respectively. Please see <i>Section 9</i> for further information.

	Commentary
Remaining work (Section 10)	<ul style="list-style-type: none">▶ Key remaining work in the Administrations includes: securing potential sale of the business and core assets, further asset realisations, creditor distributions (if possible), ongoing cash flow management, statutory compliance and any necessary court applications.

3. Progress of the Administrations

Set out below is an update on progress to date in the Administrations during the Period.

3.1. Approval of the Proposals

AUK

As detailed in the Proposals, the Joint Administrators are of the opinion that AUK has insufficient property to enable a distribution to be made to the non-preferential, unsecured creditors, other than by virtue of the Prescribed Part. Consequently, in accordance with the provisions of paragraph 52(1)(b) of Schedule B1 to the Insolvency Act 1986, a decision of the creditors on the approval of the Proposals was not sought.

As no request for a decision procedure was received from creditors, the Proposals were deemed to be approved on 12 April 2024.

AUTO

The Proposals were issued to all known creditors of the Company on 28 March 2024. As required by paragraph 51 of Schedule B1 to the Insolvency Act 1986 and Rules 3.38, 15.7 and 15.8 of the Rules, the Joint Administrators sought approval of the Proposals from AUTO's creditors by deemed consent. The Proposals were deemed approved on 12 April 2024.

3.2. Sales Process

In the Proposals, we noted that the evaluation of Phase 1 non-binding offers received had been completed. Since then, selected parties were invited to progress to Phase 2 to conduct detailed due diligence, which included, inter alia, (i) management meetings, (ii) site visits and asset inspections and (iii) the opportunity to ask clarifying queries or request additional information. During this time, we have received additional investor interest in the Companies, both for the business and assets of the Companies as a whole, and for selected operating units (e.g., vehicle control programme and/or software-focused assets). The Joint Administrators have considered potential transactions for these perimeters with a view to maximising overall proceeds for creditors.

Phase 2 has now been significantly progressed and negotiations with selected parties are continuing. The timeline for this Sales Process has been extended to allow sufficient time for negotiations to continue on the transaction terms.

As remaining bidder due diligence and negotiations with several parties are ongoing at the time of writing, the process remains commercially sensitive, such that further comment would not be appropriate. The outcome of the Sales Process will be communicated to creditors and other stakeholders at the appropriate time.

Alongside this, we have taken steps to preserve the Companies' intellectual property and operational data, mitigating IP leakage to maintain business value for any Sales Process. We continue to work closely with specialist IP Legal Advisors to preserve the IP essential for the Sales Process. In addition, we have migrated revenue-critical services and software off physical servers to cloud-based storage. By

doing so, we have reduced risks of hardware failure, avoiding costs and data loss. Separately, the hardware has been decommissioned and will be included in any potential sale of surplus equipment and hardware.

3.3. Trading

3.3.1. Funding

Immediately following the Appointments, the Companies entered into the AFA with the Secured Lenders in order to provide the finance necessary to achieve the Administrations' purpose and fund the Administrations' operating expenses (i.e. salaries, rent, and suppliers) thereby supporting the Sales Process.

As is typical with administration funding agreements, the AFA is a limited recourse loan facility, with repayment of any advances made ranking as an Administration expense under section 99 of Schedule B1 to the Insolvency Act 1986, ahead of distributions to creditors.

As the AFA was primarily drawn down to fund the Sales Process, it was subsequently agreed with the Secured Lenders that any repayment of the AFA would be made from realisations in respect of their fixed charge assets. If the proceeds from these fixed charge asset realisations are insufficient to fully repay the AFA, the remaining amount will be repaid from the realisation of floating charge assets in AUK and uncharged assets in AUTO.

We continue to receive funding from the Secured Lenders for the Sales Process. Refer to *Sections 4.1.1 and 4.2.4* of this report for further details of the amounts drawn under the AFA.

3.3.2. Employees

UK

As noted in the Proposals, 133 employees were retained upon the Appointments.

Following the Appointments, a number of employees resigned. We negotiated shorter notice periods for those employees who resigned, reducing costs while ensuring smooth handovers and mitigating knowledge leakage. Currently, 90 employees remain.

No further redundancies have been made since our Appointments.

These actions have helped preserve cash flow, maintain critical operations and stabilise the Companies, enhancing the likelihood of a successful sale.

AUK subsidiaries

Since our Appointments, the US Entity, the German Entity and the Spanish Entity have entered local insolvency processes and their TSAs have been terminated.

Four essential employees, three from the German Entity and one from the Spanish Entity, have been transferred to the Georgian Entity to preserve capabilities and intellectual property knowledge. Currently, 99 staff members are employed by the Georgian Entity under its TSA.

Payments made to AUK subsidiaries in the Period total £3,947.1k, €74.9k and \$31.3k (GBP equivalent of £4,036.0k).

Additionally, three key members of the SLT who were employed by the US Entity have since been retained under consultancy agreements to aid the Sales Process. Payments to these members of the SLT under their consultancy agreements total £254.7k in the Period and are included within Contractor costs in the receipts and payments account.

We continue to review workforce and related costs regularly to align with our Administration strategy.

3.3.3. Suppliers

Category	No. of individual payment undertakings issued at appointment	No. of individual payment undertakings as at 4 August 2024
Key IT suppliers	11	10
Utilities	5	3
Other suppliers inc. logistics, transportation and specialist contractors	15	8
Totals	31	21

The table above summarises the key categories of critical suppliers that have been issued with a post-appointment payment undertaking by the Joint Administrators to secure their ongoing services, due to these services being identified as critical to preserve value for the Sales Process and provide key support for retained employees.

In the Period, ten payment undertakings have been withdrawn as the related services are no longer required under the Administrations, resulting in aggregated cost savings of £0.6m in the Period. Following the Period, a further payment undertaking was withdrawn. Ongoing cost savings from withdrawn payment undertakings are c£0.1m per month.

There have been ongoing discussions and correspondence with one supplier in the Period in relation to their ROT claim in the sum of £0.2m. Following the end of the Period, the supplier has agreed to a full and final settlement of its claim, extinguishing both the remainder of its ROT claim and any non-preferential, unsecured claims against the Companies in exchange for collection of certain equipment that remains at Unit 2 Banbury Cross.

During the Period, potential ROT claims have been referenced in a further six proof of debt forms received from creditors. However, all of these claims have been formally rejected due to the nature of the

claim (i.e. purporting ROT over R&D costs / services and not physical goods delivered) and / or did not provide satisfactory supporting evidence to be able to evidence the claim.

3.3.4. Leasehold properties

AUK

	No. of leases as at 5 February 2024	Current Status	Formal Surrender agreed with landlord?	Estimated annual rent savings £'000
Leasehold Property				
Unit 2 Banbury Cross	1	Occupying	N/A – continue to occupy	-
Unit 6, Chalker Way, Banbury	1	Exited	Yes	1,440.9
Beaumont House, Kensington Village, London	11	Exited	Yes - after the Period	3,753.6
Unit 5 Bicester	1	Exited	Yes	351.9
Testing and Validation Centre, Beaumont Road, Banbury ('TVC Banbury')	2	Exited	Lease Assigned for value - £2.1m	166.0
Marlow	1	Exited	Yes	601.9
Upper Heyford	1	Exited	No - ongoing discussions	160.0
Totals	18			6,474.3

As at the date of the Joint Administrators' appointment, AUK had seven leasehold sites across London, Banbury, Bicester and Marlow, encompassing a total of 18 leases. During the Period, steps have been taken to significantly reduce AUK's lease costs – as shown in the table above, by consolidating operations and assets into Unit 2, Banbury Cross.

In the Period, lease surrenders have been successfully negotiated with landlords of three AUK sites and were offered at two further sites (Kensington Village and Upper Heyford), but these had not been agreed by the respective landlords before the end of the Period.

After the Period, the Joint Administrators have successfully agreed a surrender of AUK's leasehold interest in the Kensington Village site. As regards Upper Heyford, the Joint Administrators anticipate agreeing a surrender with this landlord in the coming weeks, as the broad terms of the proposed deed of surrender are now in agreed form.

In relation to the TVC Banbury premises, the Joint Administrators completed an assignment of AUK's interest in the lease to the purchaser of the assets located at TVC Banbury. The lease assignment was agreed as part of a broader asset sale on 21 March 2024, which yielded £2.1m overall. This sum is secured under a fixed charge in AUK and so is due to the Secured Lenders. See *Section 3.4.1* below for further details regarding the associated asset sale.

Unit 2, Banbury Cross remains the sole site currently occupied by AUK and has been retained as part of the strategy to preserve value from the Sales Process by continuing to house ringfenced assets

identified as critical for the Sales Process, including prototype vehicles and other plant & equipment, whilst also maintaining a physical UK footprint for the employees of the Companies.

Upon exiting other leasehold sites, assets of value (including those identified as likely to be required by a potential purchaser of the business) were consolidated into Unit 2, Banbury Cross. This has resulted in rent savings of £4.3m for the Period for the benefit of the AUK estate.

AUTO

	No. of leases	Occupied post-appointment	Continue to occupy / exited	Formal Surrender agreed with landlord	Estimated annual rent savings £'000
Leasehold Property					
Unit 10 Bicester	1	Yes	Exited	Yes	975.0
Unit 11 Bicester	1	Yes	Exited	Yes	1,360.0
Totals	2				2,335.0

AUTO operated two leasehold microfactory sites in Bicester as shown in the table above. Following a consolidation of assets of value into Unit 11 Bicester, we completed our exit from the Unit 10 Bicester site on 1 March 2024.

To facilitate the exit from Unit 11 Bicester and to realise surplus assets of value within the premises, an online auction was conducted by Gordon Brothers on behalf of the Joint Administrators. The auction concluded on 20 March 2024, with final assets collected on 7 April 2024. Remaining assets of value were relocated to AUK's Unit 2 Banbury Cross premises. Further detail on the auction sales, including realisations achieved, is provided in the subsections below.

During the Period, we successfully negotiated a mutual surrender of both Bicester sites, who have the same landlord, facilitating our exit strategy and thereby reducing ongoing costs to the estate by £1.0m across both sites.

3.4. Non-core Assets' realisations

3.4.1. Plant & machinery / furniture & equipment / motor vehicles

Asset sub-category	AUK Realised to date £'000	AUTO Realised to date £'000	Consolidated Realised to date £'000
TVC asset sales & lease assignment	2,135.1	Nil	2,135.1
Plant & machinery	709.2	4,344.3	5,053.5
Furniture & equipment	43.0	12.3	55.3
Motor vehicles	114.3	Nil	114.3
Other materials	9.0	41.2	50.2
Totals	3,010.6	4,397.8	7,408.4

The table above reflects the amounts realised in the Administrations from the sales of physical Non-core Assets and the proceeds received following a completion of the sale of certain assets located at TVC Banbury, together with an assignment of AUK's interest in the lease at this premises.

Sales in the Period of plant & machinery (which include TVC Banbury), furniture & equipment, motor vehicles and other materials i.e. scrap metal proceeds have realised £3.0m for AUK and £4.4m for AUTO. Aside from the realisations from other materials, the rest of the proceeds rank as fixed charge realisations under the terms of the Secured Lenders' security documents.

We engaged Gordon Brothers to conduct two auctions:

- ▶ The first auction, which closed on 20 March 2024, focused on AUTO's plant & machinery resulting in proceeds of £1.8m, before direct costs of sale due to Gordon Brothers for marketing, asset valuation fee, auction hosting and portorage.
- ▶ A subsequent auction, which closed on 23 April 2024, focused on AUK and the remaining assets of AUTO yielding proceeds of £2.3m for AUTO and £0.6m for AUK, before direct costs of sale due to Gordon Brothers for marketing, asset valuation fee, auction hosting and portorage.

Motor vehicles, certain plant & machinery and furniture & equipment that did not sell at the aforementioned auctions were subsequently successfully sold via a private treaty. These aftersales generated a further £0.4m for the Companies (£0.3m for AUTO and £0.1m for AUK).

In addition, there is a review being undertaken to understand the quantum of surplus IT hardware assets that may be sold for the benefit of the AUK estate. It is currently estimated that future realisations could be up to £0.1m.

Aside from the abovementioned IT equipment, all realisations from Non-core Assets have now been finalised, leaving only core assets that have been identified as required for the Sales Process. In the event that the core assets are not sold as part of the Sales Process, these items will be realised subsequently for the benefit of creditors.

3.4.2. Other group entities' (Roborace Ltd and Arrival Elements B.V.) assets

Assets belonging to Roborace Ltd and Arrival Elements B.V. were identified as being stored at Unit 2, Banbury Cross. Due to (i) them not being readily movable; (ii) Roborace Ltd and Arrival Elements B.V. having no employees; and (iii) those companies having nowhere else readily available to store the items, returning these assets to their respective companies was not feasible. Instead, it was agreed with the director of the Other Group Entities that AUK staff would assist in realising these assets from Unit 2, Banbury Cross, via private treaty sales, in return for a fee payable to AUK in recognition of and as contribution to, the ongoing costs to AUK of operating out of Unit 2, Banbury Cross.

As a result, invoices were raised and issued during the Period to Roborace Ltd (£47.9k plus VAT) and Arrival Elements B.V. (£53.3k – VAT not applicable) for storage and related services up to 31 May 2024. These funds have been received into the estate. A further £2.0k was invoiced by AUK to Arrival Elements B.V. in respect of services relating to additional asset sales. These funds were also received in the Period.

It was agreed that, for future sales, AUK will receive a commission of 15% of the sales value to compensate it for the costs incurred in enabling such a sale.

Alongside these negotiations, AUK (in its capacity as sole shareholder) has been requested by three entities within the Arrival Group – Arrival R Ltd, Arrival Elements B.V. and UAB Arrival LT – to sign special resolutions approving the winding up of these entities, placing them into liquidation in their respective jurisdictions. All resolutions have been signed by the Joint Administrators and returned to the proposed liquidators.

3.4.3. Pre-appointment debtors

The Companies' books and records identified a number of accounts receivable balances outstanding as at the Date of Appointment, summarised as follows:

Asset Sub-Category	AUK		AUTO		CONSOLIDATED	
	Recovered to date £'000	Estimated future recoveries £'000	Recovered to date £'000	Estimated future recoveries £'000	Recovered to date £'000	Estimated future recoveries £'000
Rates refunds	2,428.9	66.9	-	-	2,428.9	66.9
Pre-appointment asset sales	-	36.4	-	-	-	36.4
Trade receivables	313.3	225.2	20.2	-	333.5	225.2
Totals	2,742.2	328.5	20.2	-	2,762.4	328.5

Rates refunds (£2.4m recovered in AUK)

We have recovered £2.4m in business rates refunds following extensive negotiations and correspondence with councils across England, which is secured under the floating charge in AUK.

We are currently liaising with other councils regarding additional outstanding rates refunds to understand the recoverable value of the same. However, we understand that there are pre-appointment balances owing by the Companies which may be offset against these refunds. Our investigations into the total amount that may be recoverable are ongoing, but we anticipate it to be £66.9k.

Pre-appointment asset sales (nil recovered)

Prior to our appointment, it was identified that certain assets had been sold, but proceeds had not been received from two purchasers, as follows:

- ▶ the first purchaser with an outstanding debt of £36.4k due to AUK; and
- ▶ the second purchaser with a balance of £12.8k owed to AUK and £25.0k to AUTO.

Since our appointment, we have reissued the overdue invoices and collected the associated supporting documentation to assist with recovery action. Efforts to recover these sums are ongoing and the first purchaser has now agreed to pay the outstanding amount of £36.4k due to AUK.

Despite numerous attempts, we have been unable to make contact with the second debtor, therefore we do not anticipate any recovery from this source.

Pre-paid asset purchase and installation services not received (nil recovered)

We have contacted the vendor to request a full refund for the pre-paid purchase of furniture that was not received by AUK and the installation of the same. The Companies' Procurement team has estimated the value of the prepaid furniture to be £2.5k and the associated installation service was £25.0k.

The vendor has disputed the amount owed on the basis that it delivered and installed part of the assets purchased. The vendor has acknowledged that there are some items of furniture that have not been provided and has now delivered the assets that were being stored by the debtor. These assets will be realised for the benefit of creditors by private treaty sale at an estimated value of £2.5k as outlined above.

However, the vendor has refused to refund the associated installation fee on the basis that AUK did not provide installation dates. Due to the limited information held by AUK to support the Joint Administrators' demand for a full refund of the installation fee, as well as employees with the associated knowledge of this transaction no longer being in the business, we do not consider this element of the amount due to be recoverable.

Trade receivables (£313.3k – AUK and £20.2k - AUTO recovered)

Trade receivables upon appointment amounted to £1.4m owed to AUK and £14k to AUTO.

Since the Date of Appointment, we have investigated the position of trade receivables and issued letters to these debtors, followed up with subsequent correspondence to demand payment of sums due to the Companies where debtors have not responded to date.

In the Period, amounts of £280.9k and \$42.0k for AUK (GBP equivalent of £313.3k) and £20.2k for AUTO were received. Note this is higher than the AUTO book value amount following further analysis of the receivable position. Following our analysis no further additional recoverable amounts have been identified in respect of AUTO.

The largest recovery to date relates to an initial £100.0k receipt for AUK under a payment plan agreed with one debtor. The debtor subsequently defaulted on this payment plan and, following further discussions, a revised payment plan including additional interest was agreed. Payment of £100.0k was received following the Period and the final receipt of £122.0k, which includes £22.0k of late payment interest, is expected by the end of August.

A dispute had arisen with a related party debtor, Charge Cars Ltd, over an amount of £940.7k due to AUK in respect of software services provided to Charge Cars Ltd. The Joint Administrators' investigations indicate that this sum is payable and have issued correspondence to this effect. However, the debtor has now entered administration in the UK. An unsecured claim has been submitted to the

administrators of Charge Cars Ltd on behalf of AUK; we will review the debtor's administrators' proposals in due course to understand the prospects of any return.

Where invoices are written off as irrecoverable, we will consider our ability to seek VAT bad debt relief, by reclaiming the VAT the Companies previously paid to HMRC in respect of these invoices.

Related parties (intercompany loans) (nil recovered)

The Companies' books and records indicate gross intercompany receivable amounts owed to AUK and AUTO amounting to £19.9m and £11.6m, respectively. However, we understand that there may be counterclaims by these debtors which may offset the respective amounts owing to the Companies. In addition, a number of these entities are subject to or shortly will be subject to, insolvency proceedings. These are still being investigated to verify the validity of the potential counterclaims. Our initial view indicates that there would not be a recovery in this regard due to i) offsetting balances with the counterparty which are greater than the amounts due back to the Companies, therefore a net payable position for the Companies, and/or ii) lack of sufficient assets in the counterparty to discharge their liabilities meaning that it is unlikely any dividend payment to their creditors will be made. We will continue to monitor the wind down of these entities and recover any amounts where possible.

3.4.4. Taxation receivables

We have continued to assess the Companies' tax receivable positions following the Appointments. This work has been crucial to pursuing recoveries, where appropriate and commercially viable.

Actions taken include reviewing significant R&D expenses incurred before the Administrations to assess potential recoveries for creditors, via tax credits relating to R&D expenditure (i.e. RDEC). Our investigations indicate that it is unlikely that recoveries can be made in this regard, as the Companies do not currently meet the criteria to reclaim these amounts.

We also noted that the Companies' corporation tax returns for 2021 to 2023 were outstanding as at the date of our Appointments. Our analysis indicated that there were significant tax losses available to the Companies, which could be utilised to offset potential tax liabilities in the Administration estates (e.g. transaction tax on the Sales Process). On this basis, work was performed to file the tax returns for 2021 to 2023 for the Companies to crystallise tax losses to be carried forward into the Administration period.

3.4.5. VAT

Pre-appointment VAT

Based on our discussions with the Companies' Finance team, we are working to finalise the pre-appointment VAT returns. It is anticipated that the Companies will be in a VAT payable position.

As part of this work, we are obtaining invoices from landlords relating to the pre-appointment tax period in respect of rent paid out of rental deposit accounts for inclusion in the pre-appointment VAT returns, which will reduce the payable position.

Post-appointment VAT

We have submitted VAT returns up to June 2024 for AUTO and AUK. The returns up to June 2024, indicate a reclaimable position of £233.8k and £219.5k, respectively. Currently, we are in contact with HMRC to expedite the repayment process for these amounts.

We are also seeking invoices for amounts drawn from rental deposits for the post-appointment period for inclusion into the VAT returns, which will offset any VAT payable and may result in further VAT recoveries for the estates.

3.4.6. Cash on appointment

We have collected the funds in pre-appointment bank accounts held with HSBC and Lloyds. These accounts are now closed and funds totalling £60.8k, €22.1k and \$77.3k (GBP equivalent of £140.5k) for AUK and £1.1m, €201.8k and \$20.4k (GBP equivalent of £1.3m) for AUTO have been transferred into the Administration bank accounts.

4. Receipts and payments account

The Joint Administrators' receipts and payments account for the period from 5 February 2024 to 4 August 2024 is attached at *Appendix 2*. It does not reflect estimated future realisations or costs.

Summaries of the most significant cashflows in the Period are provided in the table below and commentary follows, to the extent it has not been provided in *Section 3* above:

Cumulative position as at 4 August 2024	Report Section ref.	AUK GBP consolidated ¹ £'000	AUTO GBP consolidated ¹ £'000	Consolidated Total ¹ £'000
Fixed charge receipts				
Lender funding	4.1.1	13,331.1	2,634.0	15,965.1
Bank interest		92.8	63.0	155.8
Furniture & equipment	3.4.1	43.0	12.3	55.3
Plant & machinery	3.4.1	2,809.2	4,344.3	7,153.5
Motor vehicles	3.4.1	114.3	-	114.3
Sundry receipts	4.1.2	0.8	-	0.8
Total Fixed charge receipts		16,391.1	7,053.6	23,444.7
Floating charge / uncharged receipts				
Cash on appointment	3.4.6	140.5	1,326.9	1,467.4
Return of surplus payments to subsidiaries		158.3	-	158.3
Pre-appointment debtors	3.4.3	2,742.2	20.2	2,762.4
Other receipts ²	Note 2, 3.4.1 & 3.4.2	62.9	53.2	116.1
Contribution to costs	3.4.2 & 4.1.3	103.2	40.5	143.7
Total Floating charge / uncharged receipts		3,207.0	1,440.8	4,647.8
Non-Trading Payments				
Employee costs	3.3.2	(4,980.7)	(341.1)	(5,321.8)
Payments to subsidiaries	3.3.2	(4,036.0)	-	(4,036.0)
Administrators' fees	7.1	(2,060.9)	(1,158.1)	(3,219.0)
Legal fees	4.2.1	(457.1)	(283.8)	(740.9)
IT costs	3.2 & 4.2.2	(563.2)	(7.9)	(571.1)
Property costs	3.3.4	(526.0)	(458.3)	(984.3)
Other professional fees	4.2.3	(469.9)	-	(469.9)
Contractor costs	3.3.2 & 3.3.3	(525.2)	-	(525.2)
Pre-appointment Administrators fees	7.3	(173.4)	(141.9)	(315.3)
Pre-appointment legal fees	4.2.1 & 7.3	(102.5)	(66.3)	(168.8)
Other payments ³	Note 2	(110.8)	(130.7)	(241.5)
Repayment of lender funding	4.2.4	-	(1,100.0)	(1,100.0)
Total Non-trading payments		(14,005.8)	(3,688.1)	(17,693.9)
Balances in hand (incl. VAT receivable / payable) position		5,592.3	4,806.2	10,398.6

Notes

1. Please note any amounts paid and received in currency amounts are translated at FX rates on 6 August 2024 of 1.27 USD / GBP and 1.16 EUR / GBP.
2. Other receipts include the following:
 - a. AUK – Prepayments (£9.3k), Materials (£9.0k), Bank interest (£9.4k) and Rental deposit refunds (£35.1k).
 - b. AUTO – Materials (£41.2k) and Bank interest (£11.9k).
3. Other payments include the following:

AUK – Other suppliers (£79.4k), Agents' fees (£16.1k), Motor vehicle finance (£6.8k), Reimbursement of payments to suppliers (£2.3k), Statutory costs (£0.1k) and Bank charges (£6.2k). AUTO - Other suppliers (£10.1k), Agents' fees (£120.0k), Reimbursement of payments to suppliers (£0.2k), Statutory costs (£0.1k) and Bank charges (£0.4k).

4.1. Receipts

4.1.1. Lender funding – £13.3m for AUK and £2.6m for AUTO received

Amounts of £13.3m and £2.6m have been drawn by AUK and AUTO, respectively, under the AFA. See *Section 3.3.1* for further details.

Please note that, since the Proposals, as a result of an amendment to the terms of the AFA, the funding has been reallocated to fixed charge realisations in its entirety. This was agreed with the Secured Lenders in accordance with the terms of the amendments to the AFA. As such, net fixed charge realisations would repay the AFA to the extent possible. Net floating charge or uncharged realisations would only repay the AFA if there is a deficiency in repayment of the AFA from net fixed charge realisations.

4.1.2. Sundry receipts – £0.8k received in AUK

An amount of £48.2k of unallocated receipts was noted in the Proposals. Our investigations since the Proposals indicate that this receipt was from Cherwell District Council in respect of a rates refund. This amount has now been reallocated to pre-appointment debtors.

We also received £0.8k in the Period for the private use of the car park at Unit 2, Banbury Cross.

4.1.3. Contribution to costs – £103.2k received in AUK and £40.5k in AUTO

The Joint Administrators successfully achieved additional recoveries totalling £40.5k from auction buyers in respect of additional time spent in the Unit 11 Bicester premises whilst waiting for them to collect their purchased goods. The amount recovered paid for additional costs incurred.

4.2. Payments

4.2.1. Legal fees – £457.1k paid by AUK and £283.8k paid by AUTO

Post appointment legal fees of £457.1k and £283.8k have been paid in the Period by AUK and AUTO, respectively.

Fees incurred in the Period are in respect of legal advice sought on:

- ▶ The creditors' winding up petition received by the Companies pre-appointment. The hearing was subsequently not attended following discussions with the petitioner's legal advisors to set aside the petition.
- ▶ The ongoing advice from several lawyers on property and leasehold related matters (e.g. to progress the surrender of leases).
- ▶ The ongoing advice from specialist IP Legal Advisors to preserve the IP essential for the Sales Process.
- ▶ Review of security position of the Companies by Freshfields Bruckhaus Deringer LLP
- ▶ Seeking one-off advice from immigration specialist lawyers regarding visa renewals for employees.

Legal fees of £102.5k for AUK and £66.3k for AUTO have been paid in relation to the pre appointment period. See *Section 7.3* for further details.

4.2.2. IT costs – £563.2k paid by AUK and £7.9k paid by AUTO

AUK IT costs incurred to date relate to:

- ▶ Maintaining the IT infrastructure of AUK, including systems critical to preserving books and records and office systems for ongoing trade in the Administrations.
- ▶ Maintaining and retaining the relevant IP of the Companies to support the Sales Process.
- ▶ Specific costs associated with the virtual data room for the ongoing Sales Process.

AUTO IT costs paid in the Period of £7.9k relate to the retention of AUTO's accounting system, paid to maintain records, assist with statutory requirements and realise assets. See *Section 3.2* for further details.

4.2.3. Other professional fees – £469.9k paid by AUK

Certain advisors have been retained to assist with both the Sales Process and treasury matters. The advisors have been retained due to their prior experience in and knowledge of, both treasury matters and the Sales Process. Total payments of £407.0k and \$80.0k (£469.9k equivalent) have been made in the Period.

4.2.4. Repayment of lender funding - £1.1m paid by AUTO

In July 2024, following successful auctions of AUTO's plant & machinery as detailed in *Section 3.4.1*, AUTO was in a position to repay an element of the funding provided by the Secured Lenders pursuant to the terms of the AFA to reduce the interest accruing on funding drawn down.

As there continued to be a funding need in AUK, it was agreed with the Secured Lenders that a repayment of £1.1m would be made from AUTO and a subsequent drawdown of that amount would be made in AUK.

5. Distributions to creditors

No distributions have been made to date to any creditors.

5.1.1. Secured creditors

The Secured Lenders' position remains unchanged since our Proposals. Please refer to our Proposals for further information. It is currently estimated that the Secured Lenders will suffer a shortfall against their debt, the extent of which will be dependent on the outcome of the Sales Process.

5.1.2. Primary preferential creditors – employees

Claims from employees in respect of accrued but unpaid arrears of pay up to £800, accrued but unpaid holiday pay and certain pension benefits, rank preferentially and in priority to other preferential creditors. These claims are therefore referred to as 'primary preferential creditors'.

The Joint Administrators estimate the amount of primary preferential creditors at the date of our appointment to be £173.4k for AUK and £11.2k for AUTO. We are of the opinion that the timing and quantum of any distribution to the primary preferential creditors of AUK and AUTO is dependent on the outcome of the ongoing Sales Process.

5.1.3. Secondary preferential creditors

Claims from HMRC, in relation to VAT, PAYE and employees' NICs rank preferentially, but secondary to the employee primary preferential creditors. These claims are therefore referred to as 'secondary preferential creditors'.

We estimate the amount of secondary preferential claims at the date of our Appointments to be £1.8m for AUK and £121.6k for AUTO.

We currently estimate that a distribution may be made, in due course to secondary preferential creditors of both AUK and AUTO, however the timing and quantum of any is dependent on the outcome of the ongoing Sales Process.

5.1.4. Non-preferential, unsecured creditors

The Joint Administrators continue to receive claims from non-preferential, unsecured creditors of the Companies. It is estimated that non-preferential, unsecured creditors are £114.4m for AUK and £27.1m for AUTO.

It is too early to advise if there will be sufficient funds available to pay a dividend to the non-preferential, unsecured creditors. However, should it be possible to pay a dividend to the non-preferential, unsecured creditors the timing and quantum of the same will be dependent on the outcome of the ongoing Sales Process.

The Joint Administrators will provide an update on the expected non-preferential, unsecured creditor dividend position in their next progress report to creditors.

5.1.5. The Prescribed Part

The Prescribed Part is a portion of floating charge assets set aside for non-preferential, unsecured creditors pursuant to section 176A of the Insolvency Act 1986. The Prescribed Part applies to floating charges created on or after 15 September 2003. It should, however, be noted that on 6 April 2020, the Insolvency Act 1986 (Prescribed Part) (Amendment) Order 2020 came into force. It increased the maximum amount of the Prescribed Part from £600,000 to £800,000, however the increase will only apply where the floating charge affected was created on or after 6 April 2020.

AUK

The relevant charge for the Company was created on 13 November 2023 and therefore the increased Prescribed Part amount applies.

Dependant on the outcome of the ongoing Sales Process, it is possible that there may be funds available to allow a nominal distribution to the Company's non-preferential, unsecured creditors by virtue of a dividend under the Prescribed Part. The timing and quantum of the dividend has yet to be determined as the Sales Process and the claims adjudication processes remain to be completed.

AUTO

As noted in the Proposals, there was no floating charge security in respect of AUTO. Consequently, section 176A of the Insolvency Act 1986 does not apply to this Administration and there is no Prescribed Part to be set aside for the non-preferential, unsecured creditors.

6. Investigations

We have concluded our investigations into the Companies' affairs, in accordance with SIP 2 and the Company Directors Disqualification Act 1986, with the necessary submissions being made to the Insolvency Service on 30 April 2024. We have no further investigations to undertake.

7. Remuneration

7.1. 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 web site 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. The Joint Administrators policy for charging remuneration and disbursements is outlined at *Appendix 3*.

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). Further information is provided in 'A Creditors' Guide to Administrators' Fees' referred to above.

In accordance with our fee estimate dated 28 March 2024, our remuneration was fixed on a time-cost basis on 13 May 2024, as follows:

- ▶ £3,005,663 for AUK by a resolution of the Secured Lenders and preferential creditors; and
- ▶ £1,895,062 in AUTO by a resolution of the general body of creditors.

During the Period, we have incurred time costs of £5.9m excluding VAT (£4.4m for AUK and £1.5m for AUTO) up to 4 August 2024. Of this sum, £3.8m excluding VAT (£2.6m for AUK and £1.2m for AUTO) has been invoiced.

An analysis of the time spent, and a comparison with the fee estimate dated 28 March 2024 is attached as *Appendix 4* to this report.

We anticipate that our remuneration will exceed the fee estimate by £3.4m (£3.0m AUK and £0.4m AUTO), for the following reasons:

- ▶ The original fee estimate was built on the assumption that the Sales Process would comprise an eight-week period. However, at the request of the Secured Lenders this has been extended beyond the timeline stated in the Proposals, significantly increasing time spent by the Joint Administrators and their staff to achieve a potential business sale. In the period of an extended Sales Process, the Joint Administrators and their staff have spent time attending to investors' queries, supporting their due diligence processes and reviewing their bids to progress them through to a potential transaction, providing regular updates to the Secured Lenders and on the creation of a business model. We expect these activities to continue whilst the Sales Process is finalised, as well as the additional requirements of executing a potential transaction to completion.
- ▶ The extension of the Sales Process primarily increased the Joint Administrators' time costs on work directly involved in progressing a potential business sale, but further time costs were also incurred in respect of Administration and planning, Employee matters and Trading to support a continued Sales Process by ensuring the stability of the critical components of the business.

- ▶ Other factors as noted below, which were not included into the original forecast, have driven the increase in our fee estimate:
 - ▶ Unforeseen complexities on data preservation across the UK and US were required to be overcome.
 - ▶ Requests by bidders to prepare a business model for the Companies.
 - ▶ The negotiation of several amendments to the AFA to extend the funding requirements.
 - ▶ Engaging in tax discussions when considering potential sale structures to minimise tax leakage.
 - ▶ An extended period to realise an increased volume of Non-core Assets onsite which we were not made aware of prior to our appointment which involved (inter alia) consolidation of assets from Unit 10 Bicester to Unit 11 Bicester and, subsequently, to Unit 2 Banbury Cross post auction, managing Gordon Brothers for an extended timeframe, reviewing asset sales and coordinating the completion of transactions (e.g. release documents, receipt of and accounting for, proceeds).
 - ▶ Exploring potential tax recoveries which are complex in nature (e.g. RDEC) for the benefit of the estates.
 - ▶ Tax planning as appropriate, which required bringing the Companies' accounting and tax filings for FY21 – FY23 up to date, to ensure the availability of sufficient carried forward losses and capital allowances to shelter any tax liabilities arising in the Administration period, should that prove to be necessary.
 - ▶ Defending / responding to landlords and their legal advisors in relation to the property exit strategy, which has taken some time to resolve and is likely to extend beyond any period of occupation / exit. If these claims are not defended, they become expenses of the Administrations that would need to be settled and it is therefore critical that these are fully defended where commercial to do so. This involves numerous calls, meetings with landlords and / or their representatives and protracted communications.

The Joint Administrators will be seeking a further extension to the Administrations and additional time costs will be incurred in this regard. We will be writing to creditors to seek an uplift of our fees as a result. We will not draw remuneration in excess of the fee estimate without the prior approval of creditors, which we will seek under separate cover shortly.

7.2. Joint Administrators' statement of expenses incurred

During the Period, we have incurred expenses totalling £11.8m. in AUK and £1.2m in AUTO excluding VAT. There is a breakdown of expenses incurred in the Period at *Appendix 5* of this report.

The Joint Administrators have exceeded the total estimate for expenses provided in their fee estimate and details of expenses document dated 28 March 2024, for AUK, which totalled £7.9m.

The increase reflects the extension of the Sales Process to achieve a sale of the Companies' business and certain of its assets, as detailed in the *Section 3.2* of this report.

Accordingly, an updated estimate of total expenses, together with an analysis of the expenses incurred in the Period for the Administrations is provided at *Appendix 5* to this report. These expenses represent operating expenses incurred by the Companies and include, but are not limited to, legal fees, employee costs, payments to subsidiaries under TSAs, IT costs, rent and rates and insurance.

7.3. Pre-administration costs

As detailed in the Proposals, the Joint Administrators sought approval for unpaid pre-administration costs totaling £558,680, comprised of unpaid:

- ▶ Joint Administrators' remuneration and expenses of £315,315 (AUK: £173,423, AUTO: £141,892).
- ▶ Ropes & Gray's fees of £102,523 for AUK and £66,293 for AUTO. We note that the Proposals showed amounts of £147,965 and £95,400 for AUK and AUTO respectively. The difference relates to a correction for foreign exchange rates.

The payment of such costs as expenses of the Administrations is subject to approval under Rule 3.52 of the Rules. The requisite approvals were received from the secured and preferential creditors of AUK and the secured and unsecured creditors of AUTO, respectively, on or prior to 13 May 2024 and the costs were subsequently drawn from the estates on 5 June 2024.

8. Extension of the Administrations

Insolvency legislation currently provides for an administration to automatically come to an end after a period of 12 months.

AUK

As there may remain a number of outstanding matters to conclude in the Administration beyond the initial 12 month period, such as matters dependent on the structure and timing of the ongoing Sales Process and post transaction obligations, a 12 month extension to the initial period of the Administration will be sought to allow sufficient time for such matters to be addressed.

In accordance with paragraph 76(2)(b) of Schedule B1 of the Insolvency Act 1986 and Rules 3.54 and 15.7 of the Rules, we are seeking the consent of the Secured Lenders and the preferential creditors to extend the period of the Administration by 12 months to 4 February 2026 and enclose at *Appendix 7* Notice to creditors of deemed consent.

AUTO

As there may remain a number of outstanding matters to conclude in the Administration beyond the initial 12 month period, such as matters dependent on the structure and timing of the ongoing Sales Process and post transaction obligations, a 12 month extension to the initial period of the Administration will be sought to allow sufficient time for such matters to be addressed.

In accordance with Paragraph 76(2)(b) of Schedule B1 of the Insolvency Act 1986 and Rules 3.54 and 15.7 of the Rules, we are seeking the Secured Lenders, the preferential creditors and the non-preferential, unsecured creditors' consent to extend the period of the Administration by 12 months to 4 February 2026 and enclose at *Appendix 7* Notice to creditors of deemed consent.

9. Creditors' committee

The Rules require that whenever a decision is sought from creditors, they must also be invited to establish a creditors' committee if, as in this case, a committee is not already in existence. Accordingly, we also enclose invitations to form a creditors' committee at *Appendix 8* for both AUK and AUTO. In order for a committee to be formed, at least three creditors must be willing to serve on the committee and they must give their consent in writing.

If you vote in favour of establishing a committee, please also complete the nomination section of the voting form and, unless you are nominating yourself, include the appropriate written consent(s) to act with your completed voting form. If there are fewer than three valid nominations, a committee cannot be established. If there are at least three and no more than five valid nominations, a committee will be formed with the nominated creditors. In the event that there are more than five valid nominations, we shall put the nominations to a vote by the general body of creditors.

10. Remaining work

We will continue to deal with the Administrations in line with the stated objectives outlined in the Proposals. Future tasks will include, but may not be limited to, the following:

- ▶ Monitoring the cash flow and liaising with the Secured Lenders who are funding the Sales Process (including the associated Joint Administrators' costs).
- ▶ Continuing to liaise with interested parties regarding a potential sale of the Companies' business and certain of their assets.
- ▶ Taking all such steps as the Joint Administrators deem appropriate to realise value from the Companies' residual plant & machinery / furniture & equipment should a sale of the business and core assets not be achievable.
- ▶ Liaising with landlords and rating authorities / councils regarding the Companies' leasehold premises in an attempt to recover rates prepayments and rent deposit amounts, particularly in relation to Unit 2, Banbury Cross.
- ▶ Finalising lease surrenders with landlords of the properties.
- ▶ Investigating the extent of any other assets or potential claims held by the Companies and pursuing recovery, where possible and cost effective.
- ▶ Collect debtors and receivables due to the Companies including recovery of any outstanding balances due from related entities and tax assets.
- ▶ Reviewing and adjudicating preferential claims (as applicable).
- ▶ Distributing amounts to the secured and preferential creditors of the Companies (as applicable).
- ▶ Distributing amounts to the non-preferential, unsecured creditors of AUK under the Prescribed Part (as applicable).
- ▶ Distributing amounts to the non-preferential, unsecured creditors of AUTO, which would require an application to Court in terms of paragraph 65(3)(b) of Schedule B1 to the Insolvency Act 1986.¹
- ▶ Dealing with non-preferential, unsecured creditor queries.
- ▶ Reviewing and adjudicating non-preferential, unsecured creditor claims (as applicable).

¹ This application is required because it involves obtaining the Court's approval to make distributions to unsecured creditors outside the normal course of the administration process. The approval ensures that the distribution is conducted fairly, legally, and in accordance with the priorities established under insolvency law, safeguarding the interests of all creditors involved in the administration.

- ▶ Assisting redundant employees with any claims against the RPS and / or the Companies (as applicable).
- ▶ Dealing with corporation tax and VAT matters, which includes filling statutory returns.
- ▶ Ensuring all statutory reporting and compliance obligations are met.
- ▶ Finalising the Administrations, including payment of all Administration expenses and liabilities.
- ▶ If appropriate, take steps to place AUTO into creditors' voluntary liquidation and/or place AUK into compulsory liquidation.
- ▶ If the Joint Administrators deem it appropriate, to seek an extension and / or further extensions to the Administrations from the Companies' creditors and / or the Court.
- ▶ At the end of the Administrations, to seek a discharge order from the Court pursuant to paragraph 98 of Schedule B1 to the Insolvency Act 1986.
- ▶ Any other actions required to be undertaken by the Joint Administrators in order to fulfil the purpose of the Administrations.

11. Next report

We will report to you again in six months' time.

In the meantime, if you have queries regarding the content of this report, please do not hesitate to contact us by email aukadministration@uk.ey.com.

Appendix 1 -

Information about the proceedings, the Companies and the office holders

Name of Court:	The High Court of Justice Business and Property Courts of England and Wales, Insolvency and Companies List (ChD)
Court reference:	CR-2024-000650

Registered name of the company:	Arrival UK Ltd
Registered office address of the company:	c/o Ernst & Young LLP, 1 More London Place, London, SE1 2AF
Registered number:	09475811
Country of incorporation (for a company incorporated outside the United Kingdom):	N/A

Registered name of the company:	Arrival Automotive UK Limited
Registered office address of the company:	c/o Ernst & Young LLP, 1 More London Place, London, SE1 2AF
Registered number:	11974606
Country of incorporation (for a company incorporated outside the United Kingdom):	N/A

Date of appointment of the Joint Administrators:	5 February 2024
Details of any changes of Administrator:	None
Full names of the Joint Administrators:	Simon Jamie Edel, Alan Michael Hudson and Samuel James Woodward
Office holder numbers:	9810, 9200 and 12030
Joint Administrators' addresses:	Ernst & Young LLP 1 More London Place, London, SE1 2AF Ernst & Young LLP 2 St Peters Square, Manchester, M2 3EY
Email:	aukadministration@uk.ey.com
Name of alternative person to contact with enquiries about the case:	Lucy McWalters

Appendix 2 -

Joint Administrators' summary of receipts and payments for the Period

Arrival UK Ltd (In Administration)					
Joint Administrators' summary of receipts and payments to 4 August 2024					
Per Directors' Statement of Affairs Estimated Realisable Value	Notes	GBP	EUR	USD	GBP Consolidated
	Fixed charge receipts	1, 2			
Nil	Lender funding	3	13,331,104	-	13,331,104
523,313	Plant & machinery		2,809,183	-	2,809,183
42,170	Motor vehicles		114,250	-	114,250
Nil	Bank interest		92,787	-	92,787
91,337	Furniture & equipment		42,958	-	42,958
Nil	Sundry receipts		825	-	825
	Total fixed charge receipts		16,391,107	-	16,391,107
	Floating charge receipts	1,2			
2,692,435	Pre-appointment debtors		2,709,182	-	2,742,182
Included above	Prepayments		4,670	-	9,343
Nil	Return of surplus payments to subsidiaries		-	184,255	158,263
149,146	Cash on appointment		60,802	22,061	140,493
Nil	Contribution to costs		103,205	-	103,205
Nil	Rent deposit refunds		35,108	-	35,108
Nil	Materials		9,013	-	9,013
Nil	Bank interest		8,833	540	9,388
	Total floating charge receipts		2,930,813	206,856	3,206,995
	Total receipts		19,321,920	206,856	19,598,102
	Non-trading payments	1, 2			
	Employee costs	5	(4,980,742)	-	(4,980,742)
	Payments to subsidiaries		(3,947,096)	(74,906)	(4,036,011)
	Administrators' fees	7	(2,060,908)	-	(2,060,908)
	Legal fees		(457,112)	-	(457,112)
	IT costs		(538,447)	(23,701)	(563,159)
	Property costs		(525,986)	-	(525,986)
	Other professional fees		(407,002)	-	(469,895)
	Contractor costs		(514,434)	(9,654)	(525,179)
	Pre-appointment Administrators' fees		(173,423)	-	(173,423)
	Pre-appointment legal fees		(102,523)	-	(102,523)
	Other suppliers		(79,394)	-	(79,394)
	Agents' fees		(16,107)	-	(16,107)
	Motor vehicle finance		(6,784)	-	(6,784)
	Bank charges		(5,634)	(266)	(6,155)
	Reimbursement of payments to suppliers	8	(2,291)	-	(2,291)
	Statutory costs		(104)	-	(104)
	Total non-trading payments		(13,817,987)	(108,527)	(14,005,772)
	Balances in hand		5,503,933	98,329	5,592,329
	Represented by:				
	Fixed bank accounts	4	1,653,771	-	1,653,771
	Floating bank accounts	4	1,078,814	93,589	1,163,138
	Funding bank account	4	2,703,795	-	2,703,795
	VAT receivable		67,553	4,740	71,625
			5,503,933	98,329	5,592,329
	GBP equivalent	6	5,503,933	84,459	3,937

Notes

1. Receipts and payments are stated net of VAT.
2. The receipts and payments account has been prepared on a cash basis and does not reflect future estimated receipts and payments.
3. Funding has been provided by the Secured Lenders to run the Sales Process for AUK and, as such, has currently been allocated as a fixed charge receipt.
4. All funds are held in interest bearing bank accounts. Drawdowns from the Secured Lenders are made to the Administration funding account which then get subsequently allocated to the fixed charge bank account.
5. Employee costs include net pay, PAYE, NIC and all other employee costs.
6. The GBP equivalent amounts are translated at FX rates on 6 August 2024 of 1.27 USD / GBP and 1.16 EUR / GBP. Funds have been held in non-GBP denominations in order to discharge non-GBP payments to minimise any FX losses. There has been no financial impact on the estate in holding these amounts in non-GBP denominations.
7. This is the amount of Administrators' fees that have been paid in the Period.
8. Reimbursement of payments to suppliers are where payments have been made by the Administrators' team for IT costs and have been reimbursed by AUK.
9. All payments are shown as non-trading as there have been no trading activities in the Period.

Arrival Automotive UK Limited
(In Administration)
Joint Administrators' summary of receipts and payments to 4 August 2024

		<i>Notes</i>	GBP	EUR	USD	GBP Consolidated
Per Directors' Statement of Affairs Estimated Realisable Value						
	Fixed charge receipts	<i>1, 2</i>				
3,764,566	Plant & machinery		4,344,292	-	-	4,344,292
	Lender funding	<i>3</i>	2,634,000	-	-	2,634,000
	Bank interest		63,020	-	-	63,020
11,520	Furniture & equipment		12,260	-	-	12,260
	Total fixed charge receipts		7,053,572	-	-	7,053,572
	Uncharged receipts	<i>1,2</i>				
1,326,765	Cash on appointment		1,137,459	201,853	20,467	1,326,928
Nil	Materials		41,237	-	-	41,237
Nil	Contribution to costs		40,500	-	-	40,500
62,596	Pre-appointment debtors		20,170	-	-	20,170
	Bank interest		11,121	882	62	11,927
	Total uncharged receipts		1,250,487	202,735	20,530	1,440,763
	Total receipts		8,304,059	202,735	20,530	8,494,334
	Non-trading payments	<i>1,2</i>				
	Administrators' fees	<i>7</i>	(1,158,095)	-	-	(1,158,095)
	Repayment of lender funding		(1,100,000)	-	-	(1,100,000)
	Property costs		(458,312)	-	-	(458,312)
	Employee costs	<i>5</i>	(341,119)	-	-	(341,119)
	Pre-appointment Administrators' fees		(141,892)	-	-	(141,892)
	Legal fees		(283,835)	-	-	(283,835)
	Agent fees		(119,965)	-	-	(119,965)
	Pre-appointment legal fees		(66,293)	-	-	(66,293)
	Other suppliers		(10,062)	-	-	(10,062)
	IT costs		(7,874)	-	-	(7,874)
	Bank charges		(308)	(32)	(34)	(362)
	Reimbursement of payments to suppliers	<i>8</i>	(180)	-	-	(180)
	Statutory costs		(104)	-	-	(104)
	Total non-trading payments		(3,688,041)	(32)	(34)	(3,688,094)
	Balances in hand		4,616,018	202,703	20,495	4,806,240
	Represented by:					
	Fixed bank accounts	<i>4</i>	4,017,268	-	-	4,017,268
	Floating bank accounts	<i>4</i>	312,462	202,703	20,495	502,684
	Funding bank account	<i>4</i>	21,854	-	-	21,854
	VAT receivable		264,434	-	-	264,434
			4,616,018	202,703	20,495	4,806,240
	GBP equivalent	<i>6</i>	4,616,018	174,109	16,113	

Notes

1. Receipts and payments are stated net of VAT.
2. The receipts and payments account has been prepared on a cash basis and does not reflect future estimated receipts and payments
3. Funding has been provided by the Secured Lenders in order to run the Sales Process for AUTO and as such has currently been allocated as a fixed charge receipt.
4. All funds are held in interest bearing bank accounts. Drawdowns from the Secured Lenders are made to the Administration funding account which then get subsequently allocated to the fixed charge bank account.
5. Employee costs include net pay, PAYE, NIC and all other employee costs.
6. The GBP Equivalent amounts are translated at FX rates on 6 August 2024 of 1.27 USD / GBP and 1.16 EUR / GBP. Funds have been held in non-GBP denominations in order to discharge non-GBP payments to minimise any FX losses. There has been no financial impact on the estate in holding these amounts in non-GBP denominations.
7. This is the amount of Administrators fees that have been paid in the Period.
8. Reimbursement of payments to suppliers are where payments have been made by the Administrators' team for IT costs and have been reimbursed by AUTO.
9. All payments are shown as non-trading as there have been no trading activities in the Period.

Appendix 3 -

Statement of Joint Administrators' charging policy for remuneration and disbursements pursuant to SIP 9

Joint Administrators' charging policy for remuneration

The Joint Administrators have engaged managers and other staff to work on the Administrations. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by accounting and treasury executives dealing with the Companies' bank accounts and statutory compliance diaries. Work carried out by all staff is subject to the overall supervision of the Joint Administrators.

All time spent by staff working directly on case-related matters is charged to a time code established specifically for these engagements. Time is recorded in units of six minutes. Each member of staff has a specific hourly rate, which is subject to change over time.

Joint Administrators' charging policy for expenses

SIP 9 divides expenses into two categories.

- ▶ Category 1 expenses are defined as specific expenditure relating to the Administration of the insolvent's affairs and referable to payment to an independent third party. Such expenses can be paid from the insolvent's assets without approval from the creditors' committee or the general body of creditors. In line with SIP 9, it is our policy to disclose Category 1 expenses drawn but not to seek approval for their payment. We are prepared to provide such additional information as may reasonably be required to support the expenses drawn.
- ▶ Category 2 expenses are charges made by the office holder's firm that include elements of shared or overhead costs. SIP 9 provides that such expenses are subject to approval as if they were remuneration. It is our policy, in line with SIP 9, to seek approval of Category 2 expenses at the same time as our fees and before they are drawn.

Appendix 4 -

Joint Administrators' time costs for the Period and a comparison with the fee estimate dated 28 March 2024

Arrival UK Ltd (in Administration)

	Original Fee Estimate			Variance to Original Fee Estimate			Amount incurred in the Period		
	Total hours	Time costs	Average hourly rate	Total hours	Time costs	Average hourly rate	Total hours	Time costs	Average hourly rate
Administration and planning	1,184	520,810	440	939	411,850	(1)	2,123	932,660	439
Bank & statutory reporting	330	181,737	551	123	55,451	(27)	452	237,188	525
Creditors	120	37,186	309	(26)	(7,856)	2	94	29,330	311
Data preservation	113	64,236	569	249	112,474	(80)	362	176,710	489
Debtors	200	93,185	467	(101)	(49,606)	(26)	99	43,579	440
Employee matters	561	339,699	606	574	400,651	47	1,135	740,350	653
Environmental issues	-	-	-	27	14,610	543	27	14,610	543
Immediate tasks	37	15,435	416	4	3,430	39	42	18,865	455
Investigation & CDDA	130	75,547	579	46	12,890	(78)	177	88,437	501
Job acceptance & strategy	927	406,994	439	(843)	(329,521)	487	84	77,473	926
Other assets	429	270,689	631	(27)	(28,042)	(27)	402	242,647	604
Other matters	7	4,140	627	13	5,320	(140)	19	9,460	488
Property	262	177,584	677	(52)	(53,424)	(88)	211	124,160	590
Public Relations Issues	-	-	-	1	800	800	1	800	800
Reporting	68	44,062	644	276	140,577	(108)	345	184,639	536
Retention of title	-	-	-	4	2,355	567	4	2,355	567
Sale of business	679	442,719	652	687	511,854	47	1,367	954,573	698
Trading	379	199,247	526	501	215,393	(54)	880	414,640	471
VAT & taxation	271	120,256	443	(67)	6,264	177	204	126,519	620
Legal issues	13	12,137	919	20	16,505	(62)	33	28,642	858
Total hours / fees	5,711	3,005,663	526	2,348	1,441,974	26	8,059	4,447,637	552

Arrival Automotive UK Limited (in Administration)

	Original Fee Estimate			Variance to Original Fee Estimate			Amount incurred in the Period		
	Total hours	Time costs	Average hourly rate	Total hours	Time costs	Average hourly rate	Total hours	Time costs	Average hourly rate
Administration and planning	667	292,281	438	94	26,095	(20)	761	318,376	418
Bank & statutory reporting	214	116,845	546	92	38,411	(39)	307	155,256	506
Creditors	1,102	428,129	389	(1,051)	(408,824)	(9)	51	19,305	380
Data preservation	41	28,624	694	140	65,696	(173)	181	94,320	521
Debtors	84	39,798	475	(74)	(34,728)	65	9	5,070	539
Employee matters	164	98,770	600	(32)	(14,371)	36	133	84,399	636
Environmental issues	-	-	-	-	-	-	-	-	-
Immediate tasks	15	8,450	563	1	630	8	16	9,080	571
Investigation & CDDA	64	35,844	563	65	26,258	(79)	128	62,102	484
Job acceptance & strategy	536	242,176	452	(480)	(189,983)	471	57	52,193	922
Other assets	273	174,938	640	(27)	(9,056)	34	246	165,882	674
Other matters	5	4,084	756	4	2,060	(116)	10	6,144	640
Property	130	88,372	682	(51)	(39,182)	(55)	79	49,190	627
Public Relations Issues	-	-	-	-	-	-	-	-	-
Reporting	69	45,016	650	116	59,870	(83)	185	104,886	567
Retention of title	-	-	-	31	19,835	637	31	19,835	637
Sale of business	271	185,301	683	130	106,525	45	401	291,826	728
Trading	70	39,634	565	(39)	(20,949)	34	31	18,685	599
VAT & taxation	120	52,582	439	(36)	(4,551)	134	84	48,031	574
Legal issues	15	14,216	929	3	2,354	(14)	18	16,570	915
Total hours / fees	3,842	1,895,062	493	(1,115)	(373,912)	65	2,727	1,521,150	558

Appendix 5 -

Summary of Joint Administrators' expenses incurred

Arrival UK Ltd (in Administration)

Type of expense	Per fee estimate dated 28 March 2024	Total incurred as at 4 August 2024	Estimate to complete	Estimated total
Payments made from the estate which are not disbursements				
Category 1				
Legal fees	670,000	460,134	388,705	848,839
Agents' fees	35,000	16,107	15,221	31,328
Insurance	150,000	-	150,000	150,000
Employee costs	2,700,000	4,980,742	1,487,594	6,468,336
Contractor costs	150,000	525,179	200,000	725,179
Payments to subsidiaries	2,200,000	4,036,011	464,940	4,500,951
Property costs	850,000	592,653	492,588	1,085,241
Bank charges	6,000	6,155	2,000	8,155
Statutory costs	2,000	104	1,896	2,000
IT costs	710,000	581,639	649,197	1,230,836
Corporation tax	TBC	-	-	-
Transportation costs ²	37,500	-	-	-
Other professional fees	275,000	480,395	109,500	589,895
Other suppliers ¹	140,000	79,394	60,606	140,000
Reimbursement of payments to suppliers	-	2,291	-	2,291
Motor vehicle finance	-	6,784	-	6,784
Total expenses	7,925,500	11,767,586	4,022,247	15,789,833

Category 1 disbursements

Category 1 disbursement	Per fee estimate dated 28 March 2024	Total incurred as at 4 August 2024	Estimate to complete	Estimated total
Copying, printing and postage	700	-	700	700
Travel costs (excluding mileage)	2,500	6,232	1,268	7,500
Specific penalty bond	500	-	500	500

Category 2 expenses

We have not incurred and do not expect to incur Category 2 expenses in the Administration.

² Please note that Transportation costs have been included within Other Suppliers.

Arrival Automotive UK Limited (in Administration)

Category of expense	Per fee estimate dated 28 March 2024	Total incurred as at 4 August 2024	Estimate to complete	Estimated total
Payments made from the estate which are not disbursements				
Category 1				
Legal fees	450,000	283,835	165,258	449,093
Agent fees	35,000	119,965	-	119,965
Insurance	30,000	-	37,170	37,170
Employee costs	180,000	341,119	101,440	442,559
Property costs	720,000	458,312	14,447	472,759
Statutory costs	2,000	104	1,896	2,000
IT costs	55,000	7,874	47,126	55,000
Bank charges	6,000	362	5,638	6,000
Corporation tax	TBC	-	-	-
Recharge from Arrival UK Ltd	200,000	-	200,000	200,000
Other suppliers	-	11,335	2,930	14,265
Reimbursement of payments to suppliers	-	180	-	180
Total Expenses	1,678,000	1,223,087	575,904	1,798,991

Category 1 disbursements

Category 1 disbursements	Per fee estimate dated 28 March 2024	Total incurred as at 4 August 2024	Estimate to complete	Estimated total
Copying, printing and postage	450	-	450	450
Travel costs (excluding mileage)	2,500	1,853	647	2,500
Specific penalty bond	500	-	500	500

Category 2 expenses

We have not incurred and do not expect to incur Category 2 expenses in the Administration.

Appendix 6 -

Joint Administrators' time costs – explanation of the work done during the Period

Category of work	Description of the work done
Administration and planning	<p><i>Tasks providing an indirect benefit to creditors:</i></p> <ul style="list-style-type: none"> ▶ Preparation and maintenance of the Administration cashflows on both an accruals and receipts and payments basis ▶ Instruction, review and approval of third party payments to ensure continuation of services and support the Administrations' strategy ▶ Aligning strategy and key updates across the engagement team ▶ Preservation of the Companies' physical books and records ▶ Preparation and ongoing monitoring and maintenance of the estimated outcome statement and the receipts and payments accounts to understand returns to creditors ▶ Calculations for the funding drawdown and utilisation request pursuant to the AFA and attending to Secured Lenders queries on the same ▶ Initial strategising in regards to other group entities outside of the Joint Administrators' appointment and in relation to the "rest of world" funding considerations ▶ Recovering monies from HSBC and Lloyds pre-appointment bank accounts ▶ Discussions with the banks to organise a corporate debit card for the Companies to enable payment to critical suppliers ▶ Attending to the closure of pre-appointment bank accounts as appropriate ▶ Working with the Companies' Finance team to bring the Companies' management accounts up to date ▶ Monitoring of trading and payments against the Administration cash flow forecast and ▶ Time cost monitoring and reporting.
Bank & statutory reporting	<p><i>Tasks providing an indirect benefit to creditors and as required by statute:</i></p> <ul style="list-style-type: none"> ▶ Issuing the notification of appointment to key parties as required by statute ▶ Managing the preparation and submission of the Statement of Affairs for the Companies ▶ Reporting to the Companies' creditors by means of the Joint Administrators' Proposals ▶ Seeking statutory resolutions for deemed consent of the Joint Administrators' Proposals for AUTO and deemed approval for AUK ▶ Reporting to the Secured Lenders pursuant to the terms of the AFA ▶ Organising for the redirection of the Companies' mail to the Joint Administrators' office ▶ Attending to matters in relation to bonding to ensure the appropriate coverage ▶ Ongoing monitoring to ensure adherence to the Joint Administrators' statutory requirements.
Creditors	<p><i>Tasks providing a direct benefit to creditors and as required by statute:</i></p> <ul style="list-style-type: none"> ▶ Receipt and recording of preferential and non-preferential, unsecured creditor claims ▶ Organising the creation of a website and portal for the Companies as a source of central publication of statutory documents for the Companies' creditors ▶ Locating the latest addresses for creditors who our letter of notification of appointment was returned, due to a change of address and ▶ Correspondence with preferential and non-preferential, unsecured creditors and attending to queries received through the creditors' mailbox and online portal
Data preservation	<p><i>Tasks providing an indirect benefit to creditors and as required by statute:</i></p> <ul style="list-style-type: none"> ▶ Taking control of the books and records of the Companies ▶ Evaluating security and controls

	<ul style="list-style-type: none"> ▶ Collection of equipment and digital imaging of books and records held on SharePoint sites, IT servers, mobile phones and laptops, held by current and former employees of the Companies ▶ Consideration of data security and integrity impacts from the IT consolidation strategy ▶ Review of CCTV logs to ensure security on site ▶ Recording the findings from the analysis on custodians' devices ▶ Migration of applications to the Cloud ▶ Discussions with key data storage and IT applications' providers and agreement of terms of supply in the Administrations and ▶ Preservation of IP assets.
Debtors	<p><i>Tasks providing a direct benefit to the creditors:</i></p> <ul style="list-style-type: none"> ▶ Pursuing the recovery of debtor balances and engagement with parties to facilitate such recoveries ▶ Preparing and maintaining a schedule of debtor balances ▶ Working through the Companies' records to identify debtors and obtain supporting evidence ▶ Discussions with a debt collection agency to explore alternative routes of realisation ▶ Agreeing a payment plan with a debtor to recover a sum due to AUK ▶ Liaising with third parties to progress receipt of funds for the benefit of creditors and ▶ Invoicing as appropriate to facilitate recoveries.
Employee matters	<p><i>Tasks providing a direct benefit to the creditors and as required by statute:</i></p> <ul style="list-style-type: none"> ▶ Dealing with employees, including receipt and recording of employee claims ▶ Hosting employee Town Halls to address employees' queries and communicate the latest updates ▶ Attending to matters in relation to the expiration of an employee's visa ▶ Facilitating meetings with the Senior Leadership Team to discuss key updates ▶ Preparing the appropriate filing of statutory documentation ▶ Dealing with HMRC penalty letters received by the Companies' as appropriate ▶ Discussions with the SLT to agree the plan for employees should the Administrations pivot to a shut down ▶ Processing payrolls for employees retained following appointment ▶ Undertaking calls with senior management, retained employees and redundant employees ▶ Assisting redundant employees with any claims against the Redundancy Payments Office or the Companies ▶ Corresponding with the Employment Tribunals and lawyers in relation to Employment Tribunal claims received for a Protective Award for lack of redundancy consultation (as applicable) ▶ Attending to matters on employee pensions contributions with Royal London ▶ Managing cross-border working policies with employees and senior management, as appropriate ▶ Dealing with ad hoc employee enquiries and ▶ Drafting and ongoing operation of non-UK employee consultancy agreements and TSAs for key subsidiary employees.
Environmental issues	<p><i>Tasks providing an indirect benefit to creditors:</i></p> <ul style="list-style-type: none"> ▶ Attending to matters in relation to batteries on site to fulfil the Joint Administrators' and Companies' regulatory requirement.
Immediate tasks	<p><i>Tasks providing an indirect benefit to creditors and as required by statute:</i></p> <ul style="list-style-type: none"> ▶ Completion of workstreams requiring immediate attention following appointment, in order to execute the strategy subsequently outlined in the Proposals ▶ Attendance at the court hearing for the Joint Administrators' appointment and attending to legal matters on the same and ▶ Issuing letters to third parties to notify them on the Joint Administrators' appointment.
Investigations & CDDA	<p><i>Tasks providing an indirect benefit to creditors and as required by statute:</i></p> <ul style="list-style-type: none"> ▶ Investigations into the Companies' affairs in accordance with SIP 2 "Investigations by Office Holders"

	<ul style="list-style-type: none"> ▶ The Joint Administrators' report on the conduct of the directors of both AUK and AUTO under the CDDA ▶ Review of insurance policies ▶ Consideration of third party communications ▶ Working with legal advisors and ▶ Review of books and records of the Companies.
Job acceptance & strategy	<p><i>Tasks providing an indirect benefit to creditors:</i></p> <ul style="list-style-type: none"> ▶ Matters relating to the appointment, initial and ongoing planning of the strategy for the Administrations ▶ Formulating and executing the strategy adopted ▶ Discussions in respect of the rest of world funding ▶ Ongoing consideration and review of the Administrations' strategy and creditor outcomes impacted by such and ▶ Considering exit routes from the Administrations.
Other assets	<p><i>Tasks providing a direct benefit to creditors:</i></p> <ul style="list-style-type: none"> ▶ Realisation of any Non-core Assets owned by the Companies ▶ Implementation and management of the asset strategy plan including the consolidation of asset locations to reduce storage costs and enable realisations through auctions ▶ Managing the renewal of certain patents to preserve value as appropriate and ▶ Engaging advisors to value and realise any other assets including those above.
Other matters	<p><i>Tasks providing an indirect benefit to creditors:</i></p> <ul style="list-style-type: none"> ▶ Dealing with insurance matters and ensuring the appropriate ongoing cover for the Companies.
Property	<p><i>Tasks providing a direct benefit to creditors:</i></p> <ul style="list-style-type: none"> ▶ Dealing with all matters relating to the Companies' nine leasehold properties, including correspondence with landlords, security firms, rates authorities and utility suppliers ▶ Finalising matters in respect of extending and selling AUK's lease for and associated assets of, TVC Banbury and ▶ Making arrangements for the exit from leasehold properties, negotiations with the landlords for surrenders, seeking legal consultation as appropriate.
Public Relations issues	<p><i>Tasks providing an indirect benefit to creditors:</i></p> <ul style="list-style-type: none"> ▶ Attending to media enquiries as appropriate.
Reporting	<p><i>Tasks providing an indirect benefit to creditors:</i></p> <ul style="list-style-type: none"> ▶ Reporting to the Secured Lenders pursuant to the AFA on the Joint Administrators' time costs and progress in the Administrations and ▶ Holding regular update calls with the Secured Lenders to discuss ongoing live updates as the Sales Process continues.
Retention of title	<p><i>Tasks providing an indirect benefit to creditors:</i></p> <ul style="list-style-type: none"> ▶ Review of retention of title claims against the Companies and ▶ Negotiation and settlement of claims as appropriate, including ongoing discussions with creditors and the Companies' employees to understand and determine the basis and validity of such claims.
Sale of business	<p><i>Tasks providing a direct benefit to creditors:</i></p> <ul style="list-style-type: none"> ▶ Carrying out the Sales Process in respect of the IP, software, vehicle control programme and prototypes, including liaising with over 100 interested parties, running the due diligence process, review of offers received, selection of the preferred bidder and negotiation of the sale agreement ▶ Teaser document preparation, NDA execution ▶ Dealing with non-binding offers ▶ Facilitating site visits for bidders and supporting management presentations as needed ▶ Creating a model for the Companies' business plans as at the request of the Secured Lenders and ▶ Consideration of various transaction structures, including cost analysis, investor engagements and discussions with the SLT and the Secured Lenders on the same.

Trading	<p><i>Tasks providing a direct benefit to creditors:</i></p> <ul style="list-style-type: none"> ▶ Engagement with critical suppliers, including provision of letters of undertaking and subsequent cancellation of undertakings for suppliers ▶ Extension of undertakings for critical suppliers as appropriate ▶ Discussions with suppliers to resolve issues and ensure continuity of supply as appropriate and ▶ Negotiations and regular contact with suppliers to agree favourable terms for the Companies.
VAT & taxation	<p><i>Tasks providing a possible direct benefit to creditors and as required by statute:</i></p> <ul style="list-style-type: none"> ▶ Preparing corporation tax and VAT returns, with input from EY VAT and tax specialists ▶ Assessment of the tax recoverable position in respect of Arrival Elements UK to understand and ascertain whether there was any value due to AUTO under the intercompany receivable position. ▶ Consideration of taxation on asset sales ▶ Assessment of the VAT and tax treatments of transactions and agreements entered into during the Administrations ▶ Filing of appointment notices with HMRC ▶ Taxation matters in respect of the sale of the Companies' business and assets ▶ Calculating and assessing the Companies' VAT position and submitting a letter to HMRC in regards to the Companies' claim in relation to employees' loans and ▶ Evaluating and progressing tax recoveries for the Companies.
Legal issues	<p><i>Tasks providing an indirect benefit to creditors:</i></p> <ul style="list-style-type: none"> ▶ Dealing with any ad hoc legal issues which may arise in the Administrations ▶ Attending to matters in relation to the AFA and amendments to such as required thereafter ▶ Seeking legal consultation in regards to the German entity's insolvency, resolutions and share assets ▶ Execution of resolutions in regards to the liquidation of Arrival R Ltd, Roborace Ltd and Arrival Elements B.V. ▶ Attending to matters in relation to TSAs and consultancy agreements and amendments as required and ▶ Review of security documents.

Appendix 7 -

Notice to creditors seeking decision by deemed consent – 12-month Extension of the Administration

Arrival UK Ltd (in Administration) ('the Company')

Paragraph 78(2A) of Schedule B1 to the Insolvency Act 1986 and Rule 15.7 of the Insolvency (England and Wales) Rules 2016

Name of Court:	The High Court of Justice Business and Property Courts of England and Wales, Insolvency and Companies Ltd (ChD)
Case number:	CR-2024-000650
Registered name of the Company:	Arrival UK Ltd
Other trading name or style of the Company:	Arrival UK Ltd
Any other registered name in the 12 months prior to Administration:	N/A
Registered number:	09475811
Registered office address:	c/o Ernst & Young LLP, 1 More London Place, SE1 2AF
Principal trading address (if different from above):	Unit 2 Banbury Cross, Southam Road, Banbury, OX16 2DJ
Date on which the Company entered Administration:	5 February 2024
Date of appointment of Joint Administrators:	5 February 2024

Details of the Joint Administrators

Simon Jamie Edel Ernst & Young LLP 1 More London Place London SE1 2AF	Alan Michael Hudson Ernst & Young LLP 1 More London Place London SE1 2AF	Samuel James Woodward Ernst & Young LLP 2 St Peter's Square Manchester M2 3EY
Office holder numbers:	9810 / 9200 / 12030	
Email:	aukadministration@uk.ey.com	
Name of alternative person to contact about the Administration:	Lucy McWalters	

NOTICE IS HEREBY GIVEN that the Joint Administrators of the above-named Company are seeking an extension of the Administration for a period of 12 months to 4 February 2026, by deemed consent.

Creditors will be deemed to have consented to the extension unless by the end of 13 September 2024, at least 10% in value of creditors who would be entitled to vote in a qualifying decision procedure have objected to approval and their objections have been made in accordance with the procedure set out below.

Objections

Any creditor wishing to object to the proposed decision to extend the Administration including any creditor who has opted out from receiving notices about the Administration - must deliver to me, at the above address or email, a notice stating that the creditor so objects. The notice must be delivered to me at the above address or email no later than the end of 13 September 2024, together with a proof of debt in respect of the creditor's claim which complies with the requirements of Rules 15.28 to 15.35 of the Insolvency (England and Wales) Rules 2016 ('the Rules') failing which the objection will be disregarded.

Please note that creditors whose debts may be treated as small debts in accordance with Rule 14.31(1) of the Rules must still deliver a proof of debt claim if they wish to object.

It is my responsibility, as the Joint Administrator convening the deemed consent procedure, to aggregate any objections to see if the threshold is met for the decision to be taken as not having been made.

If the threshold is met the deemed consent procedure will terminate without a decision being made on the request for an extension and if a decision is sought again on the same matter, it will be sought by a decision procedure.

Requests for a physical meeting to be held

Creditors who meet the thresholds in s.246ZE(7) of the Insolvency Act 1986, namely 10% in value of creditors, 10% in number of creditors or 10 creditors, may, within five business days from the date of delivery of this notice, make a request to me in writing for a physical meeting of creditors to be held to consider the request for an extension of the Administration.

Signed



Simon Edel, Joint Administrator

Date

29/08/2024

Notice to creditors of decision by deemed consent – 12-month Extension of the Administration

Arrival Automotive UK Limited (in Administration) ('the Company')

Paragraph 78(2A) of Schedule B1 to the Insolvency Act 1986 and Rule 15.7 of the Insolvency (England and Wales) Rules 2016

Name of Court: The High Court of Justice Business and Property Courts of England and Wales, Insolvency and Companies Ltd (ChD)

Case number: CR-2024-000650

Registered name of the Company: Arrival Automotive UK Limited

Other trading name or style of the Company: Arrival Automotive UK Limited

Any other registered name in the 12 months prior to Administration: N/A

Registered number: 11974606

Registered office address: c/o Ernst & Young LLP, 1 More London Place, SE1 2AF

Principal trading address (if different from above): Unit 2 Banbury Cross, Southam Road, Banbury, OX16 2DJ

Date on which the Company entered Administration: 5 February 2024

Date of appointment of Joint Administrators: 5 February 2024

Details of the Joint Administrators

Simon Jamie Edel
Ernst & Young LLP
1 More London Place
London
SE1 2AF

Alan Michael Hudson
Ernst & Young LLP
1 More London Place
London
SE1 2AF

Samuel James Woodward
Ernst & Young LLP
2 St Peter's Square
Manchester
M2 3EY

Office holder numbers: 9810 / 9200 / 12030

Email: aukadministration@uk.ey.com

Name of alternative person to contact about the Administration: Lucy McWalters

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Creditors will be deemed to have consented to the extension unless by the end of 13 September 2024, at least 10% in value of creditors who would be entitled to vote in a qualifying decision procedure have objected to approval and their objections have been made in accordance with the procedure set out below.

Objections

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Please note that creditors whose debts may be treated as small debts in accordance with Rule 14.31(1) of the Rules must still deliver a proof of debt claim if they wish to object.

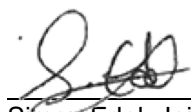
It is my responsibility, as the Joint Administrator convening the deemed consent procedure, to aggregate any objections to see if the threshold is met for the decision to be taken as not having been made.

If the threshold is met the deemed consent procedure will terminate without a decision being made on the request for an extension and if a decision is sought again on the same matter, it will be sought by a decision procedure.

Requests for a physical meeting to be held

Creditors who meet the thresholds in s.246ZE(7) of the Insolvency Act 1986, namely 10% in value of creditors, 10% in number of creditors or 10 creditors, may, within five business days from the date of delivery of this notice, make a request to me in writing for a physical meeting of creditors to be held to consider the request for an extension of the Administration.

Signed



Simon Edel, Joint Administrator

Date

29/08/2024

Appendix 8 -

Notice to creditors – invitation to form a creditors' committee

Arrival UK Ltd (in Administration) ('the Company')

Rule 3.39, Insolvency (England and Wales) Rules 2016

Name of Court: The High Court of Justice Business and Property Courts of England and Wales, Insolvency and Companies Ltd (ChD)

Case number: CR-2024-000650

Registered name of the Company: Arrival UK Ltd

Other trading name or style of the Company: Arrival UK Ltd

Any other registered name in the 12 months prior to Administration: N/A

Registered number: 09475811

Registered office address: c/o Ernst & Young LLP, 1 More London Place, SE1 2AF

Principal trading address (if different from above): Unit 2 Banbury Cross, Southam Road, Banbury, OX16 2DJ

Date on which the Company entered Administration: 5 February 2024

Date of appointment of Joint Administrators: 5 February 2024

Details of the Joint Administrators

Simon Jamie Edel Ernst & Young LLP 1 More London Place London SE1 2AF	Alan Michael Hudson Ernst & Young LLP 1 More London Place London SE1 2AF	Samuel James Woodward Ernst & Young LLP 2 St Peter's Square Manchester M2 3EY
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Office holder numbers: 9810 / 9200 / 12030

Email: aukadministration@uk.ey.com

Name of alternative person to contact about the Administration: Lucy McWalters

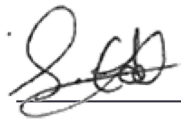
Invitation to form a creditors' committee

Creditors are invited to decide whether a creditors' committee should be formed if sufficient creditors are willing to be members of the committee. Information on the role of committees can be found at <https://www.r3.org.uk/media/documents/publications/professional/R3-Guide-to-Creditors-Committees.pdf>

To be validly established, a committee must have at least three and not more than five members, who must have agreed to act.

Should you wish to form a committee, please follow the instructions in the nomination form attached to this notice and return the completed nomination form, with written agreements to act, where appropriate, to me by email at aukadministration@uk.ey.com, to arrive no later than 13 September 2024. Nominations can only be accepted if I am satisfied as to the creditor's eligibility under Rule 17.4 of the Insolvency (England and Wales) Rules 2016.

Signed



Simon Edel, Joint Administrator

Date

29/08/2024

Arrival UK Ltd (in Administration) ('the Company')

Nominations for creditors' committee

You may nominate up to five creditors of the Company. Please note that before a person can act as a member of a creditors' committee that person must agree to do so.

In the event that more than five valid nominations are received, the five receiving the most votes will be appointed.

When you have completed this form, please return it with the creditor's written agreement to act (unless you are nominating yourself or your own organisation) by email to aukadministration@uk.ey.com to arrive no later than the closing date stated on the notice of invitation to form a committee.

I nominate:

(Name of
creditor)_____ of

(Address)_____

(Name of
creditor)_____ of

(Address)_____

(Name of
creditor)_____ of

(Address)_____

(Name of
creditor)_____ of

(Address)_____

(Name of
creditor)_____ of

(Address)_____

to be appointed as (a) member(s) of the creditors' committee.

Signature _____

Name of signatory _____

On behalf of
(name of creditor) _____

Date

Notice to creditors – invitation to form a creditors' committee

Arrival Automotive UK Limited (in Administration) ('the Company')

Rule 3.39, Insolvency (England and Wales) Rules 2016

Name of Court: The High Court of Justice Business and Property Courts of England and Wales, Insolvency and Companies List (ChD)

Court Reference: CR-2024-000650

Registered name of the Company: Arrival Automotive UK Limited

Other trading name or style of the Company: Arrival Automotive UK Limited

Registered number: 11974606

Registered office address: c/o Ernst & Young LLP, 1 More London Place, London, SE1 2AF

Principal trading address (if different from above): Unit 2 Banbury Cross, Southam Road, Banbury, OX16 2DJ

Date on which the Company entered Administration: 5 February 2024

Date of appointment of Joint Administrators: 5 February 2024

Details of the Joint Administrators

Simon Jamie Edel
Ernst & Young LLP
1 More London Place
London
SE1 2AF

Alan Michael Hudson
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1 More London Place
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SE1 2AF

Samuel James Woodward
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Office holder numbers: 9810 / 9200 / 12030

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Name of alternative person to contact about the Administration: Lucy McWalters

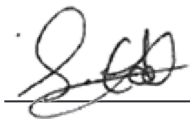
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Signed



Simon Edel, Joint Administrator

Date

29/08/2024

Arrival Automotive UK Limited (in Administration) ('the Company')

Nominations for creditors' committee

You may nominate up to five creditors of the Company. Please note that before a person can act as a member of a creditors' committee that person must agree to do so.

In the event that more than five valid nominations are received, the five receiving the most votes will be appointed.

When you have completed this form, please return it with the creditor's written agreement to act (unless you are nominating yourself or your own organisation) by email to aukadministration@uk.ey.com to arrive no later than the Decision Date stated on the notice of invitation to form a committee.

I nominate:

(Name of creditor)_____ of

(Address)_____

(Name of creditor)_____ of

(Address)_____

(Name of creditor)_____ of

(Address)_____

(Name of creditor)_____ of

(Address)_____

(Name of creditor)_____ of

(Address)_____

to be appointed as (a) member(s) of the creditors' committee.

Signature _____

Name of signatory _____

On behalf of
(name of creditor) _____

Date