

AM10

Notice of administrator's progress report



Companies House

For further information, please
refer to our guidance at
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1 Company details

| | | | | | | | | |
|----------------------|-------------------------------|---|---|---|---|---|---|---|
| Company number | 0 | 2 | 7 | 6 | 9 | 7 | 6 | 8 |
| Company name in full | FBE Realisations 2021 Limited | | | | | | | |

→ **Filling in this form**
Please complete in typescript or in
bold black capitals.

2 Administrator's name

| | |
|------------------|-------------|
| Full forename(s) | Simon Jamie |
| Surname | Edel |

3 Administrator's address

| | |
|----------------------|---------------------|
| Building name/number | Ernst & Young LLP |
| Street | 1 More London Place |
| Post town | London |
| County/Region | London |
| Postcode | S E 1 2 A F |
| Country | United Kingdom |

4 Administrator's name ①

| | |
|------------------|--------------|
| Full forename(s) | Alan Michael |
| Surname | Hudson |

① **Other administrator**
Use this section to tell us about
another administrator.

5 Administrator's address ②

| | |
|----------------------|---------------------|
| Building name/number | Ernst & Young LLP |
| Street | 1 More London Place |
| Post town | London |
| County/Region | London |
| Postcode | S E 1 2 A F |
| Country | United Kingdom |

② **Other administrator**
Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6

Period of progress report

From date

^d0

^d5

^m0

^m3

^y2

^y0

^y2

^y1

To date

^d0

^d4

^m0

^m9

^y2

^y0

^y2

^y1

7

Progress report

☒ I attach a copy of the progress report

8

Sign and date

Administrator's
signature

Signature

X



X

Signature date

^d0

^d1

^m1

^m0

^y2

^y0

^y2

^y1

**Presenter information**

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **Ned Swifte**

Company name **Ernst & Young LLP**

Address **1 More London Place**

Post town **London**

County/Region **London**

Postcode **S E 1 2 A F**

Country **United Kingdom**

DX

Telephone **(0) 20 7951 2000**

**Checklist**

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.

**Important information**

All information on this form will appear on the public record.

**Where to send**

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

**Further information**

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Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. ^①
Attach this to the relevant form.
Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

→ **Filling in this form**
Please complete in typescript or in bold black capitals.

All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

- ☒ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

① You can use this continuation page with the following forms:

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- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ02, LIQ03, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s)

Joanne

Surname

Robinson

3 Insolvency practitioner's address

Building name/number

Ernst & Young LLP

Street

1 More London Place

Post town

London

County/Region

London

Postcode

S E 1 2 A F

Country

United Kingdom

Continuation page

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- REC1, REC2, REC3
- LIQ02, LIQ03, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s)

Lucy

Surname

Winterborne

3 Insolvency practitioner's address

Building name/number

Ernst & Young LLP

Street

The Paragon

32 Counterslip

Post town

Bristol

County/Region

Postcode

B S 1 6 B X

Country

United kingdom

TO ALL KNOWN CREDITORS

1 October 2021

Ref: AH/JR/LW/SE/DM
Switchboard: (0) 20 7951 2000

Ned Swifte
Ned.Swifte1@parthenon.ey.com

Dear Sirs

FBE Realisations 2021 Limited (formerly 'Flybe Limited') (in Administration) ("the Company" or "FBE")

High Court of Justice Business and Property Courts of England and Wales Insolvency and Companies List (ChD), Number CR-2020-001582

I refer to the appointment of Alan Hudson, Simon Edel, Joanne Robinson and Lucy Winterborne as joint administrators ("Joint Administrators") of the Company on 5 March 2020. The Joint Administrators, act as agents of the Company only and without personal liability. Under the terms of the appointment any act required or authorised to be done by the Joint Administrators can be done by any of them.

I write, in accordance with Rule 18.3 of the Insolvency (England and Wales) Rules 2016 ("the Rules"), to provide creditors with a third report on the progress of the administration of the Company ("the Administration"). This report covers the period from 5 March 2021 to 4 September 2021 ("the Period") and should be read in conjunction with the Joint Administrators' Statement of Proposals ("the Proposals") dated 29 April 2020, and the previous progress reports for the periods:-

- 5 March 2020 to 4 September 2020 ("the First Progress Report"); and
- 5 September 2020 to 4 March 2021 ("the Second Progress Report");

including the definitions contained therein.

Statutory information about the Company, the Administration and the office holders is given at Appendix 1. A copy of the Proposals, the First Progress Report and the Second Progress Report can be obtained at https://www.ey.com/en_uk/fbe-realisations-2021-limited-administration.

1. Summary of progress since the Second Progress Report

1.1 Sale of business and assets

- **Group business sale**

Since the Second Progress Report, we are pleased to confirm that the sale of the Company's business and certain assets (i.e. the Transaction as defined in the Second Progress Report) completed. Completion occurred on 13 April 2021.

We can also confirm that on 13 April 2021 the Purchaser in respect of the Transaction, formerly known as 'Thyme Opco Limited', has now been renamed "Flybe Limited". In advance, the Company's name was changed to "FBE Realisations 2021 Limited" on 6 April 2021.

As you may recall, nominal consideration of £1 was payable upon completion with the Company's remaining employees transferring to the Purchaser who also took on certain agreed supplier contracts. There is still a prospect of certain contingent deferred consideration being available to the Company (and therefore for its creditors) in due course, which was one of the reasons put forward to the Court for the extension of the Administration to 5 March 2024 (as discussed at section 6). Conditions that give rise to deferred consideration being paid to the Company by the Purchaser remain confidential but are linked to the future performance of the new "Flybe" business being run by the Purchaser. Creditors will be notified should any deferred consideration become payable in respect of the Transaction.

In the meantime, we confirm that, from 24 August 2020 to the point of completion (and beyond to the extent that the costs and expenses relate to the Transaction and the period up to 13 April 2021), the Company's operational and administrative costs (including the Joint Administrators' costs and legal expenses) that were incurred in relation to the Transaction have been and continue to be funded by the Purchaser in full and therefore have not been incurred by the Administration.

As set out in further detail below, certain assets of the Company were excluded from the Transaction and these assets have been, or are being, sold separately for the benefit of the Company's creditors by the Joint Administrators.

- **Engines**

The Company's 11 owned engines are or were subject to fixed charge security granted in favour of the Security Trustee for the benefit of the Senior Lenders and have or are being realised by the Joint Administrators to obtain value for the benefit of such chargeholder.

We comment in relation to engines as follows:-

CF-34 engines

The Company's two CF-34 engines had been sold and the sale processes had completed as at the date of the Second Progress Report. However, USD 0.25m (or £0.2m) of residual proceeds were released from escrow in the Period in relation to the final CF-34 engine sale. There are no further CF-34 engines to be realised as part of the Company's administration.

PW150 engines

The Company holds title to nine PW150 engines subject to fixed charge security in favour of the Security Trustee and we provide an update on the realisation of these engines as follows:-

- i. On 30 June 2021, the Joint Administrators sold the Company's right, title and interest to two of the PW150 engines for net consideration of USD 1.6m (£1.15m). The net funds were received on the same date. We cannot reveal the identity of the acquiring party for confidentiality reasons.
- ii. A third-party marketing agent, SkyWorld, has continued to market the Company's right, title and interest in the remaining seven PW150 engines which are subject to fixed charge security. Whilst being marketed for sale, the remaining seven PW150 engines have been placed into storage and maintenance to preserve their value.
- iii. As at the date of this report, we have agreed to the imminent sale of five of these remaining seven PW150 engines to three separate parties. The agreement for the sale of each of the five engines has been documented by a Letter of Intent to purchase with each of the three respective parties. However, at this stage we are unable to divulge details of these offers as each of the acquiring parties completes their due diligence on the engines and whilst the terms of asset purchase agreements are agreed and finalised. We intend to provide an update on these sale processes in our next progress report to creditors.

Further, the Joint Administrators are in the process of establishing title in respect of a tenth PW150 engine. This is subject to ongoing discussions with a number of counterparties, including the Company's

insurers. We currently anticipate that this engine would be subject to floating charge security in favour of the Security Trustee for the benefit of the Senior Lenders, if title can be so established.

- **Inventory, Spares and Parts**

As you may recall in the Second Progress Report, the majority of the Company's inventory (including stock and equipment) had been sold by 4 March 2021, with only a small amount of residual inventory remaining to be sold by our appointed sales agents.

On 10 May 2021, we completed the sale of two lots of inventory, consisting of certain rotables, consumables and tooling assets, for £0.3m in aggregate. Our final sale of residual equipment and parts at certain airport bases was completed in June 2021 for £26,370.

All inventory sales have now been completed and there are no further realisations expected.

The total inventory (including tooling, equipment and stock) sold (and subject to floating charge security to the Security Trustee) as part of the Administration for gross aggregate consideration of £2.8m, as detailed in the Receipts and Payments Account at Appendix 2.

- **Sale of Training Academy**

You will recall that on 10 November 2020, the Joint Administrators completed the sale of the Company's right, title and interest in and to the Training Academy freehold property to Devon County Council for total consideration of £3.625m, with £3.525m apportioned to the freehold property, and £0.1m to certain machinery and business assets.

The freehold property was subject to a fixed charge in favour of the Company's pension scheme trustee, BRAL.

In the Period, we completed the final accounting of costs in relation to the Training Academy and were able to return a further £27,036 to BRAL. This has brought the total final return to BRAL in respect of its fixed charge security over the Training Academy to £3.1m (net of realisation costs including building maintenance, insurance costs etc).

- **Landing slots**

As noted in the Second Progress Report's section titled 'Group Business Sale', the Company's right, title and interest in the landing slots held at various airports in the UK and Europe were subject to the Transaction.

No immediate consideration was payable by the Purchaser upon completion of the Transaction in respect of these assets; however, there remains a contingent recovery by way of deferred consideration, as explained earlier in this report. No immediate consideration was attributed to the landing slots at completion on the basis that:-

- The Joint Administrators would have been unable to monetise the landing slots individually or as a group given they need to be transferred as part of wider-ranging sale of business and assets (i.e. not just individually or grouped as slots) as confirmed by airport slot co-ordinators; and,
- There were no other willing third parties interested in acquiring the business and assets of the Company (including the landing slots).

1.2 Cash at bank, credit card acquirers and debtors

- **Cash at bank**

There have been no further recoveries in the Period from the total amount received as at 4 March 2021 (being £6.8m) and no further recoveries are expected.

- **Credit card acquirers**

As previously reported, various credit card providers held cash in the name of the Company at the date of the administration.

The level of recoveries from credit card providers was dependent on the level of exposure for each respective provider and the level of eligible chargebacks paid out during the period of the administration.

Further collections of £4.7m have been made in the Period, bringing total recoveries to £11.2m. The majority of the funds held by credit card acquirers have now been released, with the exception of AIB Merchant Services ("AIBMS") and Lloyds Cardnet ("Cardnet") where discussions continue to agree the quantum and / or timing of the final release(s).

- **Trade Debtors and Other Debtors**

In the Period, a further £2.1m has been recovered from trade debtors and other debtors (subject to floating charge security), bringing total recoveries from trade debtors and other debtors to £6.0m.

We summarise the Joint Administrators' trade debtor and other debtor recoveries above as follows:-

- As previously reported, the Company's largest debtor is Virgin Atlantic Airways Limited ("VAA") As per the Second Progress Report, on 4 September 2020, VAA's restructuring plan was approved by the High Court, and a total recoverable debt due to the Company from VAA of £7.3m was crystallised (and payment plan formalised).

Since the Second Progress Report, a further two tranches in accordance with the terms of the restructuring plan have been received from VAA, totalling £1.7m which brings the total recoveries from VAA to £3.2m to date.

On 27 September 2021 (i.e. after the Period), we received the next tranche from VAA in accordance with the above – an amount of £0.8m. This amount is not reflected in our receipts and payments account at Appendix 2. The Joint Administrators will continue to collect out the remaining four tranches (to be paid out quarterly), with the next payment due on 31 December 2021. The final tranche will be received in September 2022.

- We continue to pursue other outstanding trade debtor balances (i.e. aside from VAA) which includes working with a specialist debt collector agency to recover these balances. In the period, we collected £0.3m in respect of these debtor balances, resulting in a total collection in respect of these other trade debtors (i.e. aside from VAA) for the estate to £2.5m.
- It is expected that further recoveries will require legal action to expedite given the already protracted collection timeframe. This protracted timeframe has been delayed by the Government's various COVID-19 debt relief measures. Certain of the legal remedies to collect recoveries will become available to the Company from 1 October 2021.
- Other debtors includes VAT bad debt relief amounts of £0.1m in the Period which were able to be reclaimed from HMRC in respect of the VAT portion of pre-appointment debtor claims that we have determined to be unrecoverable in the administration estate. In summary, the Company paid a portion of VAT on these uncollectable pre-appointment debts prior to the Joint

Administrators' appointment. Given the Company has been unable to recover the gross amounts from debtors, the Company is able to claim a VAT recovery as it had already paid the VAT element on the sale to HMRC. As we progress with our debtor recovery process (and as we determine whether debts become irrecoverable), we will be able to make further VAT bad debt relief claims to HMRC.

- There were no further recoveries in respect of other debtors in the Period, nor are there any further amounts expected.

- **Insurance Rebates**

Additional recoveries from insurance reclaims in the Period were £0.6m, for a total overall recovery of £1.1m for the Administration.

1.3 Civil Aviation Authority ("CAA") and the Company's Operating Licence ("OL")

Further to the Second Progress Report, on 2 June 2021, the Secretary of State ("SoS") upheld the CAA's decision to revoke the Company's OL with the revocation taking effect as and on that date. The decision was published on 8 June 2021 on the CAA's website.

On 14 July 2021, having no need to retain the same, the Joint Administrators agreed to voluntarily cancel the Company's AOC. The revocation of the AOC was confirmed by the CAA by letter dated 26 July 2021.

1.4 VAT

The Company remains in a VAT group with its parent, Connect Airways Limited.

In the Period, as represented in the VAT position in the receipt and payment account at Appendix 2, the net VAT due to the Company is currently £1.7m. However, a proportion of this sum is due to the Purchaser, to the extent it relates to operational costs funded by them as per section 1.1 of this report.

2. Receipts and Payments Account

A summary of our receipts and payments for the period from 5 March 2021 to 4 September 2021 is attached at Appendix 2. It does not reflect estimated future realisations or costs.

3. Investigations

The Joint Administrators have concluded and made their confidential submission on the conduct of all persons who were directors, shadow directors or de-facto directors of the Company during the three-year period preceding the Administration to the Insolvency Service, in accordance with the Company Directors Disqualification Act 1986. We have also carried out the work required by Statement of insolvency Practice Number 2 (Investigations by Office Holders) ("SIP 2").

The Joint Administrators are not carrying out any further SIP 2 investigations and no specific investigations or actions have been requested by creditors. However, in the six-month period to 4 September 2021, we have continued to assist and facilitate enquiries from the Insolvency Service as well as attend to the continued preservation of records and data relevant to the Company.

4. Joint Administrators' remuneration and expenses

4.1 Joint Administrators' remuneration

The statutory provisions relating to remuneration are set out in Part 18 of the Insolvency (England and Wales) Rules 2016. 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 me.

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 Insolvency (England and Wales) Rules 2016). Further information is provided in 'A Creditors' Guide to Administrators' Fees' referred to above.

As previously reported, a creditors' committee was formed at the request of creditors. The creditors' committee comprises two former employees of the Company, Simon Westmancoat and Timothy Seymour, and the pension trustees, BRAL Trustees. On 3 September 2020, the Joint Administrators' remuneration was fixed on the basis of time properly given by them and their staff in dealing with matters arising by resolution of the creditors' committee.

By way of update, on 3 June 2021, the creditors' committee resolved to increase the Joint Administrators' fee estimate for remuneration on the basis of time properly given by them and their staff in dealing with matter arising matters arising in the Administration.

In the Period, remuneration of £1,116,733 (plus VAT) has been charged in respect of the Administration. To date, total remuneration of £15,276,813 (plus VAT), together with pre-administration fees of £64,348 (plus VAT) (discussed at section 4.3) have been drawn, with the approval of the creditors' committee, BRAL and the Senior Lenders.

As referenced earlier in this report at section 1.1 (and in the Second Progress Report), certain of the Joint Administrators' fees are being funded by the Purchaser, to extent that they are incurred in relation to the Transaction. For reasons of confidentiality, we are unable to disclose the amount of funding received by the Joint Administrators in respect of their fees, or in respect of any other professional or legal fees, which are also being met by the Purchaser either directly or indirectly. Since these costs are not being borne by the Company's estate, there is no incremental cost to the administration and therefore no requirement to disclose them to comply with Statement of Insolvency Practice 9.

An analysis of the time spent for the Period, a narrative explanation, and a comparison with the increased fee estimate dated 27 May 2021 (as approved by the creditors' committee on 3 June 2021) is attached as Appendix 4 to this report.

We do not anticipate that our remuneration will exceed the fee estimate dated 27 May 2021.

We will not draw remuneration in excess of the fee estimate without providing an explanation to all known creditors and obtaining the requisite approval from the creditors' committee.

The request for approval will specify all of the following: -

- the reasons why the office-holder has exceeded, or is likely to exceed, the fees estimate;
- the additional work the office-holder has undertaken or proposes to undertake;

- the hourly rate or rates the office-holder proposes to charge for each part of that additional work;
- the time that additional work has taken, or the office-holder expects that work will take;
- whether the office-holder anticipates that it will be necessary to seek further approval; and
- the reasons it will be necessary to seek further approval.

4.2 Joint Administrators' statement of expenses incurred

In the Period, expenses totalling £1,409,443 (plus VAT) have been incurred; expenses to date total £17,373,624 (plus VAT). These expenses represent expenses incurred (both paid and accrued) by the Company and includes, but is not limited to legal costs, employee costs, rent and rates, and insurance. The expenses are distinct and separate from Joint Administrators' remuneration as discussed at section 4.1. This exceeds the initial estimate, provided to creditors at the time of the proposals of £11,923,951. The increase reflects the extended process to achieve a sale of the group business, as detailed in the Joint Administrators' remuneration section of the Second Progress Report.

Accordingly, an updated estimate of expenses, together with an analysis of the expenses incurred in the Period, and cumulatively for the Administration is provided at Appendix 3 to this report.

As referenced in the Joint Administrators' remuneration section of this report, certain of the expenses of the administration are being funded by the Purchaser, to extent that they are incurred in relation to the Transaction since 24 August 2020. For reasons of confidentiality, we are unable to disclose the total amount of funding received by the Joint Administrators in respect of such costs. However, since these costs are not being borne by the Company's estate, there is no incremental cost to the administration and therefore no requirement to disclose them to comply with Statement of Insolvency Practice 9.

4.3 Pre-administration costs

The pre-administration costs of the Joint Administrators were approved for payment as an expense of the Administration by resolution of the creditors' committee on 3 September 2020. These costs have been paid in full.

5. Distributions to creditors

5.1 Secured Creditors

In the Second Progress Report, we provided a detailed narrative of the secured creditor claims against the Company. Our current understanding is as follows: -

- the outstanding secured creditor debt due to the Senior Lenders was £136.2m. Security granted by the Company in favour of the Security Trustee for the benefit of the Senior Lenders was registered at Companies House;
- aircraft and engines subject to £127.3m in fleet / aircraft mortgages secured against specific aircraft and engines have been returned to the Company's fleet financiers and lessors; these parties do not hold any security over the Company's residual assets (aside from minor insurance claims);
- Cardnet have now released a total sum of £1.7m in respect of cash collateral since the date of appointment.

AIBMS have released a sum of €3m (or £2.6m) to the Company since the Second Progress Report. Further residual collateral is expected to be released over the coming months which the Joint Administrators are working to get resolved.

AMEX and PayPal have released a further £1.4m and £0.5m respectively in the Period. Both of these acquirers will shortly advising final amounts to be released to the Company prior to closing out their position. This will be subject to final refund and chargeback claims;

- the Training Academy freehold property was subject to a fixed charge in favour of BRAL Trustees. This property was sold for £3.525m, with net realisations of approximately £3.1m being paid to BRAL Trustees in respect of their security; and
- as previously reported, a significant number of charges remain registered at Companies House, a large proportion of which are historic. The Joint Administrators have undertaken work to establish the correct status of these charges; however, no further steps are proposed to clarify the position at this time.

In the Period, payments totalling £13.03m have been paid to secured charge holders. Of this: -

- £13.0m has been paid to the Security Trustee for the benefit of the Senior Lenders (£2.15m from fixed charge realisations and £10.85m from floating charge realisations); and
- £27,236 has been paid to BRAL Trustees under their fixed charge security over the Training Academy.

This brings the total payments to secured charge holders by the Company to 4 September 2021, as follows:-

- £16.5m to the Security Trustee (i.e. GLAS) for the benefit of the Senior Lenders (£4.15m from fixed charge realisations and £12.35m from floating charge realisations); and
- £3.1m has been paid to BRAL Trustee under their fixed charge security over the Training Academy.

5.2 Preferential Creditors

In the Period, we received confirmation from the Insolvency Service that, due to the pension scheme being non-occupational (i.e. contract based claims), any amounts outstanding to the Redundancy Payment Service ('RPS') in respect of pension contributions are wholly non-preferential and unsecured. Therefore, the corresponding RPS claim in respect of employee pension contributions of approximately £0.39m will no longer rank as a preferential claim in the administration.

As a result of the above, our estimate of preferential creditors is now £2.8m in respect of claims for employees' arrears of wages and holiday pay.

Preferential creditors' claims can only be fully adjudicated once judgments in respect of all protective award cases have been issued and payments made by the Redundancy Payment Service. As such, we currently estimate that preferential dividends will be paid in full towards the start of next year.

5.3 Non-preferential Creditors

The Joint Administrators have continued to receive claims from the Company's creditors. In light of these claims, we now consider that the total non-preferential unsecured claims will be between £550m - £650m, this includes accruals and provisions in the directors' statement of affairs. It is possible that this figure will be materially higher once all claims have been received and an adjudication process is complete.

We note that currently, the five largest claims are:-

| | |
|--------------------------------------|--|
| BRAL Trustees | £96,500,000 |
| NAC Aviation* | £90,578,757 |
| Norddeutsche Landesbank Girozentrale | £82,930,860 |
| Environment Agency | £57,448,541 <i>(which includes a further £5,563,491 increase to their unsecured claim reported in the Second Progress Report, for failure to surrender emissions for 2020)</i> |
| GE Engine Service LLC | £17,126,790 |

* aggregate value of claims received from NAC Aviation 2 Limited, NAC Aviation 19 Limited, and NAC Aviation 23 Limited

• **Prescribed part**

The prescribed part is a proportion of floating charge assets set aside for 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.

At the time of the Proposals, it was noted that the Joint Administrators intended to make an application to the court, under section 176A(5) of the Insolvency Act 1986 for an order not to distribute the prescribed part on the grounds that the cost of making a distribution to unsecured creditors would be disproportionate to the benefit of doing so. This was based on the large number (c.900,000) of claims, now understood to be worth in the region of £550m - £650m, sharing a maximum prescribed part of £600,000. This application is pending understanding quantum and timing of any deferred consideration under the Transaction.

6. End of the Administration

As you are aware, the Joint Administrators made an application to Court to seek an extension to the period of the administration, beyond the statutory period of one year. On 2 March 2021, the Court granted an order to extend the administration of the Company and the term of office of its Joint Administrators by a period of three years until 2:30 a.m. on 5 March 2024, pursuant to paragraph 76(2)(a) of Schedule B1 to the Insolvency Act 1986.

7. Future conduct of the Administration

The Joint Administrators will continue to deal with the Administration in line with the stated objective. Future tasks will include, but are not limited to, the following:

- selling the remaining PW150 engines;
- liaising with VAA in relation to the outstanding amounts owing to the Company and collecting in the same;
- participating in the MIFs class action claim (as discussed in the Second Progress Report);
- liaising with the Company's credit card acquirers to ensure the timely release of cash collateral held by such parties where any surplus will be due to the Company;
- collecting other book debts owing to the Company by third parties;

- assisting redundant employees with any claims against the Redundancy Payments Office or the Company;
- dealing with protective award claims and subsequent payments by the Redundancy Payment Service, which will impact and potentially create further preferential creditor claims for employees;
- negotiating with landlords and suppliers regarding retained leasehold premises and licensing arrangements in place;
- dealing with the statutory requirements of the Company's administration, including reporting to creditors as necessary;
- calculating the Corporation Tax and VAT positions of the Company, as at the date of appointment, and for subsequent periods during the administration;
- making distributions to the secured and preferential creditors (as applicable);
- making distributions to the unsecured creditors under the prescribed part or otherwise (as applicable);
- dealing with any other matters to progress the purpose of the Company's administration;
- dealing with unsecured creditor enquiries;
- determining the most appropriate administration exit route as set out in the Administrators' Proposals, subject to other matters in the administration including timing of receipt of deferred consideration (if any) from the Purchaser; and
- finalising the administration including the payment of all administration liabilities.

8. Other matters

If there are any matters concerning the Company's affairs which with you consider may require investigation, and consequently should be brought to our attention, please forward the details to me in writing as soon as possible.

9. Next report

We will report to you again at the conclusion of the Administration or in six months' time, whichever is the sooner.

Yours faithfully
For and on behalf of the Company



S J Edel
Joint Administrator

A Hudson, S Edel, J Robinson and L Winterborne are licensed in the United Kingdom to act as an Insolvency Practitioner by The Insolvency Practitioners Association.

The affairs, business and property of the Company are being managed by the Joint Administrators, A Hudson, S Edel, J Robinson and L Winterborne who act as agents of the Company 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 Company may act as a data processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrators' appointment. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy.

Appendix 1

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

| | |
|---|--|
| Name of court: | High Court of Justice Business and Property Courts of England and Wales, Insolvency and Companies List |
| Court reference: | CR-2020-001582 |
| Registered name of the company: | FBE Realisations 2021 Limited |
| Registered office address of the company: | 1 More London Place, London, SE1 2AF |
| Registered number: | 02769768 |
| Country of incorporation (for a company incorporated outside the United Kingdom): | N/A |
| Date of appointment of the joint administrators: | 5 March 2020 |
| Details of any changes of administrator: | None |
| Full names of the administrators: | Alan Michael Hudson, Simon Jamie Edel, Joanne Honor Robinson and Lucy Winterborne |
| Office holder number(s): | 9200, 9810, 19890 and 21130 |
| Administrators' address(es): | |
| Alan Michael Hudson | Simon Jamie Edel |
| Ernst & Young LLP | Ernst & Young LLP |
| 1 More London Place, London, SE1 2AF | 1 More London Place, London, SE1 2AF |
| Joanne Honor Robinson | Lucy Winterborne |
| Ernst & Young LLP | Ernst & Young LLP |
| 1 More London Place, London, SE1 2AF | The Paragon, 32 Counterslip, Bristol, BS1 6BX |

Telephone number:

(0) 20 7951 2000

Name of alternative person to contact with
enquiries about the case:

Ned Swifte

FBE Realisations 2021 Limited (in Administration)

Joint Administrators' Summary of Receipts and Payments from 5 March 2021 to 4 September 2021

| | Directors' Statement of Affairs - Estimated to Realise | GBP Equivalent | GBP | | | EUR | | | USD | | |
|---|--|----------------|--------------------------|--------------------|--------------------------|--------------------------|--------------------|--------------------------|--------------------------|--------------------|--------------------------|
| | | | Position as at 04-Mar-21 | Movement in Period | Position as at 04-Sep-21 | Position as at 04-Mar-21 | Movement in Period | Position as at 04-Sep-21 | Position as at 04-Mar-21 | Movement in Period | Position as at 04-Sep-21 |
| Receipts | | | | | | | | | | | |
| Fixed Charge | | | | | | | | | | | |
| Property (Training Academy) | 3,500,000 | 3,525,000 | 3,525,000 | - | 3,525,000 | - | - | - | - | - | - |
| Share in FAS | Uncertain | 4,540,385 | 4,540,385 | - | 4,540,385 | - | - | - | - | - | - |
| Aircraft | 85,462,700 | - | - | - | - | - | - | - | - | - | - |
| Aircraft Engines | 17,144,100 | 3,783,816 | - | - | - | - | - | - | 3,392,551 | 1,851,061 | 5,243,612 |
| | | 11,849,200 | 8,065,385 | - | 8,065,385 | - | - | - | 3,392,551 | 1,851,061 | 5,243,612 |
| Floating Charge | | | | | | | | | | | |
| Cash at Bank (unrestricted) | 6,437,608 | 6,791,680 | 5,967,346 | 0 | 5,967,346 | 627,894 | - | 627,894 | 396,297 | - | 396,297 |
| Third Party Funding (excluding from the Purchaser) (note 2) | - | 1,577,338 | 255,900 | 1,321,437 | 1,577,338 | - | - | - | - | - | - |
| Derivatives | 580,000 | 580,000 | 580,000 | - | 580,000 | - | - | - | - | - | - |
| Card receipts | 4,005,755 | 11,198,479 | 5,829,332 | 1,676,554 | 7,505,885 | 932,337 | 3,287,863 | 4,220,200 | 236 | 102,511 | 102,747 |
| Petty Cash | - | 23,309 | 14,931 | - | 14,931 | 9,771 | - | 9,771 | - | - | - |
| Fleet Maintenance | - | 10,468,477 | 10,528,092 | (382,295) | 10,145,797 | 344,712 | - | 344,712 | 37,583 | - | 37,583 |
| Trade Debtors | 12,863,838 | 5,681,625 | 3,502,834 | 2,003,105 | 5,505,939 | 107,722 | - | 107,722 | 115,470 | - | 115,470 |
| Other Debtors | - | 317,573 | 174,229 | 127,748 | 301,977 | 18,190 | - | 18,190 | - | - | - |
| Refund of pre-payment | - | 6,183 | 6,183 | - | 6,183 | 40,505 | (40,505) | - | - | - | - |
| Bank Interest | - | 17,742 | 17,011 | 732 | 17,742 | - | - | - | - | - | - |
| Chattel sales | - | 16,600 | 1,600 | 15,000 | 16,600 | - | - | - | - | - | - |
| Airport Slots | Uncertain | - | - | - | - | - | - | - | - | - | - |
| Spares and Parts | Uncertain | 2,754,691 | 864,209 | 348,789 | 1,212,998 | - | - | - | 2,133,105 | 3,373 | 2,136,478 |
| Carbon Credits | 7,253,792 | 7,056,134 | 39,482 | - | 39,482 | 8,183,521 | - | 8,183,521 | - | - | - |
| Insurance rebates | 2,500,000 | 1,099,372 | 149,278 | 508,460 | 657,738 | - | 40,505 | 40,505 | 499,623 | 64,265 | 563,889 |
| Fixed Assets - Software | Uncertain | - | - | - | - | - | - | - | - | - | - |
| Fixed Assets - Plant and Equipment | 50,000 | - | - | - | - | - | - | - | - | - | - |
| Intercompany Debtors | Uncertain | - | - | - | - | - | - | - | - | - | - |
| Other Receivables | Uncertain | - | - | - | - | - | - | - | - | - | - |
| RECEIPTS TOTAL | | 59,438,403 | 35,995,811 | 5,619,530 | 41,615,341 | 10,264,652 | 3,287,863 | 13,552,515 | 6,574,864 | 2,021,210 | 8,596,074 |

| | <i>Directors' Statement of Affairs - Estimated to Realise</i> | GBP Equivalent | GBP | | | EUR | | | USD | | |
|--|---|-------------------|--------------------------|---------------------|--------------------------|--------------------------|--------------------|--------------------------|--------------------------|--------------------|--------------------------|
| | | | Position as at 04-Mar-21 | Movement in Period | Position as at 04-Sep-21 | Position as at 04-Mar-21 | Movement in Period | Position as at 04-Sep-21 | Position as at 04-Mar-21 | Movement in Period | Position as at 04-Sep-21 |
| Wages | | 6,026,606 | 5,377,824 | 648,782 | 6,026,606 | - | - | - | - | - | - |
| Legal Fees | | 4,066,120 | 3,811,212 | 253,397 | 4,064,609 | 1,762 | - | 1,762 | - | - | - |
| Rent and Rates | | 2,139,031 | 1,558,949 | 580,082 | 2,139,031 | - | - | - | - | - | - |
| Facilities Management and Security | | 380,483 | 293,950 | 86,533 | 380,483 | - | - | - | - | - | - |
| Testing and Maintenance | | 323,402 | 192,650 | 129,952 | 322,602 | - | - | - | 1,108 | - | 1,108 |
| Transportation | | 134,333 | 134,333 | - | 134,333 | - | - | - | - | - | - |
| Equipment Leasing | | 64,671 | 63,626 | 1,045 | 64,671 | - | - | - | - | - | - |
| IT & Finance Systems | | 907,401 | 775,530 | 85,348 | 860,878 | 54,260 | - | 54,260 | - | - | - |
| Agents | | 719,308 | 571,748 | 147,538 | 719,286 | - | - | - | 10 | 20 | 30 |
| Regulatory and License Payments | | 30,452 | 28,725 | 1,727 | 30,452 | - | - | - | - | - | - |
| Interest Charges | | 4,679 | - | 209 | 209 | 2,570 | 2,644 | 5,213 | - | - | - |
| Bank Charges | | 3,996 | 2,902 | 818 | 3,720 | 194 | - | 194 | 112 | 40 | 152 |
| Employee Expenses | | 61,278 | 54,830 | 6,448 | 61,278 | - | - | - | - | - | - |
| Sundry Expenses | | 192 | 188 | 4 | 192 | - | - | - | - | - | - |
| Customs Duty | | 103,023 | 103,023 | - | 103,023 | - | - | - | - | - | - |
| Insurance payments | | 383,968 | 244,609 | 106,776 | 351,385 | - | 38,001 | 38,001 | - | - | - |
| Intercompany Loan (FAS) | | - | - | - | - | - | - | - | - | - | - |
| Joint Administrators' pre-appointment fees | | 64,348 | 64,348 | - | 64,348 | - | - | - | - | - | - |
| Administrator Fees | | 15,276,813 | 9,027,881 | 6,248,933 | 15,276,813 | - | - | - | - | - | - |
| Administrator Expenses | | 37,871 | 30,965 | 6,906 | 37,871 | - | - | - | - | - | - |
| PAYMENTS TOTAL | | 30,727,973 | 22,337,292 | 8,304,498 | 30,641,790 | 58,785 | 40,644 | 99,429 | 1,230 | 60 | 1,290 |
| Intracompany Transfers | | | | | | | | | | | |
| Receipts (note 5) | | 17,206,091 | 13,101,494 | 4,104,597 | 17,206,091 | - | - | - | - | - | - |
| Payments (note 5) | | 16,590,260 | - | (1,150,606) | (1,150,606) | 10,110,341 | 3,352,902 | 13,463,244 | 5,267,543 | 3,320,696 | 8,588,239 |
| Payment to secured lenders | | 16,500,000 | 3,500,000 | 13,000,000 | 16,500,000 | - | - | - | - | - | - |
| Payment to BRAL is respect of sale of the Training Academy | | 3,116,971 | 3,089,735 | 27,237 | 3,116,971 | - | - | - | - | - | - |
| NET RECEIPTS/ PAYMENTS TOTAL | | 9,709,290 | 20,170,279 | (10,457,002) | 9,713,276 | 95,526 | (105,684) | (10,158) | 1,306,091 | (1,299,546) | 6,545 |
| Net Input/(Output) VAT (note 4) | | 1,666,209 | 1,252,910 | 443,849 | 1,696,759 | - | - | - | (41,662) | (675) | (42,337) |
| Cash at Bank | | 8,248,776 | 19,081,479 | (10,856,908) | 8,224,571 | 125,106 | (105,684) | 19,422 | 1,309,337 | (1,298,871) | 10,466 |

Accruals:

| | <i>Directors' Statement of Affairs - Estimated to Realise</i> | GBP Equivalent | GBP | | | EUR | | | USD | | |
|------------------------------------|---|------------------|--------------------------|---------------------|--------------------------|--------------------------|--------------------|--------------------------|--------------------------|--------------------|--------------------------|
| | | | Position as at 04-Mar-21 | Movement in Period | Position as at 04-Sep-21 | Position as at 04-Mar-21 | Movement in Period | Position as at 04-Sep-21 | Position as at 04-Mar-21 | Movement in Period | Position as at 04-Sep-21 |
| Pension Control Account | | (800) | (30,871) | 30,072 | (800) | - | - | - | - | - | - |
| Payroll Deductions Control Account | | 60 | 40 | 20 | 60 | - | - | - | - | - | - |
| Trade Creditors | | (337,069) | (442,776) | 131,869 | (310,907) | (29,580) | - | (29,580) | (1,108) | - | (1,108) |
| PAYE/NIC Control Account | | 5,024 | (171,367) | 176,390 | 5,024 | - | - | - | - | - | - |
| MRO Control Account (note 3) | | 131,440 | 485,213 | (382,295) | 102,918 | - | - | - | 39,525 | - | 39,525 |
| FAS Control Account | | (4,350) | (4,350) | - | (4,350) | - | - | - | - | - | - |
| REPRESENTED BY TOTAL | | 9,709,290 | 20,170,279 | (10,457,002) | 9,713,276 | 95,526 | (105,684) | (10,158) | 1,306,091 | (1,299,546) | 6,545 |

Notes

1. Currency conversation rates being applied to the Consolidated R&P to provide an indicative view of the GBP equivalent figures based on Bank of England Rates as at 4 September 2021. EUR 1.1663 and USD 1.3858.
2. Third party funding does not include any funding that was available from the Purchaser in relation to the Transaction. Third party funding includes amounts received from Exeter Aerospace and the Purchaser in relation to their occupation under licence of the Company's former premises at New Walker Hangar, Exeter in relation to rent, rates and utilities.
3. Funds held separately on account by the Company, which will be drawn down as MRO final accounts paid.
4. Includes certain VAT that may be available to the Purchaser pursuant to funding provided to complete the Transaction. Amount not disclosed for confidentiality reasons.
5. Intercompany transfers (i.e. Receipts and Payments) details the movements of cash between our various administration bank accounts which are denominated in three separate currencies. The net receipt shown in the GBP equivalent is caused as a result of the transfer of funds at set bank FX rates at various dates throughout the administration. The hypothetical net FX gain position shown above in GBP is caused by translating the EUR and USD amounts to GBP at the FX rate on 4 September 2021. However, in reality, this net gain GBP amount is just presentational.
6. Receipts and payments are stated net of VAT.
7. Receipts and payments are shown net of Transaction funding due to timing differences, costs incurred in the Period will be subject to final adjustments following completion.

Appendix 3

FBE Realisations 2021 Limited (In Administration)

Summary of joint administrators' expenses incurred

| Type of Expense | Per Estimate Dated 29 April 2020 | Incurred from 5 March 2020 to 4 March 2021 | Incurred from 5 March 2021 to 4 September 2021 | Total incurred 5 March 2020 to 4 September 2021 | Estimate to Complete |
|---|---|---|--|---|-------------------------|
| Payments made from the estate which are not disbursements – all Category 1 (see notes 1, 2 and 3 at the end of this table for definitions) | | | | | |
| Employee Costs | 5,424,629 | 5,867,636 | 251,219 | 6,118,855 | - |
| Legal Fees | 3,640,286 | 4,820,196 | 21,703 | 4,841,899 | 500,000 |
| IT & Finance Systems | 1,090,100 | 1,458,282 | (106,956) | 1,351,327 | 100,000 |
| Rent and rates | 754,864 | 1,128,465 | 1,010,567 | 2,139,031 | - |
| Insurance | 517,737 | 255,162 | 155,799 | 410,962 | 120,000 |
| Facilities Management and Security | 144,477 | 373,041 | 223,765 | 596,806 | - |
| Test and maintenance | 124,919 | 210,562 | 112,840 | 323,402 | - |
| Agent Fees | 89,232 | 1,305,874 | (232,203) | 1,073,671 | 150,000 |
| Transportation Costs | 54,993 | 179,813 | (3,955) | 175,858 | - |
| Equipment lease payment | 30,090 | 99,740 | (29,133) | 70,607 | - |
| Regulatory and License Payments | 11,739 | 57,859 | - | 57,859 | - |
| Bank Charges | 2,500 | 17,011 | (13,015) | 3,996 | 2,500 |
| Interest Charges | 1,000 | 2,212 | 2,467 | 4,679 | 2,500 |
| Sundry expenses | 1,000 | 1,700 | - | 1,700 | - |
| Public Notices | 625 | - | - | - | 625 |
| Customs Duty | 500 | 145,322 | 15,664 | 160,986 | - |
| Category 1 disbursements (see Note 2) | | | | | |
| Travel | 21,466 | 19,335 | - | 19,335 | 2,853 |
| Accommodation | 9,286 | 9,330 | - | 9,330 | - |
| Specific penalty bond | 1,280 | 1,280 | - | 1,280 | - |

| Type of Expense | Per Estimate Dated 29 April 2020 | Incurred from 5 March 2020 to 4 March 2021 | Incurred from 5 March 2021 to 4 September 2021 | Total incurred 5 March 2020 to 4 September 2021 | Estimate to Complete |
|--|---|---|---|--|-------------------------|
| Office supplies | 1,055 | 1,383 | 95 | 1,477 | 2,470 |
| Parking | 551 | 490 | - | 490 | 100 |
| Postage, photocopying and printing | 123 | 3,851 | 491 | 4,342 | 500 |
| Category 2 disbursements (note 2 and 3) | | | | | |
| Mileage | 1,500 | 2,218 | - | 2,218 | - |
| Telephone | - | 416 | - | 416 | - |
| Internal bulk copying, printing and postage | - | 3,004 | 94 | 3,098 | 1,208 |
| EY Germany – employee advice invoice | - | - | - | - | 5,408 |
| Total | 11,923,952 | 15,964,182 | 1,409,443 | 17,373,624 | 888,164 |

Notes

- Statement of Insolvency Practice No.9 defines expenses as any payments from the insolvency estate which are neither an office holder's remuneration or a distribution to a creditor or member.
- Expenses are divided into those that do not need approval before they are charged to the estate (Category 1) and those that do require prior approval (Category 2):
 - Category 1 expenses are payments to persons providing the service to which the expense relates who are not an associate of the office holder
 - Category 2 expenses are payments to associates or which have an element of shared costs.
- Expenses also include disbursements. Disbursements are payments which are first met by the office holder and then reimbursed to the office holder from the estate. Disbursements fall into either Category 1 or Category 2.
- Expenses are shown net of Transaction funding; due to timing difference, costs incurred in the Period will be subject to final adjustments once accounts are finally settled.
- Where expenses are reflected as a negative amount in the summary above, please note that this is due to the amount incurred in the Second Progress Report being overstated. The reason amounts may have been overstated is due to an excess accrual being reflected in the incurred amount out of caution or prudence.
- Certain expense items, such as rent & rates, relating to third party funded costs (i.e. licenced areas to Exeter Aerospace and the Purchaser) have not been included in the summary above. This is because the expense is recovered in full – so there is net nil cost to the administration.
- The Category 1 and 2 expenses incurred to 4 March 2021 has been adjusted downwards since the Second Progress Report by £3,991 for certain expenses which are not chargeable to the estate (and have not been paid either).

FBE Realisations 2021 Limited (In Administration)

Joint administrators' time costs for the period from 5 March 2021 to 4 September 2021 and a comparison with the updated fee estimate dated 27 May 2021

| Item | Estimated Hours as of 27 May 2021 | Estimated fee as of 27 May 2021 | Estimated Average Hourly Rate £/h | Actual to 4 March 2021 (Hours) | Actual to 4 March 2021 (£) | From 5 March 2021 to 4 September 2021 (Hours) | From 5 March 2021 to 4 September 2021 (£) | Cumulative to 4 September 2021 (Hours) | Cumulative to 4 September 2021 (£) | Actual Average Hourly Rate £/h |
|--|-----------------------------------|---------------------------------|-----------------------------------|--------------------------------|----------------------------|---|---|--|------------------------------------|--------------------------------|
| Sale of Business, Other Assets and Airport Slots | 9,000 | 5,258,799 | 584 | 8,483 | 4,918,569 | 139 | 93,602 | 8,622 | 5,012,171 | 581 |
| Fleet, Engines & Equipment | 4,230 | 1,946,644 | 460 | 4,131 | 1,871,880 | 122 | 96,826 | 4,253 | 1,968,707 | 463 |
| Trading, Cashflow and Funding (including Debtor & Cash Realisations) | 7,716 | 2,877,389 | 373 | 6,811 | 2,528,326 | 833 | 345,015 | 7,644 | 2,873,341 | 376 |
| Creditors, Critical Suppliers and Property | 5,132 | 1,225,660 | 239 | 4,036 | 1,075,925 | 597 | 70,995 | 4,633 | 1,146,920 | 248 |
| Communications, Customers & Employees | 4,751 | 1,652,977 | 348 | 4,306 | 1,480,587 | 119 | 43,727 | 4,425 | 1,524,314 | 344 |
| Accounting & Administration | 1,579 | 465,755 | 295 | 1,356 | 424,073 | 259 | 95,201 | 1,615 | 519,274 | 321 |
| Bank & Statutory Reporting | 889 | 482,663 | 543 | 648 | 368,025 | 164 | 127,067 | 812 | 495,092 | 610 |
| Job Acceptance and Strategy | 1,594 | 703,016 | 441 | 1,281 | 618,801 | 49 | 33,087 | 1,330 | 651,888 | 490 |
| Immediate Tasks & Day 1 | 754 | 340,595 | 452 | 752 | 339,511 | - | - | 752 | 339,511 | 452 |
| VAT & Taxation | 1,585 | 824,468 | 520 | 1,165 | 701,124 | 316 | 151,612 | 1,481 | 852,736 | 576 |
| Regulatory | 219 | 140,877 | 643 | 160 | 125,670 | 9 | 5,023 | 169 | 130,693 | 774 |
| Investigations | 1,671 | 612,057 | 366 | 1,490 | 541,734 | 97 | 54,577 | 1,586 | 596,311 | 376 |
| Total (excluding costs incurred in relation to the Transaction) | 39,120 | 16,530,902 | 423 | 34,618 | 14,994,224 | 2,704 | 1,116,733 | 37,321 | 16,110,957 | 432 |
| | | | | | | | | | Fees paid to date £ | (15,276,813) |
| | | | | | | | | | Residual £ | 834,143 |

FBE Realisations 2021 Limited (in Administration)

Description of narrative for Joint Administrators' time costs for the period 5 March 2021 to 4 September 2021

| Type of work | Description of work completed during the Period |
|--|--|
| Sale of Business, Other Assets and Airport Slots | <p>Tasks providing a direct benefit to creditors via asset realisations and preservation of critical assets:</p> <ul style="list-style-type: none"> Continuing to liaise with key interested parties and understand level of interest in various other asset groups (aside from the assets subject to the Group business sale); including:- <ul style="list-style-type: none"> Engines (PW150s) Tooling, stock and inventory Working with agents and interested parties in relation the sale of engines and tooling, stock and inventory. Working through offers and bids for engines and tooling to ensure best price received, including negotiating price, facilitating protracted due diligence exercises, attending to contracting and completion procedures for PW150 engines and stock sales. Engaging with CAMO and maintenance providers for PW150 engines to assist with due diligence exercises and shipping/transporting relating to sales processes. Continuing to deal with specialist agents regarding assets located at multiple locations across the UK including at airports and those assets with former employees. Dealing with residual post-completion matters for prior sales, including tax queries, for stock and engine sales as well as information to support Flybe Aviation Services share sale. <p>Note: no time associated with the Group business sale is being charged to the creditors as and from 24 August 2020 as these costs are being met by the purchaser</p> |
| Fleet, Engines & Equipment | <p>Tasks providing a direct benefit to creditors by preserving and realising value in assets:</p> <ul style="list-style-type: none"> Arranging for paying residual outstanding liabilities and other obligations relating to the former MRO operation on a timely basis. Undertaking borescope testing for owned engines to understand condition in preparation for subsequent sale. Negotiating and completing agreements for engine maintenance provider and CAMO provider for remaining engines, including engaging lawyers to ensure adequate protection. |

| Type of work | Description of work completed during the Period |
|---|--|
| | <ul style="list-style-type: none"> • Facilitating information flow to engine maintenance provider and CAMO provider to ensure complete record history maintained for each engine. • Regular communications with engine maintenance provider to ensure records and engines maintained. Ensure approach aligned with CAMO provider. • Dealing with engine maintenance provider and CAMO provider in relation to proposed maintenance and repairs, including seeking their assistance on quotes received for major overhauls (i.e. gearbox changes) and sale strategy. Ensure approaches aligned with SkyWorld as marketing agent. • Attending to tasks associated with engine sale processes not already captured under the 'Sale of Business, Other Assets and Airport Slots heading', including segregation of stock & equipment, facilitating access to information for interested parties and investigations into customs duties that may be applicable upon sale. <p>Note: no time associated with the Group business sale is being charged to the creditors as and from 24 August 2020 as these costs are being met by the purchaser</p> |
| Trading, Cashflow, and Funding (including Debtor and Cash Realisations) | <p>Tasks providing a direct benefit to creditors by preserving and realising value in assets:</p> <ul style="list-style-type: none"> • Continuing to pursue the recovery of material debtor balances (credit card acquirers and accounts receivable) including direct engagement with credit card acquirers and debtors to confirm debts outstanding and working with debt collection agency on realisation strategies. • Continuing to oversee selected debt collector and ensure continued momentum and provide guidance on stalled collection (and strategies available). • Regular cashflow report updates for the administration to ensure adequate liquidity maintenance, including regular extension of forecasting. • Process cash receipts and ongoing monitoring of balances on internal accounting system, maintain key assumptions register to ensure consistent cash flow reporting. Linking of cashflow report to Estimated Outcome Statement and monthly review of the same. • Ad-hoc cost control - liaising with Flybe finance, critical supplier workstreams and other workstreams for ongoing monitoring of trading commitments and expenditures relevant to the estate (but not the Group business sale transaction). • Continuing to liaise with tax teams to ensure appropriate tax provisions for the Flybe cashflow and attending to tax compliance tasks, e.g. VAT returns (but no replication of duties under 'VAT & Taxation' below). |

| Type of work | Description of work completed during the Period |
|--|---|
| | <ul style="list-style-type: none"> • Approving of receipts and payments as required. • Preparing Receipts and Payments summary for statutory reporting to creditors (6-monthly progress report) in regulated format. |
| Creditors, Critical Suppliers & Property | <p>Tasks providing a benefit to employees and customers:</p> <ul style="list-style-type: none"> • Maintaining dialogue with critical suppliers to ensure continuation of service with no breakage/disruption to business – including critical suppliers relating to hangar space at Exeter for recovery of the engines, stock and equipment (no costs relating to Group business sale). • Attending to contract terminations / extensions (if applicable), including the withdrawal of undertaking / commitment letters to critical suppliers for the estate where appropriate (no costs relating to the Group business sale). • Responding to unsecured creditor queries through supplier mailbox; dealing with further creditor queries via phone and post as appropriate. • Facilitating and arranging lodgement of unsecured creditor claims through online and action manual claims received. • Dealing with landlord for Exeter premises on ad-hoc basis and attend to tasks associated with licensing arrangements for third parties. • Ongoing communications with occupiers (under license) at the Exeter Property including facilitating extension of property licenses to ensure no cost burden to the estate. |
| Communications, Customers & Employees | <p>Tasks providing a benefit to employee creditors and customers:-</p> <ul style="list-style-type: none"> • Continuing to deal with and respond to large volume of employee queries as and when they arise, directly from prior employees, case team, or government agencies (including overseas jurisdictions). • Continuing to deal with numerous Protective Award claims and consequent communication from solicitors, employees and the Employment Tribunal. [This process has run since early in the Administration and is still not finalised due to delays and jurisdictional issues. However there has been significant movement in this period by the Tribunal and as such we hope the claims will be finalised in the next period.] • Overseeing completion and submission of P11ds for all employees employed in the tax year to April 2021 |

| Type of work | Description of work completed during the Period |
|-----------------------------|--|
| | <ul style="list-style-type: none"> Continuing to respond to incoming queries from customers on the progress of the Administration and process for recovery of amounts paid or claim lodgement with the Joint Administrators. Dealing with ad-hoc enquiries from other stakeholders including government MPs and the media on progress of the Administration. |
| Accounting & Administration | <p>Tasks providing an indirect benefit to creditors:</p> <ul style="list-style-type: none"> Overall financial management of the administration, processing daily, weekly and fortnightly payments (as necessary), updating internal accounting systems and preparation of bank account reconciliations. |
| Bank & Statutory Reporting | <p>Tasks providing a direct benefit to the senior lenders and reports as required by statute:</p> <ul style="list-style-type: none"> Regular reporting to the Company's Senior Lenders providing details on key administration strategy and recommendations, including requesting authority for the sale of assets subject to fixed and floating charges including stock and engine sale. Preparing estimated outcome statements, including and cash flow updates for the Senior Lenders. Providing updates and a final position to the Pension Scheme (in their capacity as security holder for the Training Academy) in relation to the sale of the freehold property. Preparation and submission of the Second Progress Report and commence drafting this progress report; compliance with the statutory requirements of the administration. Statutory filings at Companies House. Coordinating with former Flybe staff and record holders to organise the retention and separation of the Company's records. Continuing to deal with third party holders of statutory records – hard copy and electronic – including dealing with data holders to preserve all data that may explain the conduct leading up to the Administration. Dealing with unsecured creditors committee and third Committee meeting, including: <ul style="list-style-type: none"> Data pack to present to the Committee group post-Transaction; and Liaising with Committee members in lead up to the meeting. |

| Type of work | Description of work completed during the Period |
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| Job Acceptance and Strategy | <p>Tasks providing an indirect benefit to creditors:</p> <ul style="list-style-type: none"> • Strategic planning and meetings (weekly and ad-hoc) throughout the Administration to follow progress of the Administration, ensure alignment of activities and making sure that strategic priorities of the Administration are met. • Various emails, calls and meetings between the Joint Administrators and central EY coordination to discuss job strategy and make key decisions. |
| VAT & Taxation | <p>Tasks required by statute and potentially providing a direct and/or indirect benefit to creditors:</p> <ul style="list-style-type: none"> • General tax compliance, including responding to HMRC on returns. • Strategic tax planning advice on capital gains, VAT/input tax and corporation tax in relation to various actions taken during the Period. • Providing detailed advice on proposed transaction structures. • Preparing and finalising corporation tax returns for the Company, including finalising analysis in respect of the MRO wind-down and the sale of Company assets. • Preparing monthly VAT returns for the Company, including preparing detailed reconciliations for returns to support VAT recoveries. |
| Regulatory | <p>Tasks required by statute:</p> <ul style="list-style-type: none"> • Managing communications with other regulatory bodies including the Insolvency Service and Financial Conduct Authority |
| Investigations | <p>Tasks required by statute:</p> <ul style="list-style-type: none"> • Recovering company records (physical and IT) from Company locations • Supporting record recovery and investigations by government and other prosecution authorities. |