

TO ALL KNOWN CREDITORS AND MEMBERS

20 March 2025

Ref: CGJK/AMH/KH/NH
Direct line: +44 (0) 20 7951 7693
Email: nhamill@parthenon.ey.com

Dear Sir or Madam

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

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

I write, in accordance with Rule 18.8 of the Insolvency (England and Wales) Rules 2016 (“the Rules”), to provide creditors and members of the Company with a report on the progress of the liquidation.

On 21 January 2022 (“the Date of Appointment”), a winding up order was made in respect of the Company in the High Court of Justice, Business and Property Courts of England and Wales (“the Court”) pursuant to paragraph 79 of Schedule B1 to the Insolvency Act 1986 (“the Act”) (the “Liquidation”).

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

This report covers the period from 21 January 2024 to 20 January 2025 (“the Reporting Period”) and should be read in conjunction with the former Joint Administrators’ Statement of Proposals dated 21 March 2019 (“the Proposals”), the former Joint Administrators’ Statement of Revised Proposals dated 1 December 2021 (“the Revised Proposals”), previous Progress Reports issued by the former Joint Administrators (dated 14 October 2019, 8 April 2020, 14 October 2020, 13 April 2021 and 14 October 2021) and the previous Progress Reports issued by the Joint Liquidators (dated 17 March 2023 and 20 March 2024).

Progress during the period of the report

Al Binaa Shares

The principal outstanding matter in the Liquidation is the transfer of the Company’s legal ownership of shares in Al Binaa Contracting Company W.L.L. (“Al Binaa”) (“the Al Binaa Shares”). The economic benefit in these shares transferred to Interserve Group Limited (“IGL” or “the Purchaser”) on 15 March 2019, as part of a sale of substantially all of the Company’s business and assets and certain liabilities (“the Sale”). Subsequently, the Purchaser transferred its interest in the Al Binaa Shares to its associate, Interserve Developments No. 1 Limited (“ID1”).

As communicated in the previous reporting period, an agreement has been signed to sell the Al Binaa shares to a buyer. Legal completion of the sale can only take place once various local tax matters have been resolved and formal tax clearance from the Qatari tax authorities has ultimately been obtained. During the Reporting Period, the relevant tax submissions were made to the Qatari tax authorities. Given the intricacies of the Qatari tax code and the related processes, it could be some time until clearance is

obtained. The Liquidators continue to be advised in this matter by Qatari tax advisers.

We are unable to provide any further details at this stage due to the confidentiality and commercial sensitivity surrounding the sale and the related discussions. Following legal completion of the sale, an update will be provided in the subsequent progress report.

Other matters

Investigations

The Joint Liquidators are not currently undertaking any investigations into the Company or former directors of the Company.

During the Reporting Period no regulatory bodies have contacted the Joint Liquidators in respect to any ongoing investigations into the Company.

VAT

The Joint Liquidators have continued to submit the required VAT returns since the Date of Appointment.

Corporation tax

A corporation tax return for the period from 21 January 2023 to 20 January 2024 was submitted to HMRC during the Reporting Period. To date, HMRC has not raised any enquiries, but the enquiry window remains open.

The next corporation tax return, for the period 21 January 2024 to 20 January 2025 is due for submission to HMRC by 20 January 2026.

Tax related fees are included within our time costs, set out at Appendix 3.

Receipts and payments account

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

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

Joint Liquidators' remuneration

During the preceding Administration, the basis of the office holders' remuneration was approved by the secured creditors on a time cost basis, which has carried forward to the Liquidation, in accordance with Rule 18.20 of the Rules.

Since commencement of the Liquidation, the Joint Liquidators have incurred time costs of £491,262 (£75,078 during the Reporting Period). Of this, £295,992 has been paid to date.

Appendix 3 of this report provides an analysis of the time spent in comparison with the fee estimate provided to creditors on 17 February 2022 ("the Fee Estimate") and provides details of the work completed and expected to be undertaken during the remainder of the Liquidation.

The Joint Liquidators have exceeded the Fee Estimate of £295,992.

The Joint Liquidators will only draw remuneration in excess of the estimate with the prior agreement of the secured creditors, who approved the basis of remuneration, in accordance with Rule 18.30 of the Rules. The Joint Liquidators will shortly be engaging with the secured creditors on an updated fee estimate for the whole of the Liquidation.

Please refer to the previous Progress Report, dated 20 March 2024 in which I set out the reasons for exceeding the Fee Estimate in the previous reporting period to 20 January 2024. During the Reporting Period, time has been incurred over and above the Fee Estimate for the reasons set out below:

- Amendments to the agreed form of the relevant transaction documents associated with the sale of the Al Binaa shares (which were requested by the buyer) and logistical changes in filing the relevant documents with the Qatari tax authorities, both of which required additional, unanticipated time to be incurred by the Joint Liquidators; and
- The Liquidation has extended beyond the time period assumed in the Fee Estimate (two years) by a year to date. This has been due to matters, outside of the Joint Liquidators control, taking longer than expected, including negotiations with the buyer of the Al Binaa shares and tax clearance processes in Qatar. It is now anticipated that the Company will remain in Liquidation until at least 2026, assuming no further complications or delays beyond 2025 in respect of the tax clearance processes in Qatar, which will allow the completion of the sale of the Al Binaa shares.

Joint Liquidators' statement of expenses incurred

During the Reporting Period, we have incurred expenses and disbursements of £1,169 plus VAT. A detailed breakdown of expenses and disbursements incurred is included at Appendix 4.

Expenses and disbursements have exceeded the original estimate of £64,000 by £99,410. Please refer to the previous Progress Report, dated 20 March 2024 in which I set out the reasons for exceeding the Fee Estimate in the previous reporting period to 20 January 2024. During the Reporting Period, £1,060 of additional legal costs (fees and disbursements) were incurred in relation to the sale of the Al Binaa shares largely due to amendments required to the relevant transaction documents.

An update on the expected expenses and disbursements to complete the Liquidation will shortly be communicated to creditors, alongside the updated fee estimate noted above.

Creditors' rights to further information about, and challenge of, remuneration and expenses

The statutory provisions relating to remuneration are set out in Chapter 4 of Part 18 of the Rules. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide

to Liquidators' Fees', a copy of which may be accessed from the website of the Institute of Chartered Accountants in England and Wales at <https://www.icaew.com/en/technical/insolvency/creditors-guides> or is available in hard copy upon written request to the Joint Liquidators.

In certain circumstances, creditors are entitled to request further information about an office holder's 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 Creditor's Guide to Liquidators' Fees' referred to above.

Distributions to creditors

As previously reported, it is not anticipated that any further distributions will be made to the Company's secured or unsecured creditors, as the proceeds of a sale of the AI Binaa Shares have been paid to the Purchaser as required under the terms of the Sale, which completed shortly following the commencement of the preceding Administration of the Company.

Work which remains to be done

The Joint Liquidators will continue to deal with the Liquidation in line with statutory requirements. Future tasks include the following:

- progressing and concluding tax matters in relation to the sale of the AI Binaa Shares;
- preparing and filing corporation tax and VAT returns;
- fulfilling statutory and reporting requirements of the Liquidation;
- dealing with enquiries from creditors, members and other stakeholders, as required; and
- any other actions required by the Joint Liquidators to wind down and close the Liquidation.

Next report

The next progress report, which will include an update on the progress of the Liquidation, will be delivered in twelve months' time.

Should you have any queries regarding any of the matters outlined in this report, please contact my colleague, Natalie Hamill, on the contact details above.

Yours faithfully
for the Company



C G J King
Joint Liquidator

Charles Graham John King is licensed in the United Kingdom to act as an insolvency practitioner by the Institute of Chartered Accountants of England & Wales and Alan Michael Hudson is licensed in the United Kingdom to act as an insolvency practitioner by The Insolvency Practitioners Association.

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

Appendix 1

Interserve Plc (in Compulsory Liquidation) (formerly in Administration) ("the Company")

Information about the Company and the Joint Liquidators

Registered office address of the Company:	c/o Ernst & Young LLP, 1 More London Place, London, SE1 2AF
Registered number:	00088456
Date of appointment of the Joint Liquidators:	21 January 2022
Details of any changes of Liquidator:	Charles Graham John King replaced Robert Hunter Kelly as Joint Liquidator on 27 June 2022
Full names of the Liquidators:	Charles Graham John King (from 27 June 2022) Alan Michael Hudson Robert Hunter Kelly (to 27 June 2022)
Current office holder numbers:	Charles Graham John King - 8985 Alan Michael Hudson - 9200
Liquidators' addresses:	Ernst & Young LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5QR Ernst & Young LLP, 1 More London Place, London, SE1 2AF
Contact details:	+44 (0) 207 951 7693 nhamill@parthenon.ey.com
Name of alternative person to contact with enquiries about the case:	Natalie Hamill

Appendix 2

Interserve Plc (in Compulsory Liquidation) ("the Company")

Joint Liquidators' Summary of Receipts and Payments from 21 January 2024 to 20 January 2025

	Notes 1, 2	21 January 2022 to 20 January 2024	21 January 2024 to 20 January 2025	21 January 2022 to 20 January 2025
RECEIPTS				
Bank interest	3	2,700.86	18,486.31	21,187.17
Transfers from preceding Administration bank accounts		300,782.69	-	300,782.69
Liquidation funding	4, 8	209,067.25	18,153.71	227,220.96
Preceding Administration VAT refund and interest	5	61,909.14	20,890.25	82,799.39
Pre-Administration appointment cash at bank		4,555.60	-	4,555.60
Funds for CGT tax		900,000.00	-	900,000.00
Al Binaa share proceeds	6	-	2,039,389.63	2,039,389.63
Total receipts		1,479,015.54	2,096,919.90	3,575,935.44
PAYMENTS				
Payments to the Purchaser	7	-	(2,904,389.63)	(2,904,389.63)
CGT tax	8	-	(35,000.00)	(35,000.00)
Official Receiver's general fee and administration fee		(11,000.00)	-	(11,000.00)
ISA charges		(176.00)	(88.00)	(264.00)
Ocorian Trust Account fees		(10,000.00)	-	(10,000.00)
Joint Liquidators' fees		(295,992.00)	-	(295,992.00)
Legal Fees		(137,787.75)	(1,868.00)	(139,655.75)
Al Binaa	9	(135,405.75)	(1,498.00)	(136,903.75)
Non-Al Binaa		(2,382.00)	(370.00)	(2,752.00)
Joint Liquidators' disbursements and expenses		(2,103.50)	-	(2,103.50)
Legal Disbursements		(218.00)	(74.00)	(292.00)
Bank charges		(41.50)	(21.20)	(62.70)
Input VAT		(23,276.54)	23,276.54	-
Total payments		(480,595.29)	(2,918,164.29)	(3,398,759.58)
Net receipts / (payments)		998,420.25	(821,244.39)	177,175.86
REPRESENTED BY:				
Cash at Bank	10			188,439.86
ISA Control Account				(11,264.00)
Total				177,175.86

Notes:

- 1 This receipts and payments account is shown net of VAT.
- 2 This receipts and payments account has been prepared on an cash basis and does not reflect future expected receipts and payments.
- 3 Bank interest income was high in the Reporting Period due to funding of £900,000 being held in the bank account to meet CGT liabilities during the Reporting Period.
- 4 Represents funds provided by the Purchaser to the Joint Liquidators to fund the Liquidation.
- 5 Represents VAT in relation to costs incurred during the preceding Administration which had not been reclaimed prior to the Liquidation.
- 6 Sales consideration received from the buyer of the Al Binaa shares on economic completion. Shortly after receipt, these funds were transferred to ID1 in accordance with the terms of the Sale and Purchaser Agreement in relation to the sale of substantially all of the Company's business and assets and certain liabilities on 15 March 2019 ("the SPA").
- 7 Sale consideration remitted to ID1 (see note 6 above) and return of surplus funds held to meet CGT liabilities.
- 8 Transfer to put legal advisers, Al Tamimi & Company, in funds to meet certain CGT related liabilities in relation to the sale of the Al Binaa shares. £18,153.71 was returned to the Joint Liquidators, which the Purchaser agreed should be retained by the Joint Liquidators to fund the Liquidation (accounted for under "Liquidation funding"). The balance will be retained by Al Tamimi & Company as a contingency for a period of time.
- 9 In addition to the legal fees noted above, £1,126.40 was incurred by Al Tamimi & Company during the Reporting Period in relation to the sale of the Al Binaa shares. This was funded directly by the Purchaser which has an economic interest in the Al Binaa shares under the SPA dated 15 March 2019.
- 10 All funds are held in interest bearing accounts.

Appendix 3

Interserve Plc (in Compulsory Liquidation) ("the Company")

Joint Liquidators' time costs for the period 21 January 2024 to 20 January 2025

Actual costs in Reporting Period (21 January 2024 to 20 January 2025)										
	Staff Grade							Total Hours	Time Cost (£)	Average Hourly Rate (£)
	Partner	Director	Senior Manager	Manager	Executive	Assistant Executive	Analyst			
Administration & Planning	1.0	0.2	3.1	0.1	16.5	2.7	-	23.6	12,167	515.6
Al Binaa	5.8	16.7	14.3	-	4.6	-	-	41.4	34,517	833.7
Job acceptance & Strategy	-	-	-	-	-	-	-	-	-	n.a.
Members	-	-	0.2	-	-	-	-	0.2	160	799.5
Other Assets	-	-	-	-	-	-	-	-	-	n.a.
Other Matters	-	-	-	-	-	-	-	-	-	n.a.
Out of Scope	-	-	-	-	-	-	-	-	-	n.a.
Public Relations	-	-	-	-	-	-	-	-	-	n.a.
Reporting & Statutory Duties	2.0	3.5	14.7	-	-	1.3	1.5	23.0	17,703	769.7
VAT & Taxation	1.2	3.5	3.8	-	1.4	5.8	0.3	16.0	10,530	658.1
Total Hours	10.0	23.9	36.1	0.1	22.5	9.8	1.8	104.2		
Time Costs (£)	8,509	22,941	28,954	49	10,104	4,027	494		75,078	
Average Hourly Rate (£)	850.9	959.9	802.0	494.8	449.0	410.9	274.3		720.5	
Category 1 Disbursements (£)	-									
Category 2 Disbursements (£)	-									

Notes

- Time is charged in 6 minute intervals.
- Specialists, such as tax professionals, have been engaged to provide advice, where required. Standard charge-out rates of these specialists are higher than the equivalent grade in the Restructuring team.
- Time costs include agreed 35% discount to all standard charge out rates (incl. specialist resource).
- * Expenses communicated in Liquidation Fee Estimate of £61,000, covering legal fees and disbursements and the official receivers general and administration fees, not reported here.

Fee estimate sent to all known creditors			Actual costs to 20 January 2025			Remaining balance of estimate sent to creditors	
Total hours	Time cost (£)	Average hourly rate (£)	Total hours	Time cost (£)	Average hourly rate (£)	Total hours	Time cost (£)
105.6	36,336	344.1	163.0	66,103	405.5	(57.4)	(29,767)
196.0	131,654	671.7	398.5	270,152	677.9	(202.5)	(138,498)
12.0	5,171	430.9	10.3	4,525	439.3	1.7	646
-	-	-	1.8	1,937	1,076.1	(1.8)	(1,937)
-	-	-	1.1	858	780.0	(1.1)	(858)
-	-	-	29.2	20,608	705.8	(29.2)	(20,608)
-	-	-	6.6	4,296	650.8	(6.6)	(4,296)
-	-	-	0.2	129	643.5	(0.2)	(129)
174.0	65,150	374.4	134.3	61,498	457.9	39.7	3,652
101.4	57,681	568.8	143.9	61,157	425.0	(42.5)	(3,476)
589.0	295,992	502.5	888.9	491,262	552.7	(299.9)	(195,270)
Disbursements (£)*			Disbursements (£)*			Disbursements (£)*	
Category 1	2,280.00		Category 1	1,383.50		Category 1	896.50
Category 2	720.00		Category 2	751.61		Category 2	(31.61)
	3,000.00			2,135.11			864.89

Category of work	Description of work completed / to be completed
Administration and Planning	<ul style="list-style-type: none"> • Overall management of the case, treasury and accounting functions, statutory compliance diaries and time cost monitoring and reporting. • Monitoring internal systems and records in line with statutory requirements.
Al Binaa	<ul style="list-style-type: none"> • Obtaining required consents, clearances and transferring ownership / managing the sale of the Al Binaa Shares. • Tax advice in respect to the sale of the Al Binaa Shares.
Job Acceptance and Strategy	<ul style="list-style-type: none"> • Matters relating to the Liquidation appointment and initial planning. • Completion of workstreams requiring immediate attention following appointment.
Members	<ul style="list-style-type: none"> • Corresponding and dealing with shareholder queries.
Other Matters	<ul style="list-style-type: none"> • Managing general queries and correspondence on behalf of the Company. • Dealing with general compliance obligations of the Liquidation. • Other ad hoc matters that arise in the course of the Liquidation.
Out of Scope	<ul style="list-style-type: none"> • Assistance provided to the Purchaser in relation to a rebate due to the Company, which under the sale agreement transferred to the Purchaser. The Purchaser is to cover the costs in relation to this matter.
Public Relations	<ul style="list-style-type: none"> • Agreeing and issuing statements to the press, as required, and dealing with enquiries from the media.
Reporting & Statutory Duties	<ul style="list-style-type: none"> • Preparing the Joint Liquidators' progress reports. • Reporting to the Purchaser. • Completion of statutory requirements of the Liquidation, including notifications to the creditors and members, advertising the appointment, and filing documents at Companies House.
VAT and Taxation	<ul style="list-style-type: none"> • Preparing corporation tax and VAT returns, with input from EY VAT and tax specialists

Appendix 4

Interserve Plc (in Compulsory Liquidation) ("the Company")

Summary of Joint Liquidators' expenses incurred

Type of Expense	Per Joint Liquidators' fee estimate (£)	Total incurred from 21 January 2022 to 20 January 2024 (£)	Total incurred from 21 January 2024 to 20 January 2025 (£)	Remaining balance / (overrun) of estimate (£)
Payments made from the estate which are not disbursements^{1, 2}				
Legal fees ³	50,000.00			(89,655.75)
Al Binaa		135,917.75	986.00	
Non-Al Binaa		2,752.00	-	
Legal disbursements ³	-	218.00	74.00	(292.00)
Official Receiver's general fee and administration fee	11,000.00	11,000.00	-	-
Ocorian Trust Account fees	-	10,000.00	-	(10,000.00)
ISA charges	-	176.00	88.00	(264.00)
Bank charges	-	41.50	21.20	(62.70)
Category 1 disbursements²				
Specific penalty bond	1,280.00	1,280.00	-	-
Advertising	1,000.00	103.50	-	896.50
Category 2 disbursements²				
Copying, printing and postage ⁴	720.00	751.61	-	(31.61)
Total	64,000.00	162,240.36	1,169.20	(99,409.56)

Notes:

- Statement of Insolvency Practice 9 ("SIP 9") defines expenses as amounts properly payable from the insolvency estate which are not otherwise categorised as office holders' remuneration or distributions to creditors.
- SIP 9 defines disbursements as a type of expense which is met by and reimbursed to an office holder in connection with an insolvency appointment. Disbursements fall into two categories: Category 1 and Category 2.
 - Category 1 disbursements are payments to independent third parties where there is specific expenditure directly referable to the appointment.
 - Category 2 disbursements are expenses which are directly referable to the appointment but not a payment to an independent third party. They may include shared and allocated costs.
- Please refer to the main body of this report for further information on the overrun of legal fees and disbursements.
- As at 20 January 2025, £31.61 of category 2 disbursements had been incurred and not yet paid.