

TO ALL KNOWN PREFERENTIAL CREDITORS

25 April 2024

Ref: TRS/SE/LN/LJ/AUK

Email: aukemployees@uk.ey.com

Dear

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

I write further to my initial letter to creditors dated 8 February 2024 notifying you of my appointment, and the Joint Administrators' Statement of Proposals ('the Proposals') dated 28 March 2024, both of which are available to view on the Administration website: https://www.ey.com/en_uk/arrival-uk-ltd-and-arrival-automotive-uk-limited.

As creditors have not requisitioned a decision on the Proposals and a creditors' committee has not been formed, we are now seeking approval from the secured creditors and a decision from the preferential creditors for the basis of our remuneration and approval to draw unpaid pre-administration costs incurred with a view to the Company entering Administration. In this regard, we would refer you to our fees estimate and details of expenses enclosed for your information. Also enclosed is a formal notice of a decision by correspondence on these matters, together with a voting form and notice of claim form.

Material Updates

Set out below is an update on the material matters in the period 9 March 2024 to 10 April 2024 ("the Period") since the Proposals. Please note this letter should be read in conjunction with the Proposals.

Sale of the business and/or assets

Following our update in the Proposals, negotiations with several parties are continuing. The process remains commercially sensitive and the outcome will be communicated to creditors and stakeholders at the appropriate time.

Leasehold properties

As outlined in the Proposals, the Joint Administrators were negotiating the surrender of five leasehold interests at the Company's sites to reduce lease costs to the estate. Since the Proposals, the Joint Administrators have agreed the surrender of one (out of five) leases that were deemed uncommercial to retain.

As part of this, the Testing and Validation Centre Banbury ('TVC Banbury') premises lease was assigned on 21 March 2024 as part of a wider asset sale as outlined in the Proposals. The wider asset sale resulted in GBP 2.1m plus VAT being received for plant & machinery by the Company.

The only remaining site that the Company continues to occupy is at Unit 2 in Banbury, which has been retained to facilitate the realisation of non-core plant and machinery for the benefit of creditors as well as to maintain a real-estate footprint as part of the business and/or assets sales process.

Intellectual Property

The Joint Administrators continue to liaise with specialist IP legal advisors and counsels of record (Kilburn & Strode LLP and Origin Ltd) in order to preserve the registered IP relevant for a sale of business and/or assets. The Company continues to assess and maintain its patent and IP portfolio as part of the sales strategy.

Debtor recoveries

Debtor recoveries have progressed since our Proposals. In respect of trade receivables, there have been receipts in the Period of GBP 213 and USD 31,425. Following negotiations, we have also reached agreement with two debtors for the recovery of GBP 318,044 and GBP 8,400 for the benefit of creditors.

As outlined in the Proposals, the Company is due a significant refund in respect of business rates from various councils across England. In the Period we have continued to progress recovery of these amounts and GBP 1.4m was subsequently received on 11 April 2024 and a further recovery of GBP 1.0m was received on 18 April 2024.

Receipts and Payments Account

A summary of the Joint Administrators' Receipts and Payments for the period from 5 February 2024 to 10 April 2024 is enclosed with this letter.

Summaries of the most significant movements in the Period are provided below.

Lender funding

A funding agreement between the Company and the Secured Lenders, as defined in the Proposals, was entered into immediately following the appointment to ensure that the purpose of the Administration as set out in the Proposals could be achieved.

At the date of this letter, a sum of GBP 8.7m has been drawn under the funding agreement. In the Period since the Proposals, further funding of GBP 1.2m has been provided to the Company.

Please note that since the Proposals, the funding has been reallocated to fixed charge realisations in its entirety. This is as agreed with the Secured Lenders in accordance with the terms of the Funding Agreement.

This allocation is subject to ongoing revision.

Furniture & equipment

Since the Joint Administrators' Proposals, there have been sales of various items of furniture and equipment following the exit of a number of leasehold properties. These total GBP 42,958 plus VAT and include surplus desks, chairs and other office equipment.

Plant & machinery

As noted in our Proposals, the TVC Banbury premises, one of the Company's leasehold premises, was subject to an asset sale and leasehold assignment transaction. This transaction completed on 21 March 2024 for GBP 2,100,000 plus VAT as consideration for assets in-situ, including testing equipment, contained within the TVC Banbury premises.

There has also been an additional sale of plant and machinery for GBP 8,500 plus VAT in respect of several mobile column lifts received in the Period.

We continue to progress with realisation of other non-core plant and machinery. An online auction for other non-core assets stored in Unit 2 is ongoing and concludes on 23 April 2024. This auction is being managed by Gordon Brothers on behalf of the Joint Administrators and we will provide a further update as to the outcome of this auction in subsequent updates to creditors.

Pre-appointment debtors

There were several pre-appointment debtors as well as asset sales that concluded prior to the Joint Administrators' appointment where consideration had not yet been received by the Company. In certain cases, invoices for the agreed consideration had not been raised. Following appointment, we have worked with the Company finance team to raise invoices where appropriate to seek recovery of these debtors.

To date the Company has received GBP 180,292 and USD 10,550. The only material receipt in the Period is USD 31,425. We continue to chase the remaining debtors for payment.

Rent deposit refunds

Following the sale of the TVC Banbury premises, the rent deposit of GBP 33,061 has been refunded as well as an apportionment for unused rent of GBP 2,047, both shown as rent deposit refunds in the R&P.

Sundry receipts

In the Period there has been a receipt of GBP 48,201 which is currently unallocated. We have contacted the parties that may have paid this amount and liaised with the Company's finance team however we have been unable to identify the origin of this receipt. Work is ongoing to identify including a trace from the bank to allocate this amount as appropriate.

Employee costs & Contractor costs

At this date of this letter, there continues to be 107 employees retained by the Company.

Employee costs paid in the Period total GBP 616,558. These costs include net pay, PAYE, NIC and all other employee costs.

Payments to subsidiaries

As noted in our Proposals, certain employees in the US, Germany, Georgia and Spain were identified as being critical to preserving value for the Company's estate, primarily to support the sales process.

During the period since the Proposals, it has been necessary to reduce the number of retained staff in the US legal entity.

There continues to be 99 employees retained by the non-US subsidiaries.

Transitional service agreements remain in place in these jurisdictions at the date of this letter with payments of GBP 859,016, EUR 42,318 and USD 31,260 being made in the Period.

Property costs

Costs paid in the Period of this letter total GBP 66,022. The Joint Administrators are working with suppliers to obtain final invoices for exited properties to settle post-appointment liabilities.

IT costs

IT costs incurred to date relate to both i) maintaining the infrastructure of the Company including critical systems to preserve books and records and office systems for ongoing trade in the administration and ii) maintaining the intellectual property of the Company to support the sales process. In the Period, costs of GBP 127,152 and USD 6,791 have been paid in this regard.

Other professional fees

Certain advisors have been retained to assist with both the sales process and treasury matters. In the Period costs of GBP 48,451 and USD 20,000 have been paid to the advisors.

Employee Claim Breakdown

I enclose a copy of your Employee Claim Breakdown which details the amount of your preferential claim against the Company as at the date of this letter. This is derived from the interim Proof of Debt the Joint Administrators have received from the Redundancy Payments Service ('RPS') and may not represent your final claim. Should you receive a payment from the RPS, this will reduce your preferential claim.

How to vote

- 1) Complete the Voting Form (clearly indicating For or Against)
- 2) Complete the Administration Notice of Claim for Voting Purposes form
- 3) Scan or take a photo of the completed Voting Form and Administration Notice of Claim form Voting Purposes and send a copy of these by email to aukemployees@uk.ey.com

If you are unable to scan or take a photo of the forms, please post these to the above letterhead address, for the attention of Jill Roberts.

Should you have any queries relating to the enclosed documents or any other aspect of the administration, please do not hesitate to contact us at aukemployees@uk.ey.com.

Yours sincerely
for the Company



Simon Edel
Joint Administrator

Enc: Notice to Creditors of Decision with voting form
Administration Notice of Claim for Voting Purposes
Invitation to form a creditors' committee
Fees estimate and details of expenses
Receipts & Payments Account
Employee Claim Breakdown

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 Company are being managed by the Joint Administrators, Simon Edel, Alan Hudson and Sam Woodward 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' appointments. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy.

Notice to creditors of decision procedure

Rules 3.39(4), 15.8 and 18.18 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: aukemployees@uk.ey.com

Name of alternative person to contact about the Administration: Jill Roberts

NOTICE IS HEREBY GIVEN that the Joint Administrators of the above-named Company are seeking decisions from preferential creditors by correspondence on the following matters:

1. That the Joint Administrators' remuneration be fixed on the basis of time properly given by them and their staff in dealing with matters arising in the Administration as set out in the fee estimate dated 28 March 2024.
2. That, in accordance with the provisions of Rule 3.52 of the Insolvency (England and Wales) Rules 2016 ('the Rules'), the payment of unpaid pre-administration costs as disclosed in the Administrators' statement of expenses and Proposals to creditors can be met as an expense of the Administration.

Creditors wishing to vote on the basis of remuneration and the approval of the pre-administration costs, including any creditors who have opted out of receiving notices but nonetheless wish to vote, must complete and return the attached voting form and claim form, and return them to me by post to Arrival UK Ltd (In Administration) c/o Ernst & Young LLP, 1 More London Place, London, SE1 2AF or email to aukemployees@uk.ey.com to be received no later than 23:59 hours on 13 May 2024 ('the **decision date**'). Votes in respect of claim forms received after this time will be disregarded.

Creditors' committee

Rule 3.39(4) of the Rules provides that at any time when an Administrator seeks a decision from creditors and a creditors' committee has not already been formed, creditors must be invited to decide whether to establish a creditors' committee if sufficient creditors are willing to be members of the committee. A formal invitation and nomination form is attached. In order for a committee to be formed, at least 3 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 3 valid nominations, a committee will not be established. If there are at least 3 and no more than 5 valid nominations, a committee will be formed with the nominated creditors. In the event that there are more than 5 valid nominations, I shall put the nominations to a vote by the general body of creditors.

Creditors whose debts may be treated as small debts in accordance with Rule 14.31(1) of the Rules must still deliver a claim form if they wish to vote.

A creditor may apply to court to appeal a decision on eligibility to vote in the decision procedure. Any appeal must be made no later than 21 days after **the decision date**.

Creditors who meet the thresholds set out in section 246ZE 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, require a physical meeting to be held to consider the proposed resolution on remuneration.

Signed



Simon Edel, Joint Administrator

Date 25 April 2024

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

Voting form

Resolutions

1. That the Joint Administrators' remuneration be fixed on the basis of time properly given by them and their staff in dealing with matters arising in the Administration as set out in the fee estimate dated 28 March 2024.

FOR/AGAINST

2. That, in accordance with the provisions of Rule 3.52 of the Insolvency (England and Wales) Rules 2016, the payment of unpaid pre-administration costs as disclosed in the Administrators' statement of expenses and Proposals to creditors can be met as an expense of the Administration.

FOR/AGAINST

Signature

Name of signatory _____

On behalf of (name of creditor) _____

Date

The Insolvency Act 1986 and the Insolvency (England and Wales) Rules 2016

Administration Notice of Claim for Voting Purposes

Arrival UK Ltd (In Administration)

Date of Administration: 5 February 2024

PLEASE NOTE: Once completed, this form will be used by the Joint Administrators ONLY for the purposes of voting in a creditors' decision procedure or a requisitioned meeting of creditors. The form will not constitute admission of the claim to rank for dividend in this or any subsequent procedure. For further information see Rules 15.28 to 15.35 of the Insolvency (England and Wales) Rules 2016.

Name of creditor

Address

Amount claimed, after deductions for payments made post-Administration or adjustments for set off (see notes overleaf)

Is the claim preferential or secured?

If secured, value of security

If you have made a retention of title claim against the company please attach details (see over)

Signature on behalf of creditor

Date

[Please complete using information from employee claim breakdown form]
Preferential
N/A
N/A

File with aukemployees@uk.ey.com

Reviewed by _____

Notice to creditors – invitation to form a creditors’ committee 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

Office holder numbers: 9810 / 9200 / 12030

Email: aukemployees@uk.ey.com

Name of alternative person to
contact about the Administration: Jill Roberts


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 aukemployees@uk.ey.com, to arrive no later than 13 May 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

25 April 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 aukemployees@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

Arrival UK Ltd ('AUK') ('the Company')

Estimate of remuneration to be charged

The Joint Administrators are seeking approval for their remuneration to be fixed on a time cost basis. In accordance with Rule 18.16(4) of the Insolvency (England and Wales) Rules 2016 ('the Rules'), an estimate of remuneration to be charged is provided below.

The estimate of remuneration is GBP 3,005,663.00 for the Company. An explanation of how this sum has been arrived at is set out below and a breakdown of the expected costs is attached on the following pages.

Please note that the estimate of remuneration may not reflect what the Joint Administrators are ultimately paid in relation to their work. The extent to which the Joint Administrators are able to recoup their fees will be subject to the level of assets realised in the course of the Administration and obtaining approval to draw their fees from the appropriate approving body.

Explanation of the work proposed to be undertaken

We note that the schedule shown below provides a guide of the types of work to be undertaken and is not a fully exhaustive list.

Category of work	Description of the work to be done
Finance, administration and planning	Tasks providing a direct benefit to the creditors and reports as required by statute: <ul style="list-style-type: none">• Preparation and maintenance of the Administration cashflows on both an accruals and receipts & payments basis;• Instruction, review, and approval of third party payments to ensure continuation of services and support the Administration strategy;• Aligning strategy and key updates across the engagement team;• Preparation and ongoing monitoring and maintenance of the Estimated Outcome Statement and Receipts & Payments accounts to understand returns to creditors;• Monitoring of trading and payments against the Administration cash flow forecast; and• Time cost monitoring and reporting.
Bank & statutory reporting	Tasks providing an indirect benefit to creditors and required by statute: <ul style="list-style-type: none">• Reporting to the Company creditors by means of Administrators' Proposals, progress reports, final report and any reporting beyond this as required by statute; and• Reporting to lenders pursuant to terms of the funding agreement.
Creditors	Tasks providing a direct benefit to the creditors and adjudicating as required by statute:

	<ul style="list-style-type: none"> • Receipt and recording of preferential and unsecured creditor claims; • Correspondence with preferential and unsecured creditors and attending to queries through the creditors mailbox and online portal; • Adjudicating on claims from unsecured creditors and processing a distribution (as applicable); and • Reviewing retention of title claims from creditors (if any) in respect of equipment.
Data preservation	<p>Tasks providing an indirect benefit to creditors and required by statute:</p> <ul style="list-style-type: none"> • Taking control of the books and records of the Company; • Evaluating security and controls; • Collection of equipment and digital imaging of books and records held on SharePoint sites, IT servers, mobile phones and laptops, held by former employees of the Company; • Discussions with key data storage providers and agreement of terms of supply in the Administrations; • Preservation of IP assets; and • Oversight of transfer of IP assets upon sale.
Debtors	<p>Tasks providing a direct benefit to the creditors:</p> <ul style="list-style-type: none"> • Pursuing the recovery of debtor balances and engagement with parties to facilitate such recoveries; • Working through the Company' records to identify debtors; • Liaising with third parties to progress receipt of funds for the benefit of creditors; and • Invoicing as appropriate to facilitate recoveries.
Employees	<p>Tasks providing a direct benefit to the creditors and certain tasks as required by statute:</p> <ul style="list-style-type: none"> • Dealing with employees, including receipt, and recording of employee claims; • Processing payrolls for employees retained following appointment; • Undertaking calls with senior management, retained employees and redundant employees; • Writing to employees regarding their TUPE transfer to the Buyer or redundancy (as applicable); • Assisting redundant employees with any claims against the Redundancy Payments Office or the Company; • 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); • Dealing with ad hoc employee enquiries; • Adjudicating on claims from preferential creditors and processing a distribution (as applicable); and • Drafting and ongoing operation of non-UK employee consultancy agreements and transitional services agreements for key subsidiary employees.
Immediate tasks	<p>Tasks providing an indirect benefit to creditors and required by statute:</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.
Investigations and CDDA	<p>Tasks providing an indirect benefit to creditors and required by statute:</p> <ul style="list-style-type: none"> • Investigations into the Company's affairs in accordance with Statement of Insolvency Practice 2 "Investigations by Office Holders";

	<ul style="list-style-type: none"> • The Joint Administrators' report on the conduct of the directors under the Company Directors Disqualification Act 1986; • Review of insurance policies; • Consideration of third party communications; • Working with legal advisors; and • Review of books and records of the Company.
Job acceptance & strategy	<p>Tasks providing an indirect benefit to creditors:</p> <ul style="list-style-type: none"> • Matters relating to the appointment, initial and ongoing planning of the strategy for the Administrations, including management. Formulating and executing the strategy adopted; and • Considering exit routes from Administration and implementing the most appropriate route.
Legal issues	<p>Tasks providing an indirect benefit to creditors:</p> <ul style="list-style-type: none"> • Dealing with any ad hoc legal issues which may arise in the Administrations; and • Review of security documents.
Realisation of assets	<p>Tasks providing a direct benefit to creditors:</p> <ul style="list-style-type: none"> • Realisation of any tangible assets owned by the Company; and • Engaging advisors to value and realise any other assets including those above.
Property	<p>Tasks providing an indirect benefit to creditors:</p> <ul style="list-style-type: none"> • Dealing with all matters relating to the Company's 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 TVC Banbury; and • Making arrangements for the exit of leasehold properties, negotiations with the landlords for surrenders and collection of rent deposits where possible to reduce costs to the estates.
Trading	<p>Tasks providing a direct benefit to creditors through preserving and realising value in assets:</p> <ul style="list-style-type: none"> • Engagement with critical suppliers, including provision of letters of undertaking and subsequent cancellation of undertakings for suppliers; • Ongoing monitoring of the criticality of suppliers and managing undertaking letters as appropriate; and • Negotiations and regular contact with suppliers to agree favourable terms for the Company.
Sale of business	<p>Tasks providing a direct benefit to creditors:</p> <ul style="list-style-type: none"> • Carrying out the sales process in respect of the IP and manufacturing facilities 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; and • Executing the sale of the business and the majority of the assets of the Company to the purchaser.
VAT & taxation	<p>Tasks providing a possible direct benefit to creditors and required by statute:</p> <ul style="list-style-type: none"> • Preparing corporation tax and VAT returns, with input from EY VAT and tax specialists; • Preparing claims for VAT bad debt relief (if applicable);

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- Assessment of the VAT and tax treatments of transactions and agreements entered into during the Administration;
 - Filing of appointment notices with HM Revenue & Customs ('HMRC');
 - Taxation matters in respect of the sale of the Company's business and assets;
 - Adjudication and payment of the secondary preferential claim to HMRC; and
 - Evaluating and progressing tax recoveries for the Companies.
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Pre-administration costs

The Joint Administrators are seeking approval for payment of unpaid pre-administration time costs for both AUK and Arrival Automotive UK Limited (“AUTO”) (‘the Companies’) totaling GBP 558,680.63 plus VAT combined, of which GBP 315,315 relates to time costs incurred by EY prior to the Administrations, as detailed below. The payment of unpaid pre-appointment costs as expenses of the Administrations are subject to approval under Rule 3.52 of the Rules and is not part of the Proposals subject to approval under paragraph 53 of Schedule B1 to the Insolvency Act 1986. This means that they must be approved separately from the Proposals.

The nature of the unbilled pre-administration work is summarised as follows:

- Liaising with the Companies’ advisors to understand the work they were carrying out with respect to contingency planning and a sale of the business and assets.
- Understanding the status and progress of the ongoing sale process and discussions with the Arrival Group regarding interested parties.
- Understanding the key risks in respect of pursuing an AMA process in an administration and developing a plan to mitigate these.
- Reviewing the Companies’ cashflow forecast and applying corresponding sensitivities based on latest information made available to understand the liquidity runway and funding requirements in an administration.
- Advising the Companies / Secured Lenders on the expected funding requirement based on the Companies’ short-term cashflow forecast.
- Collating information from the Companies’ books and records to determine the level of liabilities and creating an up-to-date list of key suppliers and potential unsecured creditors.
- Liaising with management of the Companies to determine the Companies’ position with other related entities.
- Preparing a timeline for pre-appointment and immediate post-appointment activities.
- Briefing engagement staff on the administration strategy and corresponding workstreams.
- Discussions with management immediately prior to appointment regarding the core team of staff to be retained to assist the Joint Administrators with their strategy for the business.
- Reviewing and preparing documentation for the appointments, including consents to act and associated Court documents for filing.

- Preparing documents to be issued and read to employees, media and suppliers immediately following the appointments, including scripts for employee meetings, press releases and communications to suppliers.
- Liaising with the Companies' legal advisors regarding the potential appointments of the Joint Administrators.

Legal expenses incurred prior to the Joint Administrators' appointment

The following third-party, pre-appointment legal expenses were incurred by the Joint Administrators.

Ropes & Gray were engaged to provide legal advice in advance of the Companies entering Administration, their unpaid time costs for this work totalled GBP 147,965.24 (plus VAT) and GBP 95,400.39 for AUK and AUTO respectively in the pre-administration period.

Summary of pre-Administration costs

	Remuneration GBP	Expenses GBP
Administrators in waiting (combined costs for AUK and AUTO)	804,333	240
Ropes & Gray		
AUK	147,965	-
AUTO	95,400	-
Total costs incurred	1,047,698	240
Paid before the administration		
Administrators in waiting (combined costs for AUK and AUTO)	(489,018)	-
Ropes & Gray	-	-
Unpaid pre-administration costs	558,680	240

Exceeding estimates of remuneration and expenses

These estimates may be exceeded, in which case an explanation will be provided in the appropriate progress report. The Joint Administrators will only draw remuneration in excess of the estimate with the prior agreement of the approving body, in accordance with Rule 18.30 the Rules.

Estimate of return for creditors

Secured creditors

Based on current estimates, the secured creditors will receive a distribution, however, they are unlikely to be repaid in full from asset realisations and will therefore suffer a shortfall against their debt.

Primary preferential creditors

Based on current estimates, we anticipate that primary preferential creditors of the Company may receive a dividend. A further update on the quantum and timing of any dividend payment will be provided in the Joint Administrators' first six monthly progress report.

Secondary preferential creditors

Based on current estimates, we anticipate that secondary preferential creditors of the Company may receive a dividend. A further update on the quantum and timing of any dividend payment will be provided in the Joint Administrators' first six monthly progress report.

Non-preferential creditors

Realisations are still ongoing and therefore it is too early to be certain if there will be sufficient funds available to enable a distribution to be made to the non-preferential, unsecured creditors by way of the Prescribed Part.

We caution creditors against using data in this letter as a basis for estimating the value of their claims or their likely eventual entitlement to payment from the Company's assets. The Joint Administrators, their firm, its members, partners and staff and advisers accept no liability to any party for any reliance placed upon this document.

Arrival UK Ltd (in Administration)

Estimated remuneration

	Hours								Total hours	Time costs (GBP)	Average hourly rate
	Partner	Director	Assistant Director	Manager	Executive	Assistant Executive	Analyst	Assistants & support staff			
Administration and planning	21	80	79	349	58	375	46	176	1,184	520,810	440
Bank & statutory reporting	34	49	77	83	44	21	22	-	330	181,737	551
Creditors	2	1	6	42	-	5	65	-	120	37,186	309
Data Preservation	-	19	11	83	-	-	-	-	113	64,236	569
Debtors	-	22	-	43	134	-	-	-	200	93,185	467
Employee matters	13	38	214	286	11	-	-	-	561	339,699	606
Immediate tasks	1	-	2	15	-	-	19	-	37	15,435	416
Investigation & CDDA	5	9	57	2	57	-	-	-	130	75,547	579
Job acceptance & strategy	45	49	-	307	119	407	-	-	927	406,994	439
Other assets	14	109	119	119	69	-	-	-	429	270,689	631
Other matters	-	-	5	1	-	-	-	-	7	4,140	627
Property	12	89	90	49	24	-	-	-	262	177,584	677
Reporting	11	20	8	6	15	8	-	-	68	44,062	644
Sale of business	44	217	211	3	158	-	48	-	679	442,719	652
Trading	7	32	89	43	207	2	-	-	379	199,247	526
VAT & taxation	14	19	30	2	76	1	130	-	271	120,256	443
Legal issues	8	5	-	-	-	-	-	-	13	12,137	919
Total hours	230	756	998	1,434	970	817	329	176	5,711	3,005,663	526
Total time costs	227,254.50	605,160.00	698,644.50	698,160.00	388,174.00	243,820.00	79,125.00	65,325.00	3,005,663.00		

Details of expenses incurred and anticipated to be incurred

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 expected to be incurred total of GBP 7,925,500 excluding VAT for the Company. A breakdown is provided on the following pages. Payments to 10 April 2024 are reflected on the Receipts and Payments attached.

Category of expense	Description of expense incurred or to be incurred	Estimated costs (GBP) (excluding VAT)
Legal Fees	Legal advice regarding such matters required to maximise realisations from the Company's estate, review of appointment and other key statutory documents prepared for or by the Joint Administrators and other ad hoc advice as required by the Joint Administrators including a review of security.	670,000
Agents' Fees	Use of specialists (Gordon Brothers) in respect of certain costs required to market and sell tangible assets. Commission is payable as a buyers based premium and as such is not included in this value.	35,000
Insurance	Costs to insure the Company's assets and operations during the course of the Administration.	150,000
Employee Costs	Wages and associated costs in connection with retained employees (including wages and salaries, National Insurance, pension payments and reasonable travel expenses).	2,700,000
Contractor Costs	Costs of contractors essential for Sales Process and realisation of assets.	150,000
TSA Payments to Subsidiaries	Payments to certain subsidiary entities to ensure continuity of operations for a Sales Process.	2,200,000
Property Costs	Costs of rent, business rates, utilities and security after the end of the administration trading period.	850,000
Bank Charges	Charges associated with operation of the Company's bank accounts during the Administration, including foreign exchange transaction costs.	6,000
Statutory Costs	Costs of completing statutory requirements of the Administration, including advertising and filing costs.	2,000
IT Costs	Costs associated with the operation of the Company's IT and finance systems (e.g. software).	710,000
Corporation Tax	Corporation tax which may become payable following the sale of assets and preparation and submission of Corporation tax returns. It is currently too soon to provide an accurate estimate of these costs if any.	TBC
Transportation Costs	Costs associated with transportation and logistics, particularly in relation to the relocation of the Company's IT systems and assets.	37,500
Other Professional Fees	Other professional fees for advisors in relation to the sales process and other matters.	275,000
Other Suppliers	Any other supplier costs not in the above categories.	140,000
Total Estimated Expenses		7,925,500

Category 1 and 2 Expenses

Disbursements comprise sums paid or to be paid to third parties, or payable to the Joint Administrators' firm in respect of out-of-pocket expenses and costs which include an element of shared or allocated costs.

Category 1 expenses

Category 1 expenses are defined as specific expenditure met by and reimbursed to the office holder's firm, relating to the Administrations of the insolvents' affairs and referable to payment to an independent third party. £nil has been paid to date.

Category 1 expense	Description of category 1 expense incurred or to be incurred	Estimated costs (GBP) (excluding VAT)
Copying, printing and postage	Those costs incurred by the Joint Administrators in printing and posting the Joint Administrators' Statement of Proposals and subsequent progress reports and other written communication to all relevant creditors and shareholders.	700
Travel costs (excluding mileage)	Costs incurred in the Administration relating to travel to the Company's premises/locations for meetings.	2,500
Specific penalty bond	A form of insurance required by insolvency law.	500

Category 2 expenses

Category 2 expenses are defined as specific expenditure directly referable to the appointments but not a payment to an independent third party. They may include shared and allocated costs.

We do not expect to recover Category 2 expenses in the Administration.

Arrival UK Ltd (In Administration)

Administrators' Receipts and Payments account for the period from 5 February 2024 to 10 April 2024

Per Directors' Statement of Affairs Estimated Realisable Value	Notes	5 February 2024 to 8 March 2024				Movement in the Period				Cumulative position as at 10 April 2024			
		GBP	EUR	USD	GBP Consolidated	GBP	EUR	USD	GBP Consolidated	GBP	EUR	USD	GBP Consolidated
Fixed charge receipts	1,2												
Lender funding	3	6,284,047	-	-	6,284,047	2,454,953	-	-	2,454,953	8,739,000	-	-	8,739,000
Nil Bank interest		109	-	-	109	30,273	-	-	30,273	30,382	-	-	30,382
91,337 Furniture & equipment		-	-	-	-	42,958	-	-	42,958	42,958	-	-	42,958
486,739 Plant & machinery		-	-	-	-	2,108,500	-	-	2,108,500	2,108,500	-	-	2,108,500
Total Fixed charge receipts		6,284,157	-	-	6,284,157	4,636,683	-	-	4,636,683	10,920,840	-	-	10,920,840
Floating charge receipts													
Lender funding	3	1,234,743	-	-	1,234,743	(1,234,743)	-	-	(1,234,743)	-	-	-	-
149,146 Cash on Appointment		60,802	22,061	77,263	140,493	-	-	-	-	60,802	22,061	77,263	140,493
Nil Return of surplus payments to subsidiaries		-	184,255	-	158,263	-	-	-	-	-	184,255	-	158,263
2,692,435 Pre-appointment debtors		180,292	-	10,550	188,586	213	-	31,425	24,918	180,505	-	41,975	213,504
Included above Prepayments		-	-	5,944	4,673	-	-	-	-	-	-	5,944	4,673
Nil Bank interest	3	2,416	2	12	2,428	(282)	137	57	(121)	2,133	139	69	2,307
Nil Materials		-	-	-	-	7,043	-	-	7,043	7,043	-	-	7,043
Nil Sundry receipts		-	-	-	-	48,201	-	-	48,201	48,201	-	-	48,201
Nil Rent deposit refunds		-	-	-	-	35,108	-	-	35,108	35,108	-	-	35,108
Total Floating charge receipts		1,478,252	206,319	93,770	1,729,185	(1,144,461)	137	31,482	(1,119,594)	333,791	206,456	125,251	609,592
Non-Trading Payments													
Legal fees		(1,275)	-	-	(1,275)	(15,368)	-	-	(15,368)	(16,643)	-	-	(16,643)
Employee costs	5	(734,334)	-	-	(734,334)	(616,558)	-	-	(616,558)	(1,350,892)	-	-	(1,350,892)
Contractor costs		(67,683)	-	-	(67,683)	(48,694)	(1,373)	-	(49,874)	(116,378)	(1,373)	-	(117,557)
Payments to subsidiaries		(1,468,821)	-	-	(1,468,821)	(859,016)	(42,318)	(31,260)	(919,939)	(2,327,837)	(42,318)	(31,260)	(2,388,761)
Property costs		(991)	-	-	(991)	(66,022)	-	-	(66,022)	(67,012)	-	-	(67,012)
IT costs		(22,413)	-	-	(22,413)	(127,152)	(6,791)	-	(132,985)	(149,565)	(6,791)	-	(155,398)
Transportation costs		(14,200)	-	-	(14,200)	(5,623)	-	-	(5,623)	(19,823)	-	-	(19,823)
Other professional fees		(124,169)	-	-	(124,169)	(48,451)	-	(20,000)	(64,174)	(172,620)	-	(20,000)	(188,343)
Other suppliers		(744)	-	-	(744)	(1,000)	-	-	(1,000)	(1,744)	-	-	(1,744)
Bank charges		(2,308)	(63)	(81)	(2,425)	(614)	(91)	(76)	(752)	(2,922)	(154)	(156)	(3,177)
Statutory costs		-	-	-	-	(104)	-	-	(104)	(104)	-	-	(104)
Total Non-trading payments		(2,436,938)	(63)	(81)	(2,437,056)	(1,788,602)	(50,573)	(51,336)	(1,872,400)	(4,225,540)	(50,636)	(51,416)	(4,309,455)
Balances in hand		5,325,470	206,256	93,689	5,576,286	1,703,620	(50,437)	(19,854)	1,644,690	7,029,091	155,819	73,835	7,220,976
Represented by:													
Fixed bank accounts	4	109	-	-	109	2,601,311	-	-	2,601,311	2,601,421	-	-	2,601,421
Floating bank accounts	4	499,412	206,256	93,689	750,228	271,592	(51,795)	(19,854)	211,495	771,004	154,461	73,835	961,723
Funding bank account	4	4,820,140	-	-	4,820,140	(751,837)	-	-	(751,837)	4,068,303	-	-	4,068,303
VAT receivable / (payable)		5,809	-	-	5,809	(417,447)	1,358	-	(416,280)	(411,637)	1,358	-	(410,471)
		5,325,470	206,256	93,689	5,576,286	1,703,620	(50,437)	(19,854)	1,644,690	7,029,091	155,819	73,835	7,220,976
GBP equivalent of bank account funds excl. VAT		5,319,661	177,161	73,655	5,570,477	2,121,067	(44,489)	(15,609)	2,060,970	7,440,728	132,672	58,046	7,631,447

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. Please note that since the Proposals, the funding has been reallocated to fixed charge realisations in its entirety. This is as agreed with the Secured Lenders in accordance with the terms of the Funding Agreement. Please note this allocation is subject to further revision. This allocation impacts the allocation of bank interest on amounts in the funding account which drives the negative floating charge bank interest in the Period as amounts from the Proposals have been reallocated to fixed charge in line with the allocation of the funding.
4. All funds are held in interest bearing bank accounts.
5. Employee costs includes net pay, PAYE, NIC and all other employee costs.

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

Employee claim Breakdown