

TO ALL KNOWN CREDITORS

25 April 2024

Ref: TRS/SE/LN/LJ/AUTO

aukadministration@uk.ey.com

Dear Sir / Madam

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

As you are aware, Alan Hudson, Sam Woodward and I were appointed to act as Joint Administrators of the Company on 5 February 2024.

Approval of Proposals

On 12 April 2024 our Statement of Proposals ('the Proposals') dated 28 March 2024, which can be viewed and downloaded at the web address below, were approved by creditors by deemed consent.

https://www.ey.com/en_uk/arrival-uk-ltd-and-arrival-automotive-uk-limited

Remuneration and payment of pre-administration costs

In accordance with Rule 18.18, we must now seek a decision from creditors on the basis of our remuneration and payment of pre-administration costs. In this regard, we would refer you to our fee estimate and details of expenses enclosed for your information.

We intend to seek a decision on these matters by correspondence. Accordingly, I enclose formal notice of the decision procedure and a voting form and notice of claim form. Please would you complete both the voting form and the notice of claim form and return them to me, either by post to Arrival Automotive UK Limited (In Administration) c/o Ernst & Young LLP, 1 More London Place, London, SE1 2AF or by email aukadministration@uk.ey.com, to arrive no later than 23:59 hours on 13 May 2024.

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 continue to negotiate a surrender of the leasehold interest of one of the Company's leasehold sites that was exited on 1 March 2024.

After a period of consolidating assets into the remaining leasehold property, Unit 11 Bicester, an online auction was held by Gordon Brothers on behalf of the Joint Administrators to realise these assets. The auction concluded on 20 March 2024 and final assets were collected on 7 April 2024. Any remaining assets of value were relocated to Unit 2 in Banbury (a property leased by Arrival UK Ltd (in Administration)) to facilitate the exit from Unit 11 Bicester on 7 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 2.6m has been drawn under the funding agreement. No further funding has been provided in the period since the Proposals.

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.

Plant & Machinery

As detailed above, an online auction was held by Gordon Brothers on behalf of the Joint Administrators which concluded on 20 March 2024, in respect of the Company's assets which were deemed to be non-essential to a sale of the business. As at 10 April 2024, GBP 1.6m plus VAT has been received in respect of these realisations. A further amount of GBP 150,000 plus VAT was received on 11 April 2024, after the Period of the Receipts and Payments. Any unsold assets will be sold via auction from the remaining Unit 2 Arrival UK Ltd site.

There have also been additional plant and machinery sales of GBP 200,364 plus VAT received in the Period in respect of various other asset sales including a sale of Zund machines totaling GBP 187,905 plus VAT.

Materials

There have been total realisations from the sale of scrap metal totaling GBP 17,345 of which GBP 5,786 was received in the Period since the Proposals.

Contribution to property costs

Following the Unit 11 online auction, it was agreed with a purchaser of plant & machinery that they would provide a contribution towards a portion of rent, rates, utilities and staff costs to allow them additional time to collect the assets after the agreed collection deadline. This totalled GBP 30,000 and was received in the Period.

Employee costs

At the date of this letter there continues to be five employees retained by the Company and there have been no leavers in the Period.

Employee costs paid in the Period total GBP 36,042. These costs include net pay, PAYE, NIC and all other employee costs.

Property costs

As detailed above, the Company exited their remaining leasehold premises on 7 April 2024. Costs paid in the Period of this letter total GBP 46,214. The Joint Administrators are working with suppliers to obtain final invoices for exited properties to settle post-appointment liabilities.

IT costs

IT costs paid in the Period of GBP 7,874 relate to the retention of the Company's accounting system to maintain records, assist with statutory requirements and realise assets.

Creditors' committee

The Insolvency (England and Wales) Rules 2016 require that whenever a decision is sought from creditors, they must also be invited to establish a creditors' committee if, as in this case, a committee is not already in existence. Accordingly, the attached notice and voting form include a resolution on whether a committee should be formed. In order for a committee to be formed, at least three creditors must be willing to serve on the committee and they must give their consent in writing.

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

If you have any queries on the contents of this letter, please do not hesitate to email aukadministration@uk.ey.com.

Yours faithfully
for the Company



Simon Edel
Joint Administrator

Enc: Notice of decision procedure with voting form
Administration Notice of Claim for voting purposes
Invitation to form a creditors' committee
Fees estimate and details of expenses
Receipts and payments account

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 Automotive UK Limited

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

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

Registered number: 11974606

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

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

Date on which the Company entered Administration: 5 February 2024

Date of appointment of Joint Administrators: 5 February 2024

Details of the Joint Administrators

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

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

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

Office holder numbers: 9810 / 9200 / 12030

Email: aukadministration@uk.ey.com

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

NOTICE IS HEREBY GIVEN that the Joint Administrators of the above-named Company are seeking decisions from 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 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 Automotive UK Limited (In Administration) c/o Ernst & Young LLP, 1 More London Place, London, SE1 2AF or by email aukadministration@uk.ey.com, to arrive 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 three creditors must be willing to serve on the committee and they must give their consent in writing.

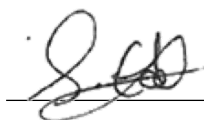
If you vote in favour of establishing a committee, please also complete the nomination section of the voting form and, unless you are nominating yourself, include the appropriate written consent(s) to act with your completed voting form. If there are fewer than three valid nominations, a committee will not be established. If there are at least three and no more than five valid nominations, a committee will be formed with the nominated creditors. In the event that there are more than five valid nominations, 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 Insolvency (England and Wales) Rules 2016 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 resolutions.

Signed



Simon Edel, Joint Administrator

Date

25 April 2024

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

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

File with aukadministration@uk.ey.com

Reviewed by _____

Notes to Administration Notice of Claim for Voting Purposes:

Please attach a detailed statement of your account as at the date on which the company entered administration.

If you have claimed retention of title please provide details, including the value of any payments made, or goods returned, to you in respect of your claim.

If your claim is preferential (e.g. for wages, holiday pay or certain pension arrears) or secured please give details and attach supporting documentation.

VAT bad debt relief may usually be claimed six months after the date of supply.

Extracts from the Insolvency (England and Wales) Rules 2016:

15.31 Calculation of voting rights

- (1) Votes are calculated according to the amount of each creditor's claim -
 - (a) in an administration, as at the date on which the company entered administration, less -
 - (i) any payments that have been made to the creditor after that date in respect of the claim, and
 - (ii) any adjustment by way of set-off which has been made in accordance with rule 14.24 or would have been made if that rule were applied on the date on which the votes are counted; ...
- (4) Where a debt is wholly secured its value for voting purposes is nil.
- (5) Where a debt is partly secured its value for voting purposes is the value of the unsecured part.
- (6) However, the value of the debt for voting purposes is its full value without deduction of the value of the security in the following cases -
 - (a) where the administrator has made a statement under paragraph 52(1)(b) of Schedule B1 and the administrator has been requested to seek a decision under paragraph 52(2); ...
- (7) No vote may be cast in respect of a claim more than once on any resolution put to the meeting; and for this purpose (where relevant), the claim of a creditor and of any member State liquidator in relation to the same debt are a single claim.
- (8) A vote cast in a decision procedure which is not a meeting may not be changed.
- (9) Paragraph (7) does not prevent a creditor or member State liquidator from -
 - (a) voting in respect of less than the full value of an entitlement to vote; or
 - (b) casting a vote one way in respect of part of the value of an entitlement and another way in respect of some or all of the balance of that value.

15.32 Calculation of voting rights: special cases

- (1) In an administration, a creditor under a hire-purchase agreement is entitled to vote in respect of the amount of the debt due and payable by the company on the date on which the company entered administration.
- (2) In calculating the amount of any debt for the purpose of paragraph (1), no account is to be taken of any amount attributable to the exercise of any right under the relevant agreement so far as the right has become exercisable solely by virtue of -
 - (a) the making of an administration application;
 - (b) a notice of intention to appoint an administrator or any matter arising as a consequence of the notice; or
 - (c) the company entering administration.

**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 List (ChD)

Court Reference: CR-2024-000650

Registered name of the Company: Arrival Automotive UK Limited

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

Registered number: 11974606

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

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

Date on which the Company entered Administration: 5 February 2024

Date of appointment of Joint Administrators: 5 February 2024

Details of the Joint Administrators

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

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

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

Office holder numbers: 9810 / 9200 / 12030

Email: aukadministration@uk.ey.com

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

Invitation to form a creditors' committee

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

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

Should you wish to form a committee, please follow the instructions in the nomination form attached to this notice and return the completed nomination form, with written agreements to act where appropriate, to me by email at aukadministration@uk.ey.com, to arrive no later than 13 May 2024 (**the decision date**). 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 Automotive UK Limited (in Administration) ('the Company')

Nominations for creditors' committee

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

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

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

I nominate:

(Name of creditor) _____ of

(Address) _____

(Name of creditor) _____ of

(Address) _____

(Name of creditor) _____ of

(Address) _____

(Name of creditor) _____ of

(Address) _____

(Name of creditor) _____ of

(Address) _____

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

Signature _____

Name of signatory _____

On behalf of
(name of creditor) _____

Date

Arrival Automotive UK Limited ('Auto') ('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 1,895,061.75 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	<p>Tasks providing a direct benefit to the creditors and adjudicating as required by statute:</p> <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 (if applicable); and • Oversight of transfer of IP assets upon sale (if applicable).
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
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; 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.
-

Pre-administration costs

The Joint Administrators are seeking approval for payment of unpaid pre-administration time costs for both Arrival UK Ltd (“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.

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 Automotive UK Limited (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	13	58	14	205	52	225	28	72	667	292,281	438
Bank & statutory reporting	25	31	45	52	30	13	19	-	214	116,845	546
Creditors	1	81	13	170	240	4	593	-	1,102	428,129	389
Data Preservation	-	25	3	14	-	-	-	-	41	28,624	694
Debtors	-	10	-	23	51	-	-	-	84	39,798	475
Employee matters	14	21	24	94	12	-	-	-	164	98,770	600
Immediate tasks	1	-	2	12	-	-	-	-	15	8,450	563
Investigation & CDDA	2	5	26	2	29	-	-	-	64	35,844	563
Job acceptance & strategy	37	30	-	172	65	233	-	-	536	242,176	452
Other assets	9	64	91	77	32	-	-	-	273	174,938	640
Other matters	2	-	3	0	-	-	-	-	5	4,084	756
Property	8	37	50	23	11	-	-	-	130	88,372	682
Reporting	13	19	6	10	14	8	-	-	69	45,016	650
Sale of business	35	78	84	1	65	-	8	-	271	185,301	683
Trading	3	15	8	18	27	-	-	-	70	39,634	565
VAT & taxation	6	7	13	1	35	1	57	-	120	52,582	439
Legal issues	10	5	-	-	-	-	-	-	15	14,216	929
Total hours	178	485	383	875	662	483	704	72	3,842	1,895,061.75	493
Total time costs	176,442.75	452,120.00	267,978.00	496,170.00	360,876.00	143,920.00	367,455.00	30,100.00	1,895,061.75		

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 1,678,000 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.	450,000
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
Employee Costs	Wages and associated costs in connection with retained employees (including wages and salaries, National Insurance, pension payments and reasonable travel expenses).	180,000
Property Costs	Costs of rent, business rates, utilities and security for the administration period.	720,000
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).	55,000
Insurance	Costs to insure the Company's assets and operations during the course of the Administration.	30,000
Bank Charges	Charges associated with operation of the Company's bank accounts during the Administration, including foreign exchange transaction costs.	6,000
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
Recharge from Arrival UK	Arrival UK bears costs that benefit both the Arrival UK and Auto UK estates including certain employee, property and IT costs. A proportionate allocation of these costs will be payable from Arrival Automotive UK to AUK.	200,000
Total Estimated Expenses		1,678,000

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.	450
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 Administrations.

Arrival Automotive UK Limited (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	1,965,054	-	-	1,965,054	668,946	-	-	668,946	2,634,000	-	-	2,634,000
Bank interest		34	-	-	34	15,071	-	-	15,071	15,105	-	-	15,105
3,741,203 Plant & machinery		-	-	-	-	1,820,364	-	-	1,820,364	1,820,364	-	-	1,820,364
11,520 Furniture & equipment		-	-	-	-	2,800	-	-	2,800	2,800	-	-	2,800
Total Fixed charge receipts		1,965,088	-	-	1,965,088	2,507,182	-	-	2,507,182	4,472,269	-	-	4,472,269
Floating charge receipts													
Lender Funding		668,946	-	-	668,946	(668,946)	-	-	(668,946)	-	-	-	-
1,326,765 Cash on Appointment		1,137,459	201,853	20,467	1,326,928	-	-	-	-	1,137,459	201,853	20,467	1,326,928
Nil Materials		11,559	-	-	11,559	5,786	-	-	5,786	17,345	-	-	17,345
62,596 Pre-appointment debtors		11,770	-	-	11,770	-	-	-	-	11,770	-	-	11,770
Bank interest		1,701	22	2	1,721	1,738	174	12	1,897	3,439	196	14	3,618
Contribution to property costs		-	-	-	-	30,000	-	-	30,000	30,000	-	-	30,000
Total Floating charge receipts		1,831,435	201,875	20,469	2,020,925	(631,422)	174	12	(631,263)	1,200,013	202,049	20,481	1,389,662
Non-Trading Payments	5												
Employee costs	6	(43,053)	-	-	(43,053)	(36,042)	-	-	(36,042)	(79,096)	-	-	(79,096)
Property costs		-	-	-	-	(46,214)	-	-	(46,214)	(46,214)	-	-	(46,214)
Statutory costs		-	-	-	-	(104)	-	-	(104)	(104)	-	-	(104)
IT costs		-	-	-	-	(7,874)	-	-	(7,874)	(7,874)	-	-	(7,874)
Other Suppliers		-	-	-	-	(2,000)	-	-	(2,000)	(2,000)	-	-	(2,000)
Bank charges		(208)	(32)	(34)	(262)	(26)	-	-	(26)	(233)	(32)	(34)	(287)
Total Non-Trading Payments		(43,261)	(32)	(34)	(43,315)	(92,260)	-	-	(92,260)	(135,522)	(32)	(34)	(135,575)
Balances in hand		3,753,261	201,844	20,435	3,942,698	1,783,499	174	12	1,783,658	5,536,760	202,018	20,447	5,726,355
Represented by:													
Fixed bank accounts	4	34	-	-	34	2,230,979	-	-	2,230,979	2,231,013	-	-	2,231,013
Floating bank accounts	4	1,770,708	201,844	20,435	1,960,144	(95,653)	174	12	(95,494)	1,675,056	202,018	20,447	1,864,651
Funding bank account	4	1,984,831	-	-	1,984,831	14,000	-	-	14,000	1,998,832	-	-	1,998,832
VAT receivable / (payable)		(2,312)	-	-	(2,312)	(365,828)	-	-	(365,828)	(368,140)	-	-	(368,140)
		3,753,261	201,844	20,435	3,942,698	1,783,499	174	12	1,783,658	5,536,760	202,018	20,447	5,726,355
<i>GBP equivalent of bank account funds excl</i>		<i>3,755,573</i>	<i>173,371</i>	<i>16,065</i>	<i>3,945,009</i>	<i>2,149,327</i>	<i>149</i>	<i>10</i>	<i>2,149,486</i>	<i>5,904,901</i>	<i>173,520</i>	<i>16,075</i>	<i>6,094,495</i>

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. 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. Payments are shown on a cash basis only.
6. Employee costs includes net pay, PAYE, NIC and all other employee costs.