

# AM10

## Notice of administrator's progress report

SATURDAY



\*A6H0OU97\*

A23

14/10/2017

#118

COMPANIES HOUSE

### 1 Company details

Company number 0 6 0 3 3 2 7 6

Company name in full AFREN NIGERIA HOLDINGS LIMITED - IN ADMINISTRATION

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) CATHERINE

Surname WILLIAMSON

### 3 Administrator's address

Building name/number ALIXPARTNERS

Street THE ZENITH BUILDING

26 SPRING GARDENS

Post town MANCHESTER

County/Region GREATER MANCHESTER

Postcode M 2 1 A B

Country UNITED KINGDOM

### 4 Administrator's name ①

Full forename(s) DANIEL

Surname IMISON

#### ① Other administrator

Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number ALIXPARTNERS

Street 6 NEW STREET SQUARE

Post town LONDON

County/Region GREATER LONDON

Postcode E C 4 A 3 B F

Country UNITED KINGDOM

#### ② Other administrator

Use this section to tell us about  
another administrator.

# Continuation page

Name and address of insolvency practitioner

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

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

→ **Filling in this form**  
Please complete in typescript or in bold black capitals.  
All fields are mandatory unless specified or indicated by \*

## 1 Appointment type

Tick to show the nature of the appointment:

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

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

- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14, WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

## 2 Insolvency practitioner's name

Full forename(s) SIMON

Surname APPELL

## 3 Insolvency practitioner's address

Building name/number ALIXPARTNERS

Street 6 NEW STREET SQUARE

Post town LONDON

County/Region GREATER LONDON

Postcode E C 4 A 3 B F

Country UNITED KINGDOM

# AM10

## Notice of administrator's progress report

### 6 Period of progress report

From date	d 1 d 7	m 0 m 3	y 2 y 0 y 1 y 7
To date	d 1 d 6	m 0 m 9	y 2 y 0 y 1 y 7

### 7 Progress report

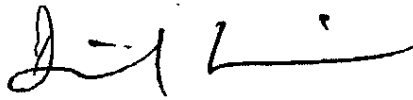
☒ I attach a copy of the progress report

### 8 Sign and date

Administrator's  
signature

Signature

X



X

Signature date

d 1 d 3	m 1 m 0	y 2 y 0 y 1 y 7
---------	---------	-----------------

# Administrators' Progress Report for the period 17 March 2017 to 16 September 2017

Afren Plc and Afren Nigeria Holdings  
Limited – both in Administration

13 October 2017

## Contents

1. Why this report has been prepared .....	1
2. Summary of information for creditors .....	3
3. Progress of the Administrations .....	8
4. Investigations .....	14
5. Estimated outcome for creditors.....	15
6. What happens next.....	18

## Appendices

Appendix A.	Statutory information
Appendix B.	Receipts and Payments Accounts for the period 17 March 2017 to 16 September 2017 and Cumulative Accounts for the period since appointment
Appendix C.	PLC Trading Receipts and Payments Accounts for the period 17 March 2017 to 16 September 2017 and Cumulative Accounts for the period since appointment
Appendix D.	Administrators' fees
Appendix E.	Administrators' expenses and disbursements
Appendix F.	Additional information in relation to the Administrators' fees
Appendix G.	Exit routes

AlixPartners  
The Zenith Building  
26 Spring Gardens  
Manchester M2 1AB

t: +44 (0) 161 838 4500 f: +44 (0) 161 838 4501

## **1. Why this report has been prepared**

- 1.1 Simon Appell, Daniel Imison and Catherine Williamson (the **Administrators**) were appointed as Administrators of Afren Plc (**PLC**) on 31 July 2015. On 30 November 2015, Simon Appell, Daniel Imison and Catherine Williamson were also appointed as Administrators of Afren Nigeria Holdings Limited (**ANHL**).
- 1.2 In accordance with UK insolvency legislation, an administrator is required to provide a progress report covering the period of six months commencing on the date on which the company entered into administration and every subsequent period of six months. This progress report covers the period 17 March 2017 to 16 September 2017 (the **Period**) and should be read in conjunction with all previous reports in respect of the Companies.
- 1.3 This report has been prepared in accordance with rules 18.2 and 18.3 of the Insolvency (England and Wales) Rules 2016.
- 1.4 Copies of all reports are available to view and download from AlixPartners' creditor portal. Access to the portal can be found on the internet at <http://www.alixpartnersinfoportal.com> using the following log-in details:  
  
Username: afren  
Password: 11589003
- 1.5 The purpose of this report is to provide statutory and financial information about the Companies and to provide an update on the progress of the Administrations, including details of assets realised during the Period, details regarding the Administrators' fees and the expected outcome for each class of creditor.
- 1.6 As a reminder, the administrator of a company must perform their functions with a view to achieving one of the following statutory objectives:  
  
Objective 1: rescuing the company as a going concern;  
  
Objective 2: achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration); or  
  
Objective 3: realising property in order to make a distribution to one or more secured or preferential creditors.
- 1.7 In the case of PLC, the Administrators are pursuing the second statutory objective and in the case of ANHL the Administrators are pursuing the third statutory objective.
- 1.8 Further details on the actions taken to achieve the objectives can be found in section 3 of this report. It should be noted that, given the level of actual and anticipated asset realisations in each Administration compared to the level of the Companies' secured creditors, the Administrators do not anticipate that there will be any return to unsecured creditors, other than by virtue of the Unsecured Creditors' Fund.
- 1.9 Details of the Administrators' fees and disbursements incurred are provided at Appendices D to F.

- 1.10 More information relating to the Administration process, Administrators' fees and creditors' rights can be found on AlixPartners' creditor portal (<http://www.alixpartnersinfoportal.com>), as detailed in paragraph 1.4.
- 1.11 If you require a hard copy of this report or have any queries in relation to its contents or the Administrations generally, please contact Paul Butterfield on 0161 838 4539, by email to [creditorreports@alixpartners.com](mailto:creditorreports@alixpartners.com), or write to AlixPartners' office at The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB.

## 2. Summary of information for creditors

### PLC

\$ million Description	Estimated debt (a)	Repayment to date	Expected outcome
<b>Secured creditors</b>			
Wilmington Trust (London) Limited ( <b>Wilmington</b> ) as security trustee for the private placement notes (the <b>Bridge Securities</b> )	217	16.5	Uncertain
Deutsche Bank AG, Citibank Nigeria Limited, Natixis and BNP Paribas (on behalf of the <b>Ebok Lenders</b> ) under the Ebok Facility (the <b>Ebok Facility</b> )	300	Nil	Nil
<b>Total secured creditors</b>	<b>517</b>	<b>16.5</b>	<b>Uncertain</b>
Preferential creditors (b)	<b>0.2</b>	<b>0.2</b>	<b>Repaid in full</b>
<b>Unsecured creditors of PLC with access to security elsewhere in the Group</b>			
Okwok Facility/OML 113 Facility	50	54	Uncertain
Senior Secured Notes 2016 (the <b>2016 Bonds</b> )	253	7.0	Uncertain
Senior Secured Notes 2019 (the <b>2019 Bonds</b> )	250	6.7	Uncertain
Senior Secured Notes 2020 (the <b>2020 Bonds</b> )(c)	360	9.2	Uncertain
<b>Total unsecured creditors of PLC with access to security elsewhere in the Group</b>	<b>913</b>	<b>76.9</b>	<b>Uncertain</b>
Prescribed part distribution:			
Unsecured creditors of PLC with access to security elsewhere in the Group (d)	913	76.9	0.7
Other unsecured creditors	284	Nil	0.2
<b>Total unsecured creditors/repayments</b>	<b>1,197</b>	<b>76.9</b>	<b>Uncertain</b>
<b>Total liabilities/repayments</b>	<b>1,714.2</b>	<b>93.6</b>	<b>Uncertain</b>

(a) Estimated principal amount of the debts as at 31 July 2015, to which accrued interest must be added and, in the case of the Bridge Securities only, the applicable make-whole payment.  
(b) £0.15 million translated at a rate of 1.561 USD:GBP, the exchange rate used as at the date of the Administrators' appointment.  
(c) The 2016 Bonds, the 2019 Bonds and the 2020 Bonds are defined in this report, collectively, as the **Existing Bonds**.  
(d) Subject to further costs and disbursements.

## Notes:

Throughout this report, the currencies referred to are USD\$ (United States Dollars) and GBP£ (British Pounds Sterling).

There have been no distributions to creditors from the PLC Administration during the Period.

The other distributions to the secured creditors have been paid outside of the PLC estate, including from ANHL, following realisations of assets elsewhere within the wider Afren group of companies (together with the Companies, the **Group**). These payments are therefore not shown in the Administrators' Receipts and Payments Accounts for PLC at Appendix B.

An update on the estimated return to each class of creditor is provided below.

## Secured creditors

### Bridge Securities

- 2.1 At the date of the Administrators' appointment, the balance due to the holders of the Bridge Securities was approximately \$217 million plus the applicable make-whole amount. PLC has granted first ranking fixed and floating charges over substantially all of its assets in favour of Wilmington.
- 2.2 Following the sale of the Okoro asset, the holders of the existing bonds (the **Existing Bondholders**) received a distribution of \$6.1 million. Given the security held by Wilmington (on behalf of the holders of the Bridge Securities), there will be no further distributions out of assets of either company to secured creditors, other than Wilmington, until all amounts owing in respect of the Bridge Securities have been repaid in full. It remains unlikely that the Bridge Securities will be repaid in full.

### Ebok Facility

- 2.3 At the date of the Administrators' appointment, the Ebok Facility was fully drawn and the principal amount owed was approximately \$300 million.
- 2.4 The return to the Ebok Lenders from the Administration of PLC is expected to be nil. Details of the steps taken to date with regard to the Ebok asset are provided at section 3 of this report.

## Unsecured creditors of the Companies with access to security elsewhere in the Group

### Okwok Facility and OML 113 Facility

- 2.5 Following Access Bank's enforcement of its security over the debt owed under the Okwok/OML 113 Facility, there remains an outstanding debt of approximately \$0.5 million, after the allocation of costs and charges.

### Senior Secured Notes 2016, 2019 and 2020

- 2.6 At the date of the Administrators' appointment, the principal amounts outstanding to the Existing Bonds was \$253 million in respect of the 2016 Bonds, \$250 million in respect of the 2019 Bonds and \$360 million in respect of the 2020 Bonds.
- 2.7 The Existing Bondholders have received a share of the proceeds from the sale of the Okoro asset, ranking pari passu with the holders of the Bridge Securities (as per the Pari Passu Intercreditor Agreement dated 9 December 2013).
- 2.8 The Existing Bondholders are unsecured creditors of PLC.
- 2.9 Further information on PLC's secured liabilities is provided at section 5 of this report.

### **Preferential creditors**

- 2.10 Preferential creditor claims in respect of PLC were paid in full on 20 April 2016.

### **Unsecured creditors**

- 2.11 The Administrators are required to create a fund to be set aside for the benefit of the company's unsecured creditors. Given the estimated value of the company's net property upon appointment, the Administrators have set aside the maximum fund of £0.6 million.
- 2.12 It is likely that the return to unsecured creditors will be less than one pence in the pound. For further information please refer to section 5 of this report.

## ANHL

<b>\$ million</b> <b>Description</b>	<b>Estimated debt</b> <b>(a)</b>	<b>Repayment</b> <b>to date (b)</b>	<b>Expected</b> <b>outcome</b>
<b>Secured creditors</b>			
Wilmington as Note Security Trustee for the Bridge Securities	211	10.4	Uncertain
The 2016 Bonds (c)	247	-	Uncertain
The 2019 Bonds (c)	244	-	Uncertain
The 2020 Bonds (c)	351	-	Uncertain
<b>Total secured creditors</b>	<b>1,053</b>	<b>10.4</b>	<b>Uncertain</b>
Preferential creditors	Nil	-	-
Unsecured creditors	654	-	0.9
<b>Total liabilities</b>	<b>1,707</b>	<b>10.4</b>	<b>Uncertain</b>

- (a) Estimated amount of the debts as at 30 November 2015, (after certain repayments during the PLC administration) excluding accrued interest and (in the case of the Bridge Securities only) the applicable 'make-whole' payment. ANHL has guaranteed indebtedness and has provided certain security.
- (b) Repayments during the Administration of ANHL only (excludes PLC repayments made in the period prior to the ANHL administration)
- (c) together the Existing Bonds. ANHL has guaranteed indebtedness and has provided certain security.

## Summary of third party security

<b>\$ million</b> <b>Description</b>	<b>Estimated third party</b> <b>liabilities (a)</b>
<b>Parties with third party security (b)</b>	
BNP Paribas (as Security Trustee on behalf of the Ebok Lenders under the Ebok Facility)	300
Access Bank Plc ( <b>Access Bank</b> ) as lender under the Okwok/OML 113 Facility	0.5 (c)
<b>Total</b>	<b>300.5</b>

(a) Principal amount of these third party debts as at the date of this progress report excluding accrued interest.

(b) ANHL has not guaranteed indebtedness, but has pledged security in support of third party liabilities.

(c) Following partial payment.

## Secured creditors

### Bridge Securities

- 2.13 ANHL has granted first ranking fixed and floating charges over substantially all of its assets (excluding the shares held by it in Afren Exploration & Petroleum Nigeria Alpha Limited (**AEPNA**)) in favour of Wilmington.
- 2.14 As with PLC, the Administrators of ANHL do not anticipate that the Bridge Securities will be repaid in full. Distributions of \$10.4 million have been paid to secured creditors from ANHL to date.

### Senior Secured Loan Notes 2016, 2019 and 2020

- 2.15 ANHL has guaranteed the obligations of PLC under the 2016 Bonds, the 2019 Bonds and the 2020 Bonds and granted BNP Paribas (on behalf of the Existing Bondholders) security over the shares which it owns in Afren Resources Limited, (**ARL** and the **ARL Shares**) as security for its obligations under each series of Existing Bonds.

### Holders of third party security

#### Ebok Facility

- 2.16 The return to the Ebok Lenders from the Administration of ANHL is expected to be nil.

#### Okwok Facility

- 2.17 ANHL provided third party security in respect of the obligations of the obligors under AEPNA's \$50 million facility with Access Bank (the **Okwok/OML 113 Facility**). ANHL granted fixed security over the shares in AEPNA owned by it to secure the obligations of AEPNA under the Okwok/OML 113 Facility.

### Preferential creditors

- 2.18 ANHL does not have any preferential creditors.

### Unsecured creditors

- 2.19 The Administrators are required to create a fund to be set aside for the benefit of unsecured creditors. At present, ANHL's net property is expected to be at least £15 million, and the Administrators have therefore set aside the maximum fund of £0.6 million.
- 2.20 In respect of unsecured creditors, UK insolvency legislation stipulates that creditors of the same class should be treated equally. Hence, the funds available for distribution are split on a pro-rata basis amongst all creditors of each class, regardless of the size of their claims. Further details of the expected outcome to each class of creditor is provided at section 5.

### **3. Progress of the Administrations**

- 3.1 In addition to their statutory objectives, the Administrators have duties imposed by insolvency and other legislation and their regulating professional bodies. The Administrators have set out information in respect of the progress of these duties in addition to that of the realisation of assets and distribution of available funds. The detail included is intended to provide users of this report with information to allow them to understand how the Administrators' fees and expenses as set out in Appendices D and E have been incurred, as well as the sensitivities that might be applicable to the Administrators' anticipated fees and expenses over the remainder of the Administrations.
- 3.2 The Administrators' strategy in both Administrations remains focused on achieving the maximum recoveries for creditors from realisations either directly within each Administration, or by supporting the Companies' investments and/or subsidiary businesses and assets elsewhere in the Group.

#### **Asset realisations**

- 3.3 As creditors are aware, the assets and liabilities of PLC and ANHL are closely aligned, therefore the updates provided in the following paragraphs relate to both entities, except where either PLC or ANHL is mentioned specifically.

#### **The Group's Nigerian assets**

##### **Ebok**

- 3.4 Operations at the Ebok asset continue to be overseen by Oriental Resources Limited (**Oriental**).
- 3.5 It remains uncertain whether it will be possible to achieve a sale in respect of this asset. The disputes with Oriental are likely to be ongoing for some time (see below) and ARL, the subsidiary company which owns the interest, remains in Liquidation.

##### **Disputes with Oriental**

- 3.6 Various disputes between ARL and Oriental under the Joint Operating Agreement (**JOA**) remain ongoing. These are taking place in various jurisdictions and include both litigation and arbitration proceedings.
- 3.7 Separately, proceedings commenced by the Administrators in the English Court against Oriental and certain other parties are ongoing. Since the last report, the Administrators have identified a further respondent to the English litigation; another senior executive of Oriental. Since the period covered by this report, this individual has been served with the claims. The claims relate to transactions which took place over a period of two years and led to the dismissal in 2014 of certain members of PLC's senior management. The claims could take at least two years to reach judgment and, if successful, could result in material recoveries for the Group's creditors.

- 3.8 The above disputes are commercially sensitive therefore detailed information cannot be disclosed at present. A full update will be provided when the actions have been concluded.

### ARL Receivership

- 3.9 As detailed above, ARL remains in liquidation and in addition, Mr Seyi Akinwunmi (the **Receiver**), has been appointed as Receiver by Wilmington in its capacity as security trustee over certain of ARL's assets, including ARL's rights under the JOA with Oriental. The Administrators understand that the Receiver has filed an application for a declaration as to his entitlement to the specified assets over which he has been appointed and an order requiring ARL's Provisional Liquidator to release the specified assets to the Receiver. The application was recently adjourned to 16 November 2017. No substantive hearing of the Receiver's application has taken place to date.

### ARL winding up

- 3.10 As previously reported, the Official Receiver (**OR**) was appointed as Liquidator of ARL at a meeting of creditors held on 3 March 2017. With the support of certain other creditors, the Administrators sought to challenge the OR's appointment and served notice of the proceedings on ARL's creditors. A hearing for report of service was scheduled for 3 October 2017, however, prior to that date the co-applicants withdrew their support to the challenge. The withdrawal of the co-applicants from this application does not affect the substance of the application itself.
- 3.11 At the hearing on 3 October 2017, the matter was adjourned to 2 November 2017.
- 3.12 ANHL's interest in ARL is limited to its shareholding in ARL and PLC's interest is limited to its unsecured creditor claim.

### OML 26

#### FHN sale

- 3.13 As previously reported, on 16 August 2016, PLC and ANHL entered into a sale and purchase agreement with a consortium of Nigerian based buyers in respect of 70% of the issued share capital of First Hydrocarbon Nigeria Company Limited (**FHN**) and certain intercompany debts owed by FHN and/or FHN 26 Limited to PLC (the **FHN Sale**). The total net baseline consideration payable under the FHN Sale is \$19,990,449.26, of which \$1,031,253.87 is due to PLC and \$18,959,195.39 is due to ANHL. In addition, certain debts due to FHN and its subsidiary FHN 26 Limited were assigned to PLC and ANHL.
- 3.14 The consideration was payable in two instalments, the first of which was paid in August 2016 and the second, totalling \$9,678,217.34 (of which \$499,273.37 is owed to PLC and \$9,178,943.97 is owed to ANHL), was received in the Period.
- 3.15 Completion of the FHN Sale is subject to successfully obtaining Government approval to the transfer of shares. Approval is yet to be received.

- 3.16 The Administrators are continuing to work with the purchaser to secure the required approval, however, the consideration received is non-refundable and not dependent on gaining Government approval to the share transfer.

#### Dispute with Petroleum Zion

- 3.17 As previously reported, Petroleum Zion contends that it was the highest bidder for OML 26 and seeks relief including specific performance mandating that FHN or Wilmington executes the SPA negotiated with it. Petroleum Zion applied for an injunction to restrain the defendants from disposing of OML 26.
- 3.18 The injunction was struck out from the Federal High Court in October 2016, to be heard in the Lagos State Court. A hearing date has not yet been set.

#### OPL 310

- 3.19 The Administrators continue to work with the purchaser and its advisors to obtain the ministerial consent to the transfer of the shares from the Nigerian minister in charge of Petroleum Resources, however, this has not been obtained to date.
- 3.20 The longstop date for payment of the second instalment of sale consideration, totalling \$1 million, is 30 November 2017. Receipt of the second instalment is not dependent on gaining ministerial consent to the transfer.

#### OML 115

- 3.21 The Group's interest in the OML 115 licence is held by Afren Exploration & Production Nigeria Beta Limited. A tentative expression of potential interest has recently been received by the Administrators, and the Administrators are exploring the interest further with the assistance of PJT Partners UK Limited.

#### FHN 113 and OML 113

- 3.22 Mr Seyi Akinwunmi remains in office as liquidator of FHN 113 and the Administrators are continuing to monitor the liquidator's actions and will consider supporting any recovery actions to the extent that such would result in a recovery for the creditors of PLC and/or ANHL.

### Other operations in Africa and Iraq

#### The Kurdistan region of Iraq

- 3.23 Afren Mena Limited remains in Liquidation and there are not expected to be further recoveries into the Administrations from this source. A further update is expected from the Liquidator in December 2017.

#### Kenya

- 3.24 The approval of the Kenyan Government was received, allowing the sale of the Block 1 and Block L17/18 assets to complete and funds totalling \$5,864,941 were paid by the purchaser. Sale consideration of \$3,805,875 was paid to ANHL to be held on behalf of East African Exploration (Kenya) Limited (**EAX**), the subsidiary entity which held the assets. Sale consideration of \$2,059,067 was paid into the

Kenyan Court as a pre-condition to the lifting of an injunction on the sale of Block 1 and Block L17/18 obtained by a third party creditor. This amount will be held by the Kenyan Court on behalf of EAX pending resolution of the third party creditor claim.

- 3.25 EAX has utilised a portion of the sale consideration to reach partial compromises with all of its operational unsecured creditors. PLC and ANHL have received partial payments of \$234,755 and \$2.2 million against their unsecured intercompany claims of \$11.0 million and \$84.3 million respectively.
- 3.26 The Administrators have petitioned for the Liquidation of EAX as this entity is insolvent and has no further assets. The balance of funds held on behalf of EAX will be paid to the Liquidator in due course.

### Tanzania

- 3.27 The Administrators and Octant Energy Corporation (**Octant**), as purchaser of the assets in Tanzania, are continuing to seek the required Governmental approvals to the proposed sale. Whilst some progress has been made, it remains uncertain when the transfer application will be considered. A further update will be provided in the Administrators' next report to creditors.

### Seychelles

- 3.28 The Administrators recently received confirmation from the Seychelles Government that the licence has been revoked as a result of the outstanding debts due to the Government, as well as the subsidiary company's (East African Exploration Seychelles Limited) failure to adhere to the agreed work programme. Accordingly, there is no longer any asset available to realise.

### Cote d'Ivoire

- 3.29 The process of winding up Afren CI One Corporation, the holding entity which is registered in the Cayman Islands, has been commenced and a statutory demand was served on the company on 11 September 2017. A petition to the Cayman Islands Court will be lodged shortly. Once a Liquidator is appointed it is anticipated that a proportion of the funds being held on the company's behalf will be paid to the Administrators by way of a distribution in respect of the Companies' claim in the insolvency proceedings.

### Book debts

- 3.30 As previously reported, the majority of the Companies' book debts consist of intercompany receivables due from other entities within the Group. Recovery of these debts remains linked to the level of asset realisations at subsidiary level and principally the sale of non-core assets.

### Energy Equity Resources loan repayment

- 3.31 The Administrators remain in discussions with regard to the debt due from Energy Equity Resources (**EER**), who were FHN 113's JV partner on the OML 113 field, totalling \$6 million. This debt is yet to be repaid.

## **Other matters**

### **Trading accounts**

- 3.32 Attached at Appendices B and C are the Administrators' Receipts and Payments Accounts and Trading Receipts and Payments Accounts for the Period. The accounts are presented on a cash basis and not on an accruals basis. Details of certain expenses which have been incurred but not yet paid are provided at Appendix E.
- 3.33 Creditors are advised that the Administrators anticipate that there will be a funding shortfall in the PLC estate and a cash surplus in the ANHL estate. To allow the movement of funds between the estates (if required) the Administrators have entered into a non-recourse funding agreement between PLC and ANHL. Given the commonality of the secured creditors, this agreement has no impact on the overall return to the creditors.

### **Creditors and shareholders**

- 3.34 Details of the estimated outcome for creditors can be found in sections 2 and 5.
- 3.35 The Administrators have continued to respond to a number of creditor queries and correspondence during the Period. The directors' Statement of Affairs in respect of PLC listed unsecured creditor claims totalling \$1,567 million, however, the majority of these debts are in relation to the Existing Bonds. The director's Statement of Affairs in respect of ANHL listed unsecured creditor claims totalling \$654 million, made up of intercompany loan balances. The ultimate quantum of unsecured claims will be contingent upon realisations from the assets held across the Group and final levels remain uncertain at this time.
- 3.36 The Administrators have also had to respond to a range of shareholder queries, however, given the level of PLC's indebtedness there will be no funds available to PLC's shareholders.

### **Administration (including statutory reporting)**

- 3.37 In addition to their duties relating to realising and distributing the assets of the Companies, the Administrators must comply with certain statutory compliance matters in accordance with the Insolvency Act 1986. These include preparing bi-annual reports to creditors advising of the progress of the Administrations. The Administrators are responsible for liaising with HMRC to determine the final position in respect of corporation tax, PAYE, VAT and other taxes that may be owed by or to the Companies, and for filing tax returns for the duration of the Administrations.
- 3.38 In order to ensure the matters of the Administrations are being progressed sufficiently, the Administrators have a duty to conduct periodic case reviews and complete case checklists. In addition, the Administrators' treasury function will also comply with cash accounting requirements including raising payments, processing journal vouchers and posting receipts, preparing bank reconciliations and statutory returns.

- 3.39 The time taken for statutory tasks is largely fixed, insofar as the cost of preparing a report to creditors or filing an annual return is similar for most cases, except where cases are very large or complex, as in these cases. Where the costs of statutory compliance and reporting to creditors exceeds the initial estimate, it will generally be because the duration of the case has been longer than expected, due to, for example protracted realisation of assets, meaning additional periodic reports have had to be prepared and distributed to stakeholders.

## 4. Investigations

- 4.1 The Administrators are continuing to liaise with the Department for Business, Energy & Industrial Strategy (formerly the Department for Business, Innovation & Skills) where required and may have an ongoing role in providing documents and/or information.

### Liaison with UK Law enforcement

- 4.2 The Administrators have continued to support UK law enforcement agencies in their enquiries into the Group's affairs and the past conduct of the Group's management. This has primarily involved responding to information requests and attending meetings, where required.
- 4.3 Creditors may be aware that the Serious Fraud Office (**SFO**) has recently brought criminal charges against two former senior members of PLC's management team. The charges relate to the same transactions which form the basis of the civil claims brought by the Administrators against the same two individuals and, additionally, Oriental<sup>1</sup> (see paragraphs 3.6 to 3.8).

### Litigation

- 4.4 Please refer to section 3 for brief discussion of the ongoing litigation in which PLC and ARL are bringing claims against the dismissed directors, Oriental and others.
- 4.5 Due to the commercial sensitivity of these matters, the Administrators are unable to provide further details in this report, however, the Administrators can confirm that they are involved in, or assisting with, potential and/or ongoing proceedings in respect of the Companies and/or ARL in Nigeria, England and France.

---

<sup>1</sup> The defendants also include two members of the Indimi family.

## **5. Estimated outcome for creditors**

### **Secured creditors**

#### **Holders of the Bridge Securities**

- 5.1 Wilmington was appointed as Security Trustee for holders of the Bridge Securities pursuant to a security trust deed dated 30 April 2015. The Companies also granted fixed and floating charges over substantially all of their property, assets and undertakings (excluding the shares which are held in AEPNA) to Wilmington on that date pursuant to an English law debenture, and English law charge over intercompany debts and a Nigerian law share charge over the ARL shares.
- 5.2 As at the date of the insolvency of PLC, the amount due to the holders of the Bridge Securities was approximately \$217 million. The debt continues to accrue interest and there are also applicable make-whole payments due.
- 5.3 To date, Wilmington has received distributions totalling \$16.5 million from asset realisations in ANHL and elsewhere within the Group.
- 5.4 It is unlikely that asset realisations in either PLC or ANHL will be sufficient to enable the holders of the Bridge Securities to be repaid in full.

#### **Deutsche Bank AG, Citibank Nigeria Limited, Nataxis and BNP Paribas**

- 5.5 The lenders of the Ebok Facility benefit from security over a limited number of the PLC's assets along with certain other assets within the Group.
- 5.6 As at the date of appointment, the principal amount of the debt due under the Ebok Facility was approximately \$300 million.
- 5.7 The return to the Ebok lenders from PLC and ANHL is expected to be nil. As a result of the security held by Wilmington on behalf of the holders of the Bridge Securities, there will be no distributions out of PLC's assets to the Ebok lenders until all amounts owing in respect of the Bridge Securities have been repaid in full.

#### **Senior Secured Notes**

- 5.8 Since 2011, PLC has issued three sets of bonds (the 2016 Bonds, the 2019 Bonds and the 2020 Bonds). The bonds are unsecured at PLC level, however, ANHL has guaranteed PLC's obligations under those Existing Bonds. The respective liabilities due under the Existing Bonds are \$253 million, \$250 million and \$360 million. The Existing Bonds are listed on the Luxembourg Stock Exchange and are guaranteed on a subordinated basis by ARL and on a senior basis by ANHL and certain other Group companies.
- 5.9 As detailed in section 2, the Existing Bondholders have received a share of the proceeds from the sale of the Okoro asset.

- 5.10 It remains unlikely that proceeds from the realisations of the remaining assets will be sufficient to enable any further distributions to be paid to the Existing Bondholders. However, the Existing Bondholders will be entitled to receive a share of the Unsecured Creditors' Fund to be distributed to the unsecured creditors of PLC.

#### Access Bank Plc

- 5.11 Access Bank is an unsecured creditor of PLC but benefits from limited recourse security granted by ANHL. ANHL has no direct liability to Access Bank if proceeds from the disposal of assets over which ANHL has granted security are not sufficient to repay Access Bank in full.
- 5.12 Following application of the proceeds of the disposals of AEPNA's interest in the Okwok field, over which AEPNA had granted security to Access Bank and of FHN 113's interest in OML 113, over which OML 113 had granted security to Access Bank, approximately \$0.5 million is outstanding in respect of the Okwok/OML 113 Facility.
- 5.13 As Access Bank has realised all of its security, and is an unsecured creditor of PLC, it is not expected that Access Bank will receive any further recoveries other than a share of the Unsecured Creditors' Fund to be distributed to the unsecured creditors of PLC.

#### Preferential creditors

- 5.14 In respect of PLC, preferential creditor claims totalling £149,515 were agreed and a dividend of 100 pence in the pound was declared and paid on 20 April 2016.
- 5.15 ANHL does not have any preferential creditors.

#### Unsecured Creditors' Fund

- 5.16 Where there is a floating charge which was created on or after 15 September 2003, the administrators are required to create a fund from the company's net property available for the benefit of unsecured creditors (**Unsecured Creditors' Fund**), commonly known as the 'Prescribed Part'.
- 5.17 In both PLC and ANHL, the Companies' net property is sufficient to enable the creation of an Unsecured Creditors' Fund of the statutory maximum of £0.6 million. The likely level of return to unsecured creditors can be found within section 2. Given the level of the debts of unsecured creditors in each case, the return to each creditor will be less than one pence in the pound.
- 5.18 Creditors are invited to submit details of their claims if they have not already done so to AlixPartners' Manchester office, situated at The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB, using the statement of claim forms that can be downloaded from AlixPartners' creditor portal website. Alternatively, claims can be submitted electronically to **afren@alixpartners.com**.

- 5.19 The Administrators are not able to acknowledge receipt of individual claims. However, claims received will be held on file until the Administrators are in a position to make distributions. The Administrators have conducted an initial review of the unsecured creditor claims received and are in the process of finalising the formal claims agreement strategy. It is anticipated that the Administrators will be in a position to declare the unsecured dividend within the next reporting period.

## **6. What happens next**

### **Creditors' rights**

- 6.1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the agreement of at least 5% of the value of the unsecured creditors) may request in writing that the Administrators provide further information about their fees or expenses (other than pre-administration costs) which have been itemised in this progress report.
- 6.2 Any secured creditor, or an unsecured creditor (with the agreement of at least 10% of the value of unsecured creditors) may, within eight weeks of receipt of this report, make an application to court on the grounds that the basis fixed for the Administrators' fees is inappropriate, or that the fees charged or the expenses incurred by the Administrators during the period of this report are excessive.

### **Next report**

- 6.3 The Administrators are required to provide a progress report within one month of the end of the next six months of the Administrations, or earlier in the unlikely event that either or both of the Administrations have been finalised. For details of the proposed exit routes please see Appendix G.

For and on behalf of  
The Companies



**Daniel Imison**  
Administrator

Encs

## Appendix A. Statutory information

### Company information - PLC

Company name	Afren Plc
Registered number	05304498
Registered office	The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB
Former registered office and trading address	Kinnaird House, 1 Pall Mall East, London, SW1Y 5AU
Court details	High Court of Justice, Chancery Division, Companies Court
Court reference	5206 of 2015

### Appointor's information - PLC

Name	Address	Position
David Charles Lawrence Frauman	c/o Kinnaird House, 1 Pall Mall East, London, SW1Y 5AU	Director
Alan Scott Linn	c/o Kinnaird House, 1 Pall Mall East, London, SW1Y 5AU	Director
David Howard Thomas	c/o Kinnaird House, 1 Pall Mall East, London, SW1Y 5AU	Director

### Company information - ANHL

Company name	Afren Nigeria Holdings Limited
Registered number	06033276
Registered office	The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB
Former registered office	Kinnaird House, 1 Pall Mall East, London, SW1Y 5AU
Court details	High Court of Justice, Chancery Division, Companies Court
Court reference	CR-2015-009172

### Appointor's information - ANHL

Name	Address
Afren Nigeria Holdings Limited	c/o AlixPartners, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB

## **Administrators' information – PLC and ANHL**

Name	Address	IP number	Name of authorising body
Simon Jonathan Appell	AlixPartners, 6 New Street Square, London, EC4A 3BF	009305	Insolvency Practitioners Association
Daniel Imison	AlixPartners, 6 New Street Square, London, EC4A 3BF	013434	Insolvency Practitioners Association
Catherine Mary Williamson	AlixPartners, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB	011570	Insolvency Practitioners Association

In accordance with paragraph 100(2) of schedule B1 of the Insolvency Act 1986, all functions of the Administrators are to be exercised by any or all of the Administrators. All references to the Administrators should be read as the Joint Administrators.

## **Extension of Administrations**

### **PLC and ANHL**

The Administration of PLC was initially extended by 12 months to 30 July 2017, with the consent of PLC's creditors. The Administration of ANHL was due to end automatically on 29 November 2016.

It was not possible to conclude all outstanding matters prior to these dates, therefore the Administrators successfully sought an order of the court to extend both Administrations until 29 November 2018.

## Appendix B. Receipts and Payments Accounts for the period 17 March 2017 to 16 September 2017 and Cumulative Accounts for the period since appointment

### PLC

#### Receipts and Payments Account GBP £

Statement of Affairs £	Period £	Cumulative £
<b>Floating charge assets</b>		
Receipts		
Funding from USD account	3,286,627	19,050,596
Cash at bank	-	892,379
Intercompany debts	-	81,766
Contribution to legal costs	72,000	112,000
Artwork	-	268,820
Rent deposit refund	-	6,369
Head office furniture and equipment	-	11,700
IT equipment	-	3,360
Sundry refunds	10	4,984
Tax refund	-	1,084
Insurance refund	-	501
Bank interest	435	1,958
	<b>3,359,072</b>	<b>20,435,517</b>
Payments		
Trading deficit	171,594	7,056,821
Administrators' fees	681,463	4,438,014
Administrators' pre-appointment fees	-	80,794
Category 1 disbursements:		
Statutory advertising	-	1,830
Travel and subsistence	242	13,290
Telephone charges	156	365
Storage costs	2,503	10,066
Courier and shipping costs	-	4,631
Stationery and postage	1,982	27,592
Creditor meeting costs	-	15,748
Computer supplies	3,491	11,425
Data processing	49,759	49,759
Category 2 disbursements:		
Printing, photocopying and telephone charges	-	2,864
Legal fees:		
Post appointment legal fees	435,107	4,050,813
Pre appointment legal fees	-	25,758
Third party legal fees	100,347	244,282
Legal disbursements	187,909	918,833
Agent's fees - artwork auction	-	52,567
Agent's fees - furniture and equipment	-	9,350
Employee claims agent's fees	2,060	8,720
Statutory investigation costs:		
Legal advice and assistance	131,659	698,514
Agent's fees - data analysis	71,964	210,780
Professional fees - litigation assistance	27,867	192,087
PAYE and National Insurance	9,675	9,675
Share register maintenance charges	3,730	13,970
Bank charges	157	1,857
	<b>(1,881,665)</b>	<b>(18,150,405)</b>
Distributions		
Preferential creditors - 100p/£1 20/04/16	-	149,515
	-	<b>(149,515)</b>
<b>Balance of floating charge assets</b>	<b>1,477,407</b>	<b>2,135,597</b>
<b>Represented by</b>		
VAT receivable		51,091
Interest bearing account		2,084,506
		<b>2,135,597</b>

Afren Plc and Afren Nigeria Holdings Limited – both in Administration (together the **Companies**)

**Receipts and Payments Account USD \$**

Statement of Affairs \$	Period \$	Cumulative \$
<b>Floating charge assets</b>		
Receipts		
62,952,944	-	51,783,376
	-	1,500,000
	-	5,904,000
	-	122,000
	499,273	1,031,254
	234,755	234,755
	-	275,705
	-	1
	18,382	64,273
	<b>752,410</b>	<b>60,915,364</b>
Payments		
	17,913	29,230,705
	1,315,233	24,889,442
	450,114	3,725,780
	44,615	189,680
	-	20,000
	4,637	4,637
	-	143
	-	7,978
	9,941	9,941
	344	5,729
	<b>(1,842,797)</b>	<b>(58,084,035)</b>
	<b>(1,090,387)</b>	<b>2,831,329</b>
<b>Balance of floating charge assets</b>		
<b>Represented by</b>		
Interest bearing accounts		2,831,329 *
		<b>2,831,329</b>

Note: The above is subject to small rounding differences.

\*Sterling equivalent as at 16 September 2017 = £2,083,858 converted at the rate of £0.736:\$1.

The Group operated internationally and transacted primarily in USD\$ during the course of trading. The majority of the Administration realisations are USD\$ currency and therefore the Administrators are maintaining bank accounts in USD\$ as well as GBP£. Transactions between the currency accounts are being kept to a minimum in order to mitigate the impact of currency holdings on the estate.

## ANHL

### Receipts and Payments Account GBP £

Statement of Affairs £	Period £	Cumulative £
<b>Fixed charge assets</b>		
Receipts		
Funding from USD account	-	2,614,000
Sundry refunds	-	480
Bank interest	5	287
	<b>5</b>	<b>2,614,767</b>
Payments		
Pre-appointment fees and disbursements:		
AlixPartners Services UK LLP	-	87,524
Akin Gump LLP	-	191,749
Administrators' fees	45,034	443,090
Category 1 disbursements:		
Travel and subsistence	41	178
Stationery, postage and photocopying	76	589
Telephone charges	-	34
Category 2 disbursements:		
Internal printing and photocopying	20	130
Legal fees	6,707	1,358,661
Legal disbursements	-	102,943
Irrecoverable VAT	1,341	427,945
Bank charges	11	60
	<b>(53,230)</b>	<b>(2,612,903)</b>
<b>Balance of fixed charge assets</b>	<b>(53,225)</b>	<b>1,864</b>
<b>Represented by</b>		
Interest bearing account		1,864
		<b>1,864</b>

Note: The above is subject to small rounding differences.

### Receipts and payments account - USD \$

Statement of Affairs \$	Period \$	Cumulative \$
<b>Floating charge assets</b>		
Receipts		
8,600 Intercompany receivables	-	-
Assignment of intercompany debt	2,167,633	9,141,645
Funds held on behalf of EAX Kenya	427,306	427,306
Sales consideration - OML 26	9,178,944	18,959,195
Bank interest	13,054	15,202
	<b>11,786,937</b>	<b>28,543,348</b>
Payments		
Contribution to costs	80,000	80,000
Funding to ANHL GBP account	-	3,475,993
Funding to PLC GBP account	3,000,000	3,000,000
Bank charges	597	767
	<b>(3,080,597)</b>	<b>(6,556,760)</b>
Distributions		
Wilmington Trust (London) Limited	898,649	10,398,649
	<b>(898,649)</b>	<b>(10,398,649)</b>
<b>Balance of floating charge assets</b>	<b>7,807,691</b>	<b>11,587,939</b>
<b>Represented by</b>		
Interest bearing accounts		11,587,939 *
		<b>11,587,939</b>

Note: The above is subject to small rounding differences.

\*Sterling equivalent as at 16 September 2017 = £8,528,723 converted at the rate of £0.736:\$1.

The Group operated internationally and transacted primarily in USD\$ during the course of trading. The majority of the Administration realisations are USD\$ currency and therefore the Administrators are maintaining bank accounts in USD\$ as well as GBPE. Transactions between the currency accounts are being kept to a minimum in order to minimise the impact of currency holdings on the estate.

## Appendix C. PLC Trading Receipts and Payments Accounts for the period 17 March 2017 to 16 September 2017 and Cumulative Accounts for the period since appointment

### Trading Account GBP £

	Period £	Cumulative £
<b>Direct costs</b>		
Wages, salaries, PAYE and NIC	-	3,648,500
	-	<b>(3,648,500)</b>
<b>Trading expenditure</b>		
Head office costs	686	15,154
Group IT and communication costs	64,997	723,769
Funding contribution to subsidiaries	-	56,541
Utilities	-	15,315
Telephone charges	846	36,808
Insurance	19,859	56,588
Contractor costs	62,418	511,380
Property advisors' fees	-	3,000
Repairs and maintenance	-	373
Sundry costs	-	9,019
Rent	-	488,234
Rates	-	74,885
Security	-	18,354
Data storage	15,353	55,581
Administrators' fees	7,435	1,343,320
	<b>(171,594)</b>	<b>(3,408,321)</b>
<b>Trading deficit</b>	<b>(171,594)</b>	<b>(7,056,821)</b>

### Trading Account USD \$

	Period \$	Cumulative \$
<b>Trading receipts</b>		
Fees for group services:		
Afren Resources Limited	-	176,456
Repayment of subsidiary funding:		
Intellectual property	-	84,943
	-	<b>261,399</b>
<b>Trading expenditure</b>		
Funding contribution to subsidiaries	8,898	29,106,540
Group IT costs	-	152,940
Insurance	-	65,000
Contractor costs	9,015	142,264
Wages and salaries	-	6,998
Ransom payment	-	3,321
Security costs - subsidiaries	-	15,041
	<b>(17,913)</b>	<b>(29,492,104)</b>
<b>Total balance</b>	<b>(17,913)</b>	<b>(29,230,705)</b>

## **Appendix D. Administrators' fees**

### **Fees**

A copy of 'A Creditors' Guide to Administrations' can be downloaded from AlixPartners' creditor portal (<http://www.alixpartnersinfoportal.com>). If you would prefer this to be sent to you in hard copy please contact the Administrators and they will forward a copy to you.

Approval of the Administrators' fees has been sought in accordance with insolvency legislation.

### **PLC**

In respect of PLC, a meeting was convened on 9 October 2015 at which the creditors approved that the basis of the Administrators' fees be fixed by reference to the time properly spent by the Administrators and their staff on matters arising in the Administration.

To date, fees totalling £5.8 million have been drawn on account, of which £1.3 million has been drawn in respect of the supervision of trading.

### **ANHL**

In respect of ANHL, as relevant creditors considered that they were unable to provide the required consent to the basis of the Administrators' fees, the Administrators sought the approval of the court to resolutions regarding the basis of their fees, disbursements and pre-administration costs. On 21 November 2016, the court approved that the remuneration of the Administrators be fixed by reference to the time properly spent by the Administrators and their staff in attending to matters arising in the Administration and in accordance with the fee estimate outlined in the ANHL Proposals and updated in the Administrators' Progress Report dated 14 October 2016.

The court also approved the pre-administration costs disclosed in the ANHL Proposals for payment.

To date, fees totalling £443,090 have been drawn on account.

### **Administrators' fee estimate - ANHL**

The Administrators' initial fee estimate was provided in the ANHL Proposals and subsequently updated in the Administrators' Progress Report dated 14 October 2016. The revised fee remains appropriate in the circumstances and a copy of it is set out below.

The Administrators did not provide a fee estimate in respect of PLC.

Activity category	Hours anticipated	Blended rate per hour £	Anticipated cost £
Asset realisation	650	592	385,011
Disputes and litigation	900	582	523,800
Statutory compliance and reporting	582	473	275,000
Investigations	50	458	22,909
Dealing with creditors	107	485	51,923
<b>Total</b>	<b>2,289</b>	<b>554</b>	<b>1,258,643</b>

Based upon the current position, the Administrators believe that the fee estimate remains valid.

Should any matters arise, such as investigatory matters and/or additional realisable assets, further time will be incurred dealing with such matters. Similarly if the Administrators encounter any protracted realisations, such as where regulatory or governmental approvals are required, further time will be incurred in finalising matters. If applicable, the Administrators will advise creditors in future communications.

Details of the progress of the Administration to date, and matters that are outstanding or partially complete, together with an explanation of why the work was undertaken are set out in section 3.

In the event that the Administrators are required to seek approval to an increase in their fee estimate, such approval must be sought from the creditors originally responsible for approving the basis of their remuneration, however, in this case one of the relevant parties is of the view that it does not have the authority to provide consent, therefore the Administrators will seek the approval of the court.

## Administrators' details of time spent to date

### PLC

The Administrators' time costs for the Period are £959,897. This represents 1,563 hours at an average rate of £614 per hour. Detailed below is a Time Analysis for the Period which provides details of the costs incurred by area of activity.

	Employee grade (hours)					£	
	Managing director /director	Vice president	Associate/analyst	Treasury/support	Hours incurred	Cost incurred	Average rate per hour
<b>Administration and planning</b>							
Planning	8.0	-	0.2	-	8.2	6,994.50	853
Strategy and control	8.9	2.1	-	-	11.0	9,093.50	827
Statutory duties	0.5	-	-	-	0.5	365.00	730
Case administration	17.0	4.1	23.3	-	44.4	24,312.00	548
Accounting and treasury	6.4	2.3	15.5	7.4	31.6	14,729.00	466
Internal documentation	-	0.8	1.0	-	1.8	890.00	494
<b>Investigations</b>							
Other investigations	15.5	-	2.5	-	18.0	12,345.00	686
Internal documentation	-	-	0.2	-	0.2	46.00	230
<b>Realisation of assets - fixed charge</b>							
Asset realisation strategy	2.8	-	0.5	-	3.3	2,598.00	787
Asset identification and valuation	0.2	-	-	-	0.2	146.00	730
Sale of assets	0.2	-	3.4	-	3.6	1,550.00	431
Recovery of assets	0.3	-	-	-	0.3	219.00	730
Asset accounting and administration	-	-	15.4	-	15.4	6,468.00	420
<b>Realisation of assets - debtors</b>							
Debtor litigation	4.5	-	-	-	4.5	3,892.50	865
<b>Realisation of assets - floating charge</b>							
Asset realisation strategy	123.6	-	2.3	-	125.9	86,740.00	689
Asset identification and valuation	-	-	0.9	-	0.9	374.00	416
Sale of assets	0.9	-	10.5	-	11.4	4,985.00	437
Recovery of assets	14.8	-	2.3	-	17.1	11,146.00	652
Dealing with third party assets	0.1	-	-	-	0.1	73.00	730
Asset accounting and administration	6.8	2.4	83.9	23.0	116.1	45,616.00	393
<b>Trading</b>							
Trading strategy	1.0	-	3.0	-	4.0	1,964.00	491
Trading activities	-	-	3.0	-	3.0	877.00	292
Accounting and administration	-	1.3	6.0	5.1	12.4	4,474.00	361
<b>Creditors</b>							
Debtor litigation	371.6	367.3	197.2	11.5	947.6	607,791.50	641
Reporting to creditors	11.8	1.0	21.3	-	34.1	17,063.00	500
Secured creditors	42.3	-	1.6	-	43.9	31,855.00	726
Preferential creditors	-	-	-	0.2	0.2	38.00	190
Unsecured creditors	5.6	0.1	27.8	0.6	34.1	15,651.00	459
Employees	41.7	-	5.6	-	47.3	33,530.00	709
Shareholders and other stakeholders	15.6	-	6.2	-	21.8	14,070.50	645
<b>Totals</b>	<b>700.1</b>	<b>381.4</b>	<b>433.6</b>	<b>47.8</b>	<b>1,562.9</b>	<b>959,896.50</b>	<b>614</b>

The Administrators' time costs since appointment are approximately £6.5 million. This represents 11,799 hours at an average rate of £554 per hour. Detailed below is a Time Analysis for the Administration which provides details of the costs incurred by area of activity.

	Employee grade (hours)				£		Average rate per hour
	Managing director /director	Associate director /senior associate	Associate/ analyst	Junior analyst/ support	Hours incurred	Cost incurred	
<b>Administration and planning</b>							
Planning	118.4	27.3	43.0	-	188.7	117,564.50	623
Strategy and control	350.4	120.6	28.0	0.6	499.6	368,274.50	737
Statutory duties	21.8	6.0	18.6	1.7	48.1	26,180.50	544
Case administration	94.5	54.6	160.2	15.0	324.3	166,823.00	514
Accounting and treasury	34.9	13.7	93.3	30.3	172.2	77,393.00	449
Travel and waiting time	7.0	13.0	10.0	4.0	34.0	17,325.00	510
Internal documentation	5.6	20.1	21.8	19.9	67.4	25,761.00	382
<b>Investigations</b>							
Director conduct reports	99.5	124.4	43.4	28.8	296.1	165,196.00	558
Other investigations	391.2	96.3	197.4	0.3	685.2	415,170.00	606
Internal documentation	7.4	4.8	13.8	0.5	26.5	14,192.00	536
<b>Realisation of assets - fixed charge</b>							
Asset realisation strategy	30.2	4.2	1.1	-	35.5	29,065.00	819
Asset identification and valuation	0.4	2.2	0.3	-	2.9	1,730.00	597
Sale of assets	0.6	-	11.3	-	11.9	5,142.00	432
Recovery of assets	70.6	1.9	7.9	-	80.4	65,327.50	813
Dealing with third party assets	0.1	-	-	-	0.1	70.50	705
Asset accounting and administration	-	-	18.1	-	18.1	7,585.00	419
<b>Realisation of assets - debtors</b>							
Debt collection	-	0.6	-	-	0.6	342.00	570
Debtor litigation	4.5	-	-	-	4.5	3,892.50	865
Internal and external documentation	4.0	4.3	-	-	8.3	5,891.00	710
<b>Realisation of assets - floating charge</b>							
Asset realisation strategy	393.8	525.0	43.9	1.0	963.7	619,541.17	643
Asset identification and valuation	2.4	3.8	47.6	1.3	55.1	24,400.00	443
Sale of assets	82.9	329.1	467.1	7.9	887.0	453,529.50	511
Recovery of assets	135.8	48.9	29.3	-	214.0	134,990.50	631
Dealing with third party assets	0.2	0.4	3.7	-	4.3	1,545.50	359
Asset accounting and administration	27.1	22.1	207.2	74.3	330.7	119,365.50	361
<b>Trading</b>							
Trading strategy	227.0	852.8	138.2	-	1,218.0	716,336.00	588
Trading activities	31.7	138.0	737.4	17.6	924.7	415,490.00	449
Accounting and administration	22.5	41.6	533.1	162.4	759.6	292,066.50	385
<b>Creditors</b>							
Creditor claims	5.3	4.6	8.1	-	18.0	9,666.50	537
Debtor litigation	760.3	527.3	441.1	-	1,728.7	1,083,456.50	627
Internal documentation	0.1	0.8	2.1	-	3.0	1,389.50	463
Creditor strategy	42.5	12.2	3.0	-	57.7	43,422.00	753
Reporting to creditors	94.4	140.0	341.1	5.9	581.4	293,774.00	505
Creditor meetings	69.2	8.2	73.8	20.5	171.7	90,769.50	529
Creditors' committee	-	0.3	2.3	-	2.6	1,146.00	441
Secured creditors	182.1	73.2	51.7	2.1	309.1	212,884.00	689
Preferential creditors	2.3	4.4	24.0	0.4	31.1	13,909.50	447
Unsecured creditors	35.7	83.3	169.3	94.6	382.9	165,846.00	433
Employees	81.7	125.5	200.9	14.5	422.6	221,150.50	523
Shareholders and other stakeholders	56.1	21.4	88.2	62.8	228.5	106,561.00	466
<b>Totals</b>	<b>3,494.2</b>	<b>3,456.9</b>	<b>4,281.3</b>	<b>566.4</b>	<b>11,798.8</b>	<b>6,534,164.67</b>	<b>554</b>

## ANHL

The Administrators' time costs for the Period are £51,922. This represents 110 hours at an average rate of £472 per hour. Detailed below is a Time Analysis for the Period which provides details of the costs incurred by area of activity.

	Managing director /director	Vice president	Associate/analyst	Treasury/support	Hours incurred	Average rate per hour £	Time cost for the Period £
Administration (including statutory reporting)							
Statutory duties	-	-	0.5	-	0.5	420	210.00
Administration and planning	12.1	3.0	20.7	5.4	41.2	524	21,574.00
Reporting to creditors	2.0	1.0	16.6	-	19.6	411	8,051.50
Unsecured creditors	0.5	1.0	7.6	-	9.1	459	4,180.50
Realisation of assets							
Fixed charge	0.6	0.1	3.9	-	4.6	481	2,211.00
Floating charge	5.9	0.9	16.5	7.1	30.4	427	12,985.00
Debtors	1.5	-	-	-	1.5	730	1,095.00
Investigations							
Director conduct reports	1.0	-	-	-	1.0	730	730.00
Creditors (claims and distribution)							
Secured creditors	0.2	-	1.6	0.3	2.1	421	884.50
<b>Total</b>	<b>23.8</b>	<b>6.0</b>	<b>67.4</b>	<b>12.8</b>	<b>110.0</b>	<b>472</b>	<b>51,921.50</b>

The Administrators' time costs since appointment are £470,854. This represents 912 hours at an average rate of £516 per hour. Detailed below is a Time Analysis for the Administration which provides details of the costs incurred by area of activity.

	Managing director /director	Vice president	Associate/analyst	Treasury/support	Hours incurred	Average rate per hour £	Time cost for the Period £
Administration (including statutory reporting)							
Statutory duties	6.2	0.3	29.4	5.2	41.1	416	17,114.50
Administration and planning	45.6	9.1	92.0	10.4	157.1	491	77,179.50
Reporting to creditors	18.9	53.8	120.5	17.3	210.5	433	91,101.50
Creditors' meetings	-	-	1.5	-	1.5	395	592.50
Secured creditors	3.2	5.8	9.6	0.7	19.3	484	9,334.00
Employees	-	-	6.7	-	6.7	395	2,646.50
Unsecured creditors	1.5	4.3	12.7	0.2	18.7	467	8,727.50
Shareholders and other stakeholders	-	0.8	-	0.5	1.3	422	548.50
Realisation of assets							
Fixed charge	61.5	5.6	8.6	4.9	80.6	642	51,729.00
Floating charge	143.9	145.7	45.6	4.1	339.3	571	193,622.00
Debtors	1.5	0.6	-	-	2.1	677	1,422.00
Investigations							
Director conduct reports	3.4	-	9.6	1.1	14.1	442	6,229.50
Other investigations	-	0.4	2.7	-	3.1	408	1,263.50
Creditors (claims and distribution)							
Secured creditors	2.6	0.4	3.2	-	6.2	527	3,267.00
Unsecured creditors	3.1	7.7	-	-	10.8	563	6,076.50
<b>Total</b>	<b>291.4</b>	<b>234.5</b>	<b>342.1</b>	<b>44.4</b>	<b>912.4</b>	<b>516</b>	<b>470,854.00</b>

## Appendix E. Administrators' expenses and disbursements

### Expenses of the Administration

The estimate of expenses anticipated to be incurred by the Administrators from third parties whilst dealing with the Administration of ANHL was provided to creditors in the ANHL Proposals; a copy of that estimate is set out below. The Administrators did not provide an estimate in respect of PLC.

	Anticipated cost £
Legal costs	450,000
Agent's fees	1,500,000
Sundry costs	23,400
<b>Total</b>	<b>1,973,400</b>

### Current position of Administrators' expenses

An analysis of the costs paid to date, together with those incurred but not paid as at the end of the Period is provided below.

#### ANHL – GBP

	Paid in prior periods £	Paid in the Period £	Incurred but not paid £	Total incurred cost £
Legal costs and disbursements – asset recovery actions	1,454,897	6,707	4,895	1,466,499
<b>Total</b>	<b>1,454,897</b>	<b>6,707</b>	<b>4,895</b>	<b>1,466,499</b>

Due to the complexities around the sales of assets, legal costs incurred to date exceed the original estimate. Legal costs will increase further due to protracted sale processes.

#### PLC - GBP

	Paid in prior periods £	Paid in the Period £	Incurred but not paid £	Total incurred cost £
Statutory and asset realisations – legal advice and other costs	3,615,706	623,016	131,891	4,370,613
Litigation and recovery actions – legal advice and associated costs	164,220	159,526	17,696	341,442
<b>Total</b>	<b>3,779,926</b>	<b>782,542</b>	<b>149,587</b>	<b>4,712,055</b>

## PLC – USD

	Paid in prior periods \$	Paid in the Period \$	Incurred but not paid \$	Total incurred cost \$
Professional advisors' fees – asset realisations and reporting	3,275,666	450,114	50,000	3,775,780
<b>Total</b>	<b>3,275,666</b>	<b>450,114</b>	<b>50,000</b>	<b>3,775,780</b>

## Administrators' disbursements

A copy of the analysis of anticipated disbursements previously provided in respect of ANHL is set out below. The actual expenses drawn on account may be found in the receipts and payments accounts in Appendix B.

	Anticipated cost £
Category 1 disbursements:	
Specific penalty bond	225
Statutory advertising	85
<b>Total</b>	<b>310</b>

## PLC

Category 1 disbursements of £134,706 have been drawn on account. Approval to draw category 2 disbursements was obtained at the meeting of creditors held on 9 October 2015 and £2,864 have been drawn.

## ANHL

Category 1 disbursements of £801 have been drawn on account. Approval to draw category 2 disbursements has been given by the court and £130 have been drawn.

## **Appendix F. Additional information in relation to the Administrators' fees**

### **Policy**

Detailed below is AlixPartners' policy in relation to:

- staff allocation and the use of sub-contractors;
- professional advisors; and
- disbursements.

### **Staff allocation and the use of sub-contractors**

The Administrators' general approach to resourcing their assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The case team will usually consist of a managing director or director, a vice president, an associate and an analyst. The exact case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. On larger, more complex cases, several staff at all grades may be allocated to meet the demands of the case. The Administrators' charge-out rate schedule overleaf provides details of all grades of staff.

With regard to support staff, time spent by treasury staff in relation to tasks such as recording transactions and dealing with bank accounts is charged but secretarial time is only recovered if a large block of time is incurred, eg report compilation and distribution.

The following services are being provided on this assignment by external sub-contractors.

Service type	Service provider	Basis of fee arrangement	Cost to date £
Employee claim processing	Insol Employee Solutions Limited	Fixed fee plus additional rate per employee	3,695
Employee payroll processing	Complete Accounting Solutions Limited	Rate per employee	5,025

## Professional advisors

On these assignments the Administrators have used the professional advisors listed below. The Administrators have also indicated the basis of their fee arrangement with them, which is subject to review on a regular basis.

Name of professional advisor	Basis of fee arrangement
Akin Gump LLP (legal advice)	Hourly rate and disbursements
Bonhams 1793 Limited (valuation and disposal advice – specialist artwork)	Percentage of realisations plus certain fixed auction preparation costs
Colliers International Valuation UK LLP (property review and advice)	Fixed fee
Hilco Global Limited (valuation and disposal advice, exc artwork)	Fixed valuation fee and percentage of realisations for disposals
PJT Partners (UK) Limited (formerly The Blackstone Group International Partners LLP) (financial and M&A advice)	Monthly retainer, a capped transaction fee and appointment fee
Willis Towers Watson Limited (insurance)	Risk based premium
SPTEC Advisory (non-core asset sale advice)	Fixed fee, percentage of realisations and disbursements
White and Case LLP (legal advice)	Hourly rate and disbursements
Taylor Wessing LLP (legal advice)	Hourly rate and disbursements
Willkie Farr & Gallagher (UK) LLP (legal advice)	Hourly rate and disbursements
Various consultants (assistance with tax and financial matters and asset advice)	Agreed daily rate and disbursements

The Administrators' choice was based on their perception of the professional advisors' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of their fee arrangement with them.

## PJT

The Administrators instructed PJT to act as financial and M&A advisors to the Group as a result of their in-depth knowledge of the situation and key assets, together with their internationally recognised restructuring and M&A credentials.

## Willkie Farr & Gallagher LLP

The Administrators engaged Willkie Farr & Gallagher LLP (**WFG**) to act as lead advisor in relation to the disputes with Oriental and the dismissed directors in the English courts. WFG's work includes advising the Administrators on the merits of certain potential claims, the preparation and review of litigation documents and correspondence, and the appropriate legal strategies available for pursuit of recoveries for the benefit of creditors.

## Akin Gump LLP

As detailed in the Proposals, the Administrators have engaged Akin Gump LLP (**Akin Gump**) as their legal counsel. Given the complex, multijurisdictional nature of these assignments, the Administrators have had to comply with legal and regulatory

requirements in multiple jurisdictions and understand the impact of different countries' legal regimes and processes on the strategy and progress of the Administrations. Akin Gump has assisted the Administrators across all of their principal work streams and the activities detailed in the report and outlined at Appendix D. In particular, Akin Gump has assisted with the following matters:

- Administration and planning – assisting the Administrators with implementing the case strategy and where required, attending meetings with key stakeholders across the Group.
- Realisation of assets: debtors – advising on the establishment of the Group's intercompany debt position and recoveries of outstanding book debts.
- Realisation of assets: floating charge – assisting with the implementation of the Administrators' asset recovery strategy for the various Group assets, which are principally held at subsidiary level. Significant time has been spent in dealing with the core assets in Nigeria as well as the non-core assets in various international jurisdictions. This includes time spent collating and reviewing information in relation to each of the key assets, providing input into the structure and format of the sales process, monitoring the progress with interested parties, reviewing offers and SPAs, negotiating and documenting contractual documentation and liaising with the relevant JV parties and government bodies for each of the key assets.
- Trading – assisting the Administrators with supplier agreements and rationalising supplier costs.
- Creditors – assisting the Administrators with creditor and stakeholder communication with regards to the asset realisation strategy and the preparation of statutory reports such as the Proposals and progress reports.

## Disbursements

Category 1 disbursements do not require approval by creditors. Category 1 disbursements may include external supplies of incidental services specifically identifiable to the case eg postage, case advertising, invoiced travel and external printing, room hire and document storage. Any properly reimbursed expenses incurred by the Administrators and their staff will also be chargeable.

Category 2 disbursements do require approval prior to being paid and will be drawn in accordance with the approval given, they may include business mileage for staff travel - charged at the rate of 45 pence per mile.

## Charge-out rates

A schedule of AlixPartners' hourly charge-out rates for this assignment effective from 1 January 2017 is detailed below. Time is charged by managing directors and case staff in units of six minutes.

Description	Rates from 1 January 2017 £
Managing director	895
Director	730
Vice president	600
Associate	420-550
Analyst	230-410
Treasury and support	120-280

## **Appendix G. Exit routes**

### **Dissolution of the Companies**

Based on current information, the Administrators think that the Companies have insufficient property to permit a distribution to their respective unsecured creditors, other than by virtue of the Unsecured Creditors' Funds. The Administrators will therefore file notices, together with their final progress report, at court and with the Registrar of Companies for dissolution of the Companies. The Administrators will send copies of these documents to the Companies and their creditors. The appointments will end following the registration of the respective notices by the Registrar of Companies.

### **Compulsory liquidation**

A liquidator of a company has certain powers such as the ability to disclaim onerous contracts or assets that are not available to an administrator. If such powers become necessary, the Administrators may make an application to court to end the Administrations and request that the court places both or either of the Companies into compulsory liquidation. The Administrators will send notice of any such applications to the Companies and their creditors.

# AM10

## Notice of administrator's progress report



### Presenter information

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

Contact name **PAUL BUTTERFIELD**

Company name **ALIXPARTNERS**

Address **THE ZENITH BUILDING**

**26 SPRING GARDENS**

**MANCHESTER**

Post town **MANCHESTER**

County/Region **UNITED KINGDOM**

Postcode **M 2 1 A B**

Country **UNITED KINGDOM**

DX

Telephone **0161 838 4500**



### Checklist

**We may return forms completed incorrectly or with information missing.**

**Please make sure you have remembered the following:**

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



### Important information

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



### Where to send

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

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



### Further information

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

**This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)**