

AM10

Notice of administrator's progress report

TUESDAY



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A21

17/04/2018

#128

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) DANIEL

Surname IMISON

3 Administrator's address

Building name/number ALIXPARTNERS, 6 NEW STREET SQUARE

Street

Post town LONDON

County/Region

Postcode E C 4 A 3 B F

Country UNITED KINGDOM

4 Administrator's name ①

Full forename(s) CATHERINE

Surname WILLIAMSON

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

5 Administrator's address ②

Building name/number ALIXPARTNERS, THE ZENITH BUILDING

Street 26 SPRING GARDENS

Post town MANCHESTER

County/Region

Postcode M 2 1 A B

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, 6 NEW STREET SQUARE

Street

Post town LONDON

County/Region

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 | 9 | y | 2 | y | 0 | y | 1 | y | 7 |
| To date | d | 1 | d | 6 | m | 0 | m | 3 | y | 2 | y | 0 | y | 1 | y | 8 |

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 | 0 | m | 4 | y | 2 | y | 0 | y | 1 | y | 8 |
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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**

Post town **MANCHESTER**

County/Region

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 or email 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

Administrators' Progress Report for the period 17 September 2017 to 16 March 2018

Afren Plc and Afren Nigeria Holdings
Limited – both in Administration

13 April 2018

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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 September 2017 to 16 March 2018 (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.

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

- 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, 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 |
|---|-----------------------------------|------------------------------|-----------------------------|
| Secured creditors | | | |
| Wilmington Trust (London) Limited (Wilmington) as security trustee for the private placement notes (the Bridge Securities) | 217 | 18.5 | Uncertain |
| Deutsche Bank AG, Citibank Nigeria Limited, Natixis and BNP Paribas (on behalf of the Ebok Lenders) under the Ebok Facility (the Ebok Facility) | 300 | Nil | Nil |
| Total secured creditors | 517 | 18.5 | Uncertain |
| Preferential creditors (b) | 0.2 | 0.2 | Repaid in full |
| Unsecured creditors of PLC with access to security elsewhere in the Group | | | |
| Okwok Facility/OML 113 Facility | 50 | 54 | Uncertain |
| Senior Secured Notes 2016 (the 2016 Bonds) | 253 | 7.0 | Uncertain |
| Senior Secured Notes 2019 (the 2019 Bonds) | 250 | 6.7 | Uncertain |
| Senior Secured Notes 2020 (the 2020 Bonds)(c) | 360 | 9.2 | Uncertain |
| Total unsecured creditors of PLC with access to security elsewhere in the Group | 913 | 76.9 | Uncertain |
| 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 |
| Total unsecured creditors/repayments | 1,197 | 76.9 | Uncertain |
| Total liabilities/repayments | 1,714.2 | 95.6 | Uncertain |

(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).

Throughout this report, all conversions between USD \$ and GBP £ have been completed using the exchange rate at the relevant dates of the Administrators' appointments.

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 uncertain whether 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 in 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 Facility and the OML 113 Facility (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 were \$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 in 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, 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

| \$ million Description | Estimated debt (a) | Repayment to date (b) | Expected outcome |
|---|-----------------------|--------------------------|---------------------|
| Secured creditors | | | |
| Wilmington as Note Security Trustee for the Bridge Securities | 211 | 12.4 | Uncertain |
| The 2016 Bonds (c) | 247 | - | Uncertain |
| The 2019 Bonds (c) | 244 | - | Uncertain |
| The 2020 Bonds (c) | 351 | - | Uncertain |
| Total secured creditors | 1,053 | 12.4 | Uncertain |
| Preferential creditors | Nil | - | - |
| Unsecured creditors | 654 | - | 0.9 |
| Total liabilities | 1,707 | 12.4 | Uncertain |

- (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 and other 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

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

- (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, it remains uncertain whether the Bridge Securities will be repaid in full. During the Period, a distribution of \$2m was paid to Wilmington, bringing distributions to Wilmington to \$12.4 million 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. 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 in 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 The disputes with Oriental are ongoing and ARL, the subsidiary company which owns the interest, remains in Liquidation. Therefore, it continues to be uncertain whether it will be possible to achieve any realisations in respect of this asset.

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.
- 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, or when it is otherwise appropriate to do so.

ARL Receivership

- 3.9 As detailed above, ARL remains in liquidation and 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's 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, is yet to be heard.

ARL winding up

- 3.10 Following the withdrawal of the co-applicants from the Administrators' application to challenge the Official Receiver's appointment, the Administrators have continued to progress the application. Notice has been served on those respondents for whom the Administrators have addresses and the hearing was adjourned until 7 May 2018.
- 3.11 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

- 3.12 As previously reported, completion of the FHN Sale is subject to successfully obtaining Government approval to the transfer of shares. Approval is yet to be received and the Administrators are continuing to work with the purchaser as required, in order to secure the approval. The consideration received is non-refundable and not dependent on gaining Government approval to the share transfer.

Dispute with Petroleum Zion

- 3.13 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.
- 3.14 On 18 December 2017, Petroleum Zion filed pleadings before the Lagos High Court naming the Administrators, Wilmington and others as defendants. It is understood that detailed particulars have since been lodged, but, the Administrators are not aware that a hearing date has been set as yet.

OPL 310

- 3.15 The second and final instalment of sale consideration, totalling \$1 million, was received on 28 December 2017. The purchaser is yet to obtain ministerial consent to the transfer and therefore the sale is yet to complete. The Administrators will continue to work with the purchaser as required in order to obtain the consents.

OML 115

- 3.16 The Group's interest in the OML 115 licence is held by Afren Exploration & Production Nigeria Beta Limited. The Administrators received a tentative expression of potential interest which continues to be explored with the assistance of PJT Partners UK Limited (**PJT**).
- 3.17 The interested party has conducted an initial due diligence review of the asset and the Administrators continue to liaise with the party and PJT to assess this interest further.

FHN 113 and OML 113

- 3.18 *Mr Seyi Akinwunmi remains in office as liquidator of FHN 113 and the Administrators are continuing to monitor the liquidator's actions. To date, a small contribution to costs has been made and the Administrators are considering providing funds to support recovery action, which, if successful, could result in a recovery for the creditors of PLC and/or ANHL.*

Other operations in Africa and Iraq

The Kurdistan region of Iraq

- 3.19 Afren Mena Limited is likely to remain in Liquidation until at least 30 June 2018, when a 'subsequent sale' clause in respect of the Liquidators' sale of assets expires and it can be confirmed that there will be no further recoveries into the estate. There are not expected to be further recoveries into the Administrations from this source.

Kenya

- 3.20 The Administrators of PLC have petitioned for the Liquidation of East African Exploration (Kenya) Limited (**EAX**) as this entity is insolvent. The winding up order is listed for hearing in May 2018.
- 3.21 *During the Period, the Administrators have returned the balance of sale proceeds following the compromise payments made to operational unsecured creditors to EAX. A portion of the sale consideration totalling \$2,059,067 remains deposited with the Kenyan Court, pending resolution of a third party creditor claim. The third party creditor in question has lodged an application to stay the winding up pending its own attachment application to have these funds paid over to it. The Administrators have challenged both the attachment and the stay applications and appealed against the court's decision to hear it.*
- 3.22 The Administrators consider that the funds should be paid to the Liquidator once appointed, to be distributed to its creditors, including the Companies.

Tanzania

- 3.23 The Administrators and the Octant Energy Group (**Octant**), as prospective purchaser of the assets in Tanzania, are continuing to seek the required Governmental approvals to the proposed sale. Positive progress has been made at a local level, but it remains unclear when the approvals will be received. During the Period, certain amendments were required to the sale and purchase agreement following a restructure of the Octant Energy Group.

Cote d'Ivoire

- 3.24 Afren CI One Corporation, the holding entity which is registered in the Cayman Islands, was placed into Liquidation on 12 January 2018. The Administrators have transferred the funds held on behalf of that entity following the sale of the assets to the Liquidator. This payment is reflected in the Receipts and Payments Accounts at Appendix B.
- 3.25 Afren Plc has subsequently lodged an unsecured claim into the Liquidation in respect of the debts owed by the company. The first meeting in the Liquidation was held on 4 April 2018 and it is anticipated that the Liquidator will be in a position to declare a dividend to creditors, including PLC, shortly.

Book debts

Energy Equity Resources loan repayment

- 3.26 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 and the Administrators are considering further recovery options with legal advisors.

Other matters

Trading accounts

- 3.27 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.
- 3.28 The non-recourse funding agreement between PLC and ANHL remains in place. Given the commonality of the secured creditors, this agreement has no impact on the overall return to the creditors.

Creditors and shareholders

- 3.29 Details of the estimated outcome for creditors can be found in sections 2 and 5.

- 3.30 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 **directors' 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.

Administration (including statutory reporting)

- 3.31 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 HM Revenue and Customs to determine the final position in respect of corporation tax, VAT and other taxes that may be owed by or to the Companies, and for filing tax returns for the duration of the Administrations.
- 3.32 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.
- 3.33 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 As reported previously, the Administrators liaised with the Department for Business, Energy & Industrial Strategy (**BEIS**) (formerly the Department for Business, Innovation & Skills) while it investigated the events which led to the dismissal of the previous CEO and COO (together the **Former Officers**) of PLC. Information and documentation were provided as necessary.
- 4.2 As a result of the BEIS investigation and its subsequent application to have the Former Officers disqualified from acting as directors, both of the Former Officers have been disqualified for a period of 14 years.

Liaison with UK Law enforcement

- 4.3 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.
- 4.4 The Serious Fraud Office (**SFO**) continues to pursue criminal charges against the *Former Officers*. As previously reported, 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, Oriental¹.

Litigation

- 4.5 Due to commercial sensitivity, the Administrators are unable to provide further details in relation to the ongoing litigation in which PLC and ARL are bringing claims against the dismissed directors, Oriental and others.
- 4.6 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.

¹ The defendants also include two members of the Indimi family.

5. Estimated outcome for creditors

Secured creditors

Holdings 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 A distribution of \$2 million has been paid during the Period. To date, Wilmington has received distributions totalling \$18.5 million from asset realisations in ANHL and elsewhere within the Group.
- 5.4 It is uncertain whether 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' individual 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**.

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

- 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.

6. What happens next

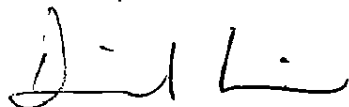
Creditors' rights

- 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 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 Administration, or earlier if the Administrations have been finalised. Details of the proposed exit routes are provided at 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.

It is unlikely that all outstanding matters will be concluded prior to 29 November 2018 therefore the Administrators will seek a further extension to the Administrations prior to the current expiry date.

Appendix B. Receipts and Payments Accounts for the period 17 September 2017 to 16 March 2018 and Cumulative Accounts for the period since appointment

PLC

Receipts and Payments Account GBP £

| Statement of Affairs £ | Period £ | Cumulative £ |
|--|--------------------|---------------------|
| Floating charge assets | | |
| Receipts | | |
| Funding from USD account | 1,530,000 | 20,580,596 |
| Cash at bank | - | 892,379 |
| Intercompany debts | - | 81,766 |
| Contribution to legal costs | - | 112,000 |
| Artwork | - | 268,820 |
| Rent deposit refund | - | 6,369 |
| Head office furniture and equipment | - | 11,700 |
| IT equipment | - | 3,360 |
| Sundry refunds | - | 4,984 |
| Tax refund | - | 1,084 |
| Insurance refund | - | 501 |
| Bank interest | 1,565 | 3,524 |
| | 1,531,565 | 21,967,083 |
| Payments | | |
| Trading deficit | 201,358 | 7,258,179 |
| Administrators' fees | 1,671,665 | 6,109,679 |
| Administrators' pre-appointment fees | - | 80,794 |
| Category 1 disbursements: | | |
| Statutory advertising | - | 1,830 |
| Travel and subsistence | 1,367 | 14,656 |
| Telephone charges | 113 | 479 |
| Storage costs | 4,674 | 14,741 |
| Container and shipping costs | - | 4,631 |
| Stationery and postage | 2,632 | 30,222 |
| Creditor meeting costs | - | 15,748 |
| Computer supplies | 5,283 | 16,709 |
| Data processing | 12,976 | 62,735 |
| Category 2 disbursements: | | |
| Printing, photocopying and telephone charges | - | 2,864 |
| Legal fees: | | |
| Post appointment legal fees | 118,303 | 4,169,116 |
| Pre appointment legal fees | - | 25,758 |
| Third party legal fees | 198,449 | 442,731 |
| Legal disbursements | 326,436 | 1,245,269 |
| Agent's fees - artwork auction | - | 52,567 |
| Employee claims agent's fees | - | 8,720 |
| Statutory investigation costs: | | |
| Legal advice and assistance | 358,713 | 1,057,227 |
| Agent's fees - data analysis | 23,743 | 50,760 |
| Professional fees - litigation assistance | 135,663 | 520,863 |
| PAYE and National Insurance | - | 9,675 |
| Share register maintenance charges | 2,804 | 16,774 |
| Bank charges | 36 | 1,893 |
| | (3,064,215) | (21,214,620) |
| Distributions | | |
| Preferential creditors - 100p/£1 20/04/16 | - | 149,515 |
| | - | (149,515) |
| Balance of floating charge assets | (1,532,650) | 602,948 |
| Represented by | | |
| VAT receivable | | 174,812 |
| Interest bearing accounts | | 428,136 |
| | | 602,948 |

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

Receipts and Payments Account USD \$

| Statement of Affairs \$ | Period \$ | Cumulative \$ |
|---|--------------------|---------------------|
| Floating charge assets | | |
| Receipts | | |
| 62,952,944 | | |
| Cash at bank | - | 51,783,376 |
| Contribution to costs - Okoro | - | 1,500,000 |
| AIO&GNI and OPL 310 sale proceeds | 492,000 | 6,396,000 |
| Block 2B sale proceeds | - | 122,000 |
| OML 26 sale proceeds | - | 1,031,254 |
| Block L17/18 sale proceeds | 61,743 | 296,498 |
| Book debts | - | 275,705 |
| Funding from ANHL | 2,315,849 | 2,315,849 |
| Funds due to Afren Mauritius - sale of Block 2B | - | 1 |
| Bank interest | 31,324 | 95,596 |
| | 2,900,916 | 63,816,279 |
| Payments | | |
| Trading deficit | 25,000 | 29,255,705 |
| Funding to GBP account | 723,566 | 25,613,007 |
| Professional advisors' fees and disbursements | 164,131 | 3,889,911 |
| Statutory investigation costs | 271,819 | 461,498 |
| Legal fees | 1,597 | 21,598 |
| IT costs | - | 4,637 |
| Annual return filing fees | 15,288 | 15,431 |
| Tax advisor's fees | - | 7,978 |
| Storage fees | 9,941 | 19,881 |
| Bank charges | 519 | 6,249 |
| | (1,211,861) | (59,295,895) |
| | 1,689,055 | 4,520,384 |
| Balance of floating charge assets | | |
| Represented by | | |
| Interest bearing accounts | | 4,476,218 * |
| VAT receivable | | 44,166 |
| | | 4,520,384 |

Note: The above is subject to small rounding differences.

*Sterling equivalent as at 16 March 2018 = £3,241,132 converted at the rate of £0.717:\$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.

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

ANHL

Receipts and Payments Account GBP £

| Statement of Affairs £ | Period £ | Cumulative £ |
|--|----------------|--------------------|
| Floating charge assets | | |
| Receipts | | |
| Funding from USD account | - | 2,614,000 |
| Sundry refunds | - | 480 |
| Bank interest | - | 287 |
| | - | 2,614,767 |
| Payments | | |
| Administrators' pre-appointment costs | | |
| AlxPartners Services UK LLP | - | 87,524 |
| Akin Gump LLP | - | 191,749 |
| Administrators' fees | - | 443,090 |
| Category 1 disbursements: | | |
| Travel and subsistence costs | - | 178 |
| Stationery, postage and photocopying | - | 589 |
| Telephone charges | - | 34 |
| Category 2 disbursements: | | |
| Internal printing and photocopying | - | 130 |
| Legal fees | 910 | 1,359,570 |
| Legal disbursements | - | 102,943 |
| Irrecoverable VAT | 182 | 428,128 |
| Bank charges | - | 60 |
| | (1,092) | (2,613,995) |
| Balance of floating charge assets | (1,092) | 772 |
| Represented by | | |
| Interest bearing account | | 772 |
| | | 772 |

Receipts and Payments Account USD \$

| Statement of Affairs \$ | Period \$ | Cumulative \$ |
|--|--------------------|---------------------|
| Floating charge assets | | |
| Receipts | | |
| 8,600 Intercompany receivables | - | - |
| Assignment of intercompany debt | 508,000 | 9,649,645 |
| Funds held on behalf of FAX Kenya | (427,306) | - |
| Sales consideration - OML 26 | - | 18,959,195 |
| Bank interest | 35,805 | 51,007 |
| | 116,499 | 28,659,847 |
| Payments | | |
| Contribution to costs | - | 80,000 |
| Administrators' fees | 99,481 | 99,481 |
| Category 1 disbursements: | | |
| Stationery and postage | 491 | 491 |
| Legal fees | 180,663 | 180,663 |
| Legal disbursements | 7,863 | 7,863 |
| Funding to GBP account | - | 3,475,993 |
| Funding to PLC GBP account | 1,400,098 | 4,400,098 |
| Funding to PCL USD account | 2,315,849 | 2,315,849 |
| Bank charges | 202 | 969 |
| | (4,004,647) | (10,561,407) |
| Distributions | | |
| Wilmington Trust (London) Limited | 2,000,000 | 12,398,649 |
| | (2,000,000) | (12,398,649) |
| Balance of floating charge assets | (5,888,148) | 5,699,791 |
| Represented by | | |
| Interest bearing accounts | | 5,699,745 * |
| VAT receivable | | 46 |
| | | 5,699,791 |

Note: The above is subject to small rounding differences.

*Sterling equivalent as at 16 March 2018 = £4,097,662 converted at the rate of £0.717:\$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 September 2017 to 16 March 2018 and Cumulative Accounts for the period since appointment

Trading Account GBP £

| | Period £ | Cumulative £ |
|--------------------------------------|------------------|--------------------|
| Direct costs | | |
| Wages, salaries, PAYE and NIC | - | 3,648,500 |
| | - | (3,648,500) |
| Trading expenditure | | |
| Head office costs | 1,231 | 16,385 |
| Group IT and communication costs | 169,920 | 893,689 |
| Funding contribution to subsidiaries | - | 56,541 |
| Utilities | - | 15,315 |
| Telephone charges | - | 36,808 |
| Insurance | - | 56,588 |
| Contractor costs | 22,579 | 533,959 |
| Property advisors' fees | - | 3,000 |
| Repairs and maintenance | - | 373 |
| Sundry costs | - | 9,019 |
| Rent | - | 488,234 |
| Rates | - | 74,885 |
| Security | - | 18,354 |
| Data storage | 7,628 | 63,209 |
| Administrators' fees | - | 1,343,320 |
| | (201,358) | (3,609,679) |
| Trading deficit | (201,358) | (7,258,179) |

Trading Account USD \$

| | Period \$ | Cumulative \$ |
|--------------------------------------|-----------------|---------------------|
| Trading receipts | | |
| Fees for group services: | | |
| Afren Resources Limited | - | 176,456 |
| Repayment of subsidiary funding: | | |
| Intellectual property | - | 84,943 |
| | - | 261,399 |
| Trading expenditure | | |
| Funding contribution to subsidiaries | 25,000 | 29,131,540 |
| Group IT costs | - | 152,940 |
| Insurance | - | 65,000 |
| Contractor costs | - | 142,264 |
| Wages and salaries | - | 6,998 |
| Ransom payment | - | 3,321 |
| Security costs - subsidiaries | - | 15,041 |
| | (25,000) | (29,517,104) |
| Trading deficit | (25,000) | (29,255,705) |

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 £7.5 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 and \$99,481 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 overleaf.

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

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

| 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 |
| Total | 2,289 | 550 | 1,258,643 |

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

Should any matters arise, such as additional 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 £1,086,864. This represents 1,798 hours at an average rate of £604 per hour. Detailed below is a Time Analysis for the Period which provides details of the costs incurred by activity and by staff grade.

| | Employee grade (hours) | | | | Hours incurred | Cost incurred | Average rate per hour |
|--|----------------------------|-----------------------|---------------------------|-------------------|----------------|---------------------|-----------------------|
| | Managing Director/Director | Senior Vice President | Vice President/Consultant | Treasurer/Support | | | |
| Administration and planning | | | | | | | |
| Planning | 3.0 | - | - | - | 3.0 | 2,685.00 | 895 |
| Strategy and control | 4.0 | 0.3 | 0.2 | - | 4.5 | 3,130.00 | 696 |
| Statutory duties | 2.7 | - | - | - | 2.7 | 1,971.00 | 730 |
| Case administration | 34.5 | 5.1 | 7.1 | 0.1 | 46.8 | 34,544.00 | 738 |
| Accounting and treasury | 0.2 | 9.5 | 8.1 | 11.6 | 29.4 | 9,946.00 | 338 |
| Internal documentation | - | 0.5 | - | - | 0.5 | 300.00 | 600 |
| Investigations | | | | | | | |
| Other investigations | 0.5 | 4.0 | 0.2 | - | 4.7 | 2,647.00 | 563 |
| Internal documentation | 0.5 | - | - | - | 0.5 | 447.50 | 895 |
| Realisation of assets - fixed charge | | | | | | | |
| Asset realisation strategy | 7.4 | - | - | - | 7.4 | 6,623.00 | 895 |
| Sale of assets | - | - | 0.8 | - | 0.8 | 356.00 | 445 |
| Recovery of assets | 0.7 | - | - | - | 0.7 | 511.00 | 730 |
| Asset accounting and administration | - | - | 0.4 | - | 0.4 | 168.00 | 420 |
| Realisation of assets - floating charge | | | | | | | |
| Asset realisation strategy | 52.1 | - | 0.2 | - | 52.3 | 38,115.00 | 729 |
| Asset identification and valuation | - | - | 1.1 | - | 1.1 | 454.00 | 413 |
| Sale of assets | - | 6.7 | 19.1 | - | 25.8 | 12,028.00 | 466 |
| Recovery of assets | 18.7 | 1.0 | - | - | 19.7 | 14,153.50 | 718 |
| Asset accounting and administration | 6.0 | 25.0 | 106.4 | 24.4 | 161.8 | 64,919.00 | 401 |
| Trading | | | | | | | |
| Trading strategy | - | - | 1.0 | - | 1.0 | 420.00 | 420 |
| Trading activities | 0.2 | - | - | - | 0.2 | 146.00 | 730 |
| Accounting and administration | - | 2.0 | 3.7 | 5.1 | 10.8 | 3,731.00 | 345 |
| Creditors | | | | | | | |
| Unsecured | 526.5 | 594.6 | 204.0 | - | 1,325.1 | 836,524.00 | 631 |
| Internal documentation | - | 0.6 | - | - | 0.6 | 252.00 | 420 |
| Creditor strategy | - | 0.6 | - | - | 0.6 | 252.00 | 420 |
| Reporting to creditors | 2.5 | 4.0 | 38.8 | - | 45.3 | 19,412.50 | 429 |
| Secured creditors | 13.2 | - | 2.9 | - | 16.1 | 11,394.00 | 708 |
| Preferential creditors | - | - | 1.2 | - | 1.2 | 504.00 | 420 |
| Unsecured creditors | 1.3 | 0.8 | 6.0 | - | 10.1 | 4,593.00 | 455 |
| Employees | 16.7 | - | 2.2 | - | 18.9 | 13,501.00 | 714 |
| Shareholders and other stakeholders | 1.6 | - | 4.8 | - | 6.4 | 3,136.00 | 490 |
| Totals | 692.3 | 654.7 | 410.2 | 41.2 | 1,798.4 | 1,086,863.50 | 604 |

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

A cumulative time analysis from the date of the Administrators' appointment to the end of the Period is set out below.

| | Employee grade (hours) | | | | £ | | Average rate per hour |
|--|----------------------------|-----------------------|---------------------------|------------------|-----------------|---------------------|-----------------------|
| | Managing Director/Director | Senior Vice President | Vice President/Consultant | Treasury/Support | Hours incurred | Cost incurred | |
| Administration and planning | | | | | | | |
| Planning | 121.4 | 15.0 | 55.3 | - | 191.7 | 120,249.50 | 627 |
| Strategy and control | 354.4 | 29.0 | 120.7 | - | 504.1 | 371,404.50 | 737 |
| Statutory duties | 24.5 | 2.0 | 23.7 | 0.6 | 50.8 | 28,151.50 | 554 |
| Case administration | 129.0 | 46.7 | 192.9 | 1.5 | 371.0 | 201,148.00 | 543 |
| Accounting and treasury | 35.1 | 18.5 | 99.4 | 48.6 | 201.6 | 87,339.00 | 433 |
| Travel and waiting time | 7.0 | 11.0 | 14.0 | - | 34.0 | 17,125.00 | 510 |
| Internal documentation | 5.6 | 4.9 | 38.2 | 19.2 | 67.9 | 26,061.00 | 384 |
| Investigations | | | | | | | |
| Director conduct reports | 99.5 | 124.4 | 72.2 | - | 296.1 | 165,196.00 | 558 |
| Other investigations | 191.7 | 99.3 | 197.5 | - | 608.5 | 417,243.00 | 606 |
| Internal documentation | 7.9 | - | 19.1 | - | 27.0 | 14,639.50 | 542 |
| Realisation of assets – fixed charge | | | | | | | |
| Asset realisation strategy | 37.6 | 4.2 | 1.1 | - | 42.9 | 35,688.00 | 832 |
| Asset identification and valuation | 0.4 | 2.2 | 0.3 | - | 2.9 | 1,730.00 | 592 |
| Sale of assets | 0.6 | - | 12.1 | - | 12.7 | 5,498.00 | 433 |
| Recovery of assets | 71.3 | 1.9 | 7.9 | - | 81.1 | 65,038.50 | 812 |
| Dealing with third party assets | 0.1 | - | - | - | 0.1 | 70.50 | 705 |
| Asset accounting and administration | - | - | 18.5 | - | 18.5 | 7,753.00 | 419 |
| Realisation of assets – debtors | | | | | | | |
| 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 | 5,691.00 | 710 |
| Realisation of assets – floating charge | | | | | | | |
| Asset realisation strategy | 446.9 | 330.3 | 239.8 | - | 1,017.0 | 638,521.17 | 647 |
| Asset identification and valuation | 2.4 | 2.8 | 51.0 | - | 56.2 | 24,854.00 | 442 |
| Sale of assets | 81.9 | 230.6 | 599.3 | - | 912.8 | 465,557.50 | 510 |
| Recovery of assets | 154.5 | 33.9 | 45.3 | - | 233.7 | 149,144.00 | 636 |
| Dealing with third party assets | 0.2 | 0.4 | 3.7 | - | 4.3 | 1,545.50 | 359 |
| Asset accounting and administration | 32.6 | 28.4 | 296.5 | 134.0 | 491.5 | 183,644.50 | 374 |
| Trading | | | | | | | |
| Trading strategy | 227.0 | 16.3 | 973.7 | - | 1,219.0 | 716,756.00 | 588 |
| Trading activities | 31.9 | 59.2 | 833.8 | - | 924.9 | 415,836.00 | 449 |
| Accounting and administration | 22.5 | 21.5 | 541.3 | 185.1 | 770.4 | 295,797.50 | 384 |
| Creditors | | | | | | | |
| Creditor claims | 5.3 | 4.6 | 8.1 | - | 18.0 | 9,666.50 | 537 |
| Litigation | 1,290.4 | 1,121.9 | 648.1 | - | 3,060.4 | 1,924,324.50 | 629 |
| Internal documentation | 0.1 | 1.4 | 2.1 | - | 3.6 | 1,541.50 | 456 |
| Creditor strategy | 42.5 | 4.2 | 11.6 | - | 58.3 | 43,674.00 | 749 |
| Reporting to creditors | 92.4 | 107.2 | 422.6 | - | 622.2 | 310,308.50 | 498 |
| Creditor meetings | 69.2 | 6.2 | 94.3 | - | 171.7 | 90,769.50 | 529 |
| Creditors' committee | - | 0.3 | 2.3 | - | 2.6 | 1,146.00 | 441 |
| Secured creditors | 195.3 | 54.4 | 75.5 | - | 325.2 | 224,278.00 | 690 |
| Preferential creditors | 2.3 | 3.4 | 25.7 | 0.9 | 32.3 | 14,413.50 | 444 |
| Unsecured creditors | 37.0 | 63.6 | 271.8 | 0.6 | 393.0 | 190,439.00 | 474 |
| Employees | 98.4 | 124.5 | 216.7 | - | 439.6 | 233,853.50 | 532 |
| Shareholders and other stakeholders | 57.7 | 21.4 | 155.8 | - | 234.9 | 109,697.00 | 467 |
| Totals | 4,186.1 | 2,024.5 | 6,393.8 | 191.5 | 13,695.9 | 7,621,028.17 | 561 |

Narrative explanations of the work undertaken during the Period are provided in section 3 of this report.

ANHL

The Administrators' time costs for the Period are £33,870. This represents 84 hours at an average rate of £405 per hour. Detailed below is a Time Analysis for the Period which provides details of the costs incurred by activity and by staff grade.

| | Managing director/director | Senior vice president | Vice president/Consultant | Treasury /support | Hours incurred | Time cost for the Period £ | Average rate per hour £ |
|--|----------------------------|-----------------------|---------------------------|-------------------|----------------|----------------------------|-------------------------|
| Administration (including statutory reporting) | | | | | | | |
| Administration and planning | 0.5 | 1.4 | 8.2 | 3.4 | 13.5 | 4,930.00 | 365 |
| Reporting to creditors | 0.3 | 1.9 | 24.0 | - | 26.2 | 10,925.00 | 417 |
| Secured creditors | - | - | 0.3 | - | 0.3 | 123.00 | 410 |
| Unsecured creditors | - | - | 1.1 | - | 1.1 | 451.00 | 410 |
| Realisation of assets | | | | | | | |
| Fixed charge | - | - | 0.3 | - | 0.3 | 123.00 | 410 |
| Floating charge | 2.3 | 13.6 | 19.8 | 5.3 | 41.0 | 16,780.00 | 409 |
| Creditors (claims and distribution) | | | | | | | |
| Secured creditors | - | - | 0.8 | - | 0.8 | 328.00 | 410 |
| Unsecured creditors | - | - | 0.5 | - | 0.5 | 210.00 | 420 |
| Total | 3.1 | 16.9 | 55.0 | 8.7 | 83.7 | 33,870.00 | 405 |

A cumulative time analysis from the date of the Administrators' appointment to the end of the Period is set out below.

| | Managing director/director | Senior vice president | Vice president/Consultant | Treasury /support | Hours incurred | Time cost for the Period £ | Average rate per hour £ |
|--|----------------------------|-----------------------|---------------------------|-------------------|----------------|----------------------------|-------------------------|
| Administration (including statutory reporting) | | | | | | | |
| Statutory duties | 5.2 | 0.3 | 34.1 | 0.5 | 41.1 | 17,114.50 | 416 |
| Administration and planning | 46.1 | 10.1 | 100.0 | 14.6 | 170.8 | 82,135.50 | 481 |
| Reporting to creditors | 19.2 | 43.7 | 173.8 | - | 236.7 | 102,001.00 | 431 |
| Creditors' meetings | - | - | 2.5 | - | 1.5 | 592.50 | 395 |
| Secured creditors | 3.2 | 5.8 | 10.6 | - | 19.6 | 9,457.00 | 483 |
| Employees | - | - | 6.7 | - | 6.7 | 2,646.50 | 395 |
| Unsecured creditors | 1.5 | 3.3 | 10.1 | - | 14.9 | 5,877.00 | 462 |
| Shareholders and other stakeholders | - | 0.8 | 0.5 | - | 1.3 | 548.50 | 422 |
| Realisation of assets | | | | | | | |
| Fixed charge | 59.5 | 5.6 | 13.8 | - | 78.9 | 50,432.00 | 639 |
| Floating charge | 148.2 | 86.4 | 128.7 | 23.9 | 387.2 | 214,123.50 | 553 |
| Debtors | 1.5 | 0.6 | - | - | 2.1 | 1,422.00 | 677 |
| Investigations | | | | | | | |
| Director conduct reports | 3.4 | - | 10.7 | - | 14.1 | 6,229.50 | 442 |
| Other investigations | - | 0.4 | 2.7 | - | 3.1 | 1,263.50 | 408 |
| Creditors (claims and distribution) | | | | | | | |
| Secured creditors | 2.6 | 0.4 | 3.7 | 0.3 | 7.0 | 3,595.00 | 514 |
| Unsecured creditors | 3.1 | 1.7 | 5.5 | - | 11.3 | 6,286.50 | 556 |
| Total | 294.5 | 159.1 | 503.4 | 39.3 | 996.3 | 504,724.50 | 507 |

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 |
| Total | 1,973,400 |

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 fees and disbursements | Nil | 188,526 | Nil | 188,526 |
| Total | Nil | 188,526 | Nil | 188,526 |

ANHL – USD \$

| | Paid in prior periods £ | Paid in the Period £ | Incurred but not paid £ | Total incurred cost £ |
|--|-------------------------|----------------------|-------------------------|-----------------------|
| Legal costs and disbursements – asset recovery actions | 1,461,603 | 910 | Nil | 1,462,513 |
| Total | 1,461,603 | 910 | Nil | 1,462,513 |

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 and approval processes and continued advice in respect of subsidiary recoveries.

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 | 4,969,646 | 444,739 | Nil | 5,414,385 |
| Litigation and recovery actions – legal advice and associated costs | 1,083,714 | 494,376 | Nil | 1,578,090 |
| Total | 6,053,360 | 939,115 | Nil | 6,992,475 |

PLC – USD \$

| | Paid in prior periods \$ | Paid in the Period \$ | Incurred but not paid \$ | Total incurred cost \$ |
|--|--------------------------|-----------------------|--------------------------|------------------------|
| Professional advisors' fees – asset realisations and reporting | 3,725,780 | 164,131 | Nil | 3,889,911 |
| Total | 3,725,780 | 164,131 | Nil | 3,889,911 |

Administrators' disbursements

PLC

Category 1 disbursements of £161,750 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 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, a director or senior vice president, a vice president and a consultant. 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 in 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, excl. 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. Amended to hourly rate and disbursements with effect from 1 December 2017. |
| 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 2018, together with those applicable prior to this date, is detailed below. Time is charged by case staff in units of six minutes.

| Description | Rates from 1 January 2018 £ | Rates pre 1 January 2018 £ |
|------------------------|-----------------------------------|----------------------------------|
| Managing director | 935 | 895 |
| Director | 760 | 730 |
| Senior vice president* | 600 | 600 |
| Vice president* | 420-550 | 420-550 |
| Consultant* | 230-410 | 230-410 |
| Treasury and support | 120-280 | 120-280 |

* A firm-wide renaming of certain staffing grades of AlixPartners has been implemented with effect from 2 January 2018. The senior vice president grade was formerly vice president, vice president was formerly associate, and consultant was formerly analyst.

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.