

Claimant
Ian Colin Wormleighton
First witness statement
Exhibit ICW1
Date: 23 June 2020
CR-2020-[]

IN THE HIGH COURT OF JUSTICE

BUSINESS AND PROPERTY COURTS
OF ENGLAND AND WALES

COMPANIES COURT (ChD)

IN THE MATTER OF AFRICAN MINERALS LIMITED (IN ADMINISTRATION)

-and-

IN THE MATTER OF THE COMPANIES ACT 2006

WITNESS STATEMENT OF IAN COLIN WORMLEIGHTON

I, Ian Colin Wormleighton, of Deloitte LLP, 1 New Street Square, London, EC4A 3HQ, **WILL SAY** as follows:

A. Introduction

1. I am a Partner of Deloitte LLP of the above address. I am a chartered accountant and an authorised insolvency practitioner.
2. Mr. Neville Barry Kahn and I were appointed as the joint administrators (the “**Administrators**”) of African Minerals Limited (the “**Company**”) on 26 March 2015 (the “**Administration**”). Mr. Kahn ceased to act as an Administrator on 2 August 2018 as part

of a block transfer court order, in advance of his retirement from Deloitte LLP on 31 August 2018. On 2 August 2018, as part of the same block transfer court order, Nicholas Guy Edwards was appointed as a joint Administrator of the Company.

3. The Administration has been extended three times by Court order, most recently, until 25 March 2022.
4. I am duly authorised by Mr. Edwards to make this witness statement on behalf of both of us in our capacity as the Administrators.
5. Save as stated to the contrary, the facts and matters to which I refer are within my own knowledge and are true. Where not within my own knowledge, the facts and matters to which I refer derive from the sources or documents to which I refer, or from information given to me by the staff and employees of Deloitte LLP working under my direction, and are true to the best of my knowledge, information and belief. Nothing in this witness statement is intended to or does waive privilege in respect of any matter to which I refer.
6. Unless defined herein, capitalised terms in this witness statement have the meaning ascribed to them in the Explanatory Statement.
7. I make this witness statement in support of the Administrators' application for directions as to the convening and conduct of a meeting of the Company's "**Scheme Creditors**" (being substantially all persons with claims provable in the Administration in accordance with Rule 14.2 of the Insolvency (England and Wales) Rules 2016 (whether already admitted or yet to be proved or finally adjudicated upon)), to be held by video and telephone conference, for the purposes of considering and, if thought fit, approving (with or without modifications) a scheme of arrangement proposed to be made under Part 26 of the Companies Act 2006 (the "**Scheme**").
8. If the Scheme is approved by the Scheme Creditors at the said meeting (the "**Scheme Meeting**") and sanctioned by the Court, it is expected that it will become effective on or shortly after 27 July 2020.

9. There is now produced and shown to me, and exhibited hereto marked “ICW1”, a paginated bundle of documents to which I will refer in this witness statement. Reference to page numbers are to pages of ICW1. The Exhibit includes copies of:
 - (a) the draft of the Scheme, in substantially final form (pages 24 to 41);
 - (b) the draft of the Administrators’ statement to Scheme Creditors explaining the Scheme (the “**Explanatory Statement**”), in substantially final form (pages 42 to 221); and
 - (c) the Practice Statement Letter (the “**PSL**”) dated 11 June 2020 (pages 1 to 23).
10. **Scheme summary**
 10. The Scheme is described in detail below and in the draft Explanatory Statement, which the Court is invited to read.
 11. In summary, the Scheme is part of a transaction (the “**Transaction**”) involving the transfer of the Enforcement Related Claims (discussed further below) to the trustee of a creditor recovery vehicle in the form of a Cayman STAR Trust (the “**CRV**”). Each Scheme Creditor will have the opportunity, but not the obligation, to obtain a share of any recoveries from the Enforcement Related Claims by subscribing for interests in the CRV, whilst those creditors who do not wish to obtain a share of any recoveries will instead receive an immediate cash distribution.
 12. In this regard, the Scheme represents a compromise between the Company and the Scheme Creditors whereby each Scheme Creditor will agree to release a proportion of its Admitted Claim in consideration for receiving its Pro Rata Allocation of Scheme Consideration which it will be entitled to direct in accordance with the Scheme. The aggregate value of the Admitted Claims to be released will be equal to the amount of the Scheme Consideration.
 13. A principal commercial rationale for implementing the Scheme now is that it provides an opportunity for the CRV Trustee to consider and take advice on the Enforcement Related Claims (and the documents relating to those Claims which are to be transferred to the CRV

Trustee pursuant to the Deed of Assignment) and, if it chooses, commence proceedings in respect of the Enforcement Related Claims, prior to the expiry of applicable statutory limitation deadlines on those Claims.

C. Distribution of information regarding the Scheme

14. Since 25 January 2018, the Administrators' bi-annual updates to creditors (which are published on the Administration Website) have included updates regarding the potential transfer of the Enforcement Related Claims. On 28 January 2020, the Administrators' update to creditors noted that, following discussions with certain of the Company's creditors, it had been proposed that the Administrators put forward a scheme of arrangement (at page 310, full report at pages 304 to 330).
15. The Administrators have engaged GLAS Specialist Services Limited (the "**Information Agent**") to receive and distribute information relating to the Scheme to and from Scheme Creditors. For this the Information Agent has set up a publicly accessible Scheme Website, and a secure portal which is accessible via the Scheme Website (the "**Portal**"), through which Scheme Creditors may submit the information relating to the Scheme that is set out in Section IV (*Instruction Packet*) of the draft Explanatory Statement. Scheme Creditors may also return this information by email to the Information Agent. The Scheme Website will also make available copies of all documents required for Scheme Creditors to vote on the Scheme.
16. The Administration Website will also contain copies of all documents required for Scheme Creditors to vote on the Scheme, however the Administration Website will contain a link to the Scheme Website and will make clear that the Scheme Website should be used by Scheme Creditors for the purpose of receiving and submitting information regarding the Scheme. Both the Administration Website and the Scheme Website are publicly accessible.
17. On 11 June 2020, the Administrators posted the PSL on the Administration Website and the Scheme Website, giving notice of the Company's intention to launch the Scheme and providing certain details about the Scheme. On 12 June 2020, the Information Agent sent the PSL by registered post to all those persons who the Administrators believe are, or may

be, Scheme Creditors and for whom they hold an address; and also by email, where the Administrators hold an email address for the Scheme Creditor. On the same day, the Bond Trustee (defined below) sent the PSL to the Bondholders (defined below) via the Clearing Systems (pages 331 to 332).

18. Shortly after this witness statement has been filed with the Court, Scheme Creditors will be able to access and download it from the Scheme Website, together with copies of the draft Scheme and the draft Explanatory Statement, so that Scheme Creditors can consider them ahead of the Scheme convening hearing, which is currently listed to take place on 29 June 2020 (the “**Convening Hearing**”). Copies of these documents will also be published on the Administration Website and the Scheme Website.
19. Should Scheme Creditors require hard copies of any of the documents made available on the Scheme Website, they will be able to request these by emailing the Information Agent at the address provided in the Explanatory Statement. Scheme Creditors who wish to receive further information regarding the Enforcement Related Claims (as described below) may contact the Administrators to request access to a confidential data room. In order to obtain access to the data room, a Scheme Creditor will be required to sign a confidentiality and non-disclosure agreement in the terms required by Joint Administrators.
20. If the Court makes an order convening the Scheme Meeting (the “**Convening Order**”), copies of the Scheme, the Explanatory Statement (which will include instructions for how Scheme Creditors may register to attend the Scheme Meeting, appoint a Proxy, make a CRV Election, and vote), and the notice to Scheme Creditors convening the Scheme Meeting (the “**Scheme Meeting Notice**”) will be uploaded on to the Scheme Website and the Administration Website, and will be emailed to Scheme Creditors for whom the Administrators hold an email address. Save for the PSL, the Administrators do not consider it be necessary to post documents relating to the Scheme to Scheme Creditors.

D. Proposed Scheme timetable

21. The proposed Scheme timetable is as follows:

- (a) on or shortly after 29 June 2020, Scheme Creditors will be provided with copies of the Scheme, the Explanatory Statement, and the Scheme Meeting Notice;
- (b) by 5.00 p.m. (London time) on 13 July 2020, any Scheme Creditor that wishes to vote at the Scheme Meeting and that has not submitted a proof of debt in respect of a Provable Claim, must submit such proof of debt (the “**Record Date**”);
- (c) by 5.00 p.m. (London time) on 15 July 2020, Scheme Creditors wishing to:
 - (i) receive video and telephone conference dial-in details for the Scheme Meeting, must complete Registration, discussed below. Once a Scheme Creditor has completed Registration, it will be provided with secure log-in details to access the Portal; and
 - (ii) appoint the Chairman or a nominee to act as its proxy at the Scheme Meeting, must submit a Proxy Form to the Information Agent (the “**Voting Instruction Deadline**”);
- (d) by 12.00 p.m. (London time) on 19 July 2020, vote remotely on the Scheme via the Portal or by email to the Information Agent, subject to completing Registration (the “**Remote Voting Deadline**”);
- (e) By 5.00 p.m. (London time) on 19 July 2020, the Administrators will communicate to relevant Scheme Creditors the Voting Value of any Undetermined Proved Claims (discussed below) in respect of which a proof has been received but not determined by the Record Date (“**Initial Determination Date**”);
- (f) at 09.30 a.m. (London time) on 20 July 2020, the verification and check-in process will begin for each Scheme Creditor to be allowed into the Scheme Meeting;
- (g) at 10.00 a.m. (London time) on 20 July 2020, the Scheme Meeting will take place via the Zoom meeting platform and via a telephone-conference;
- (h) on 27 July 2020, and subject to approval by the requisite majority of the Scheme Creditors at the Scheme Meeting, the Sanction Hearing will take place, in advance

of which the Chairman will file a copy of the report on the result of the Scheme Meeting;

- (i) on or around 27 July 2020, and subject to the delivery of the Court Order to the Registrar of Companies, and the Company and the CRV Trustee entering into the Deed of Assignment (as defined below), the Scheme will become effective for all purposes (the “**Scheme Effective Date**”);
 - (j) by 5.00 pm (London time) on 3 August 2020, Scheme Creditors must:
 - (i) submit proofs of debt in respect of their Provable Claim if they wish to claim their entitlement to Scheme Consideration (the “**Bar Date**”), but Scheme Creditors with Admitted Claims do not need to submit a further proof of debt;
 - (ii) submit a CRV Election Letter if they wish to make a CRV Election to subscribe for CRV Interests (the “**CRV Election Deadline**”);
 - (iii) submit a Nominated Recipient Form if they wish to appoint a Nominated Recipient to receive all (but not part) of their CRV Interests (the “**Nominated Recipient Deadline**”); and
 - (k) 10 Business Days after the Bar Date, the Company shall transfer: (i) to each Scheme Creditor who has not made a CRV Election, its Cash Consideration; or (ii) where a Scheme Creditor has made a CRV Election, an amount equal to its Cash Consideration to the CRV Trustee in exchange for the CRV Trustee issuing CRV Interests to that Scheme Creditor in a nominal amount equal to its Pro Rata Allocation of Scheme Consideration (the “**Distribution Date**”).
22. The Administrators believe that the proposed timetable is reasonable and allows Scheme Creditors sufficient time to consider the Scheme, vote and carry out other necessary steps.
23. The remainder of this witness statement comprises the following sections:

Section E: Background to the Company and Enforcement Related Claims (paragraphs 24 to 37)

Section F: The current status of the Administration (paragraphs 38 to 40)

Section G: Development of the proposed Scheme (paragraphs 41 to 47)

Section H: Who will be affected by the Scheme (paragraphs 48 to 49)

Section I: The terms of the Scheme (paragraphs 50 to 52)

Section J: Scheme Consideration (paragraphs 53 to 60)

Section K: Voting on the Scheme (paragraphs 61 to 78)

Section L: Verification and adjudication of Provable Claims (paragraph 79)

Section M: Adequate Reserves and Determination of Claims (paragraphs 80 to 84)

Section N: Bar Date (paragraphs 85 to 87)

Section O: Class Composition (paragraphs 88 to 89)

Section P: Transfer of the Enforcement Related Claims pursuant to the Deed of Assignment (paragraph 90)

Section Q: Terms of the Deed of Release (paragraphs 91 to 93)

Section R: Jurisdiction to sanction the proposed Scheme (paragraph 94)

Section S: Creditor support for the Scheme (paragraphs 95 to 104)

Section T: Issues raised by Scheme Creditors (paragraph 105)

Section U: Why the Scheme is in the best interests of Scheme Creditors (paragraphs 106 to 111)

E. Background to the Company and the Enforcement Related Claims

24. In this section I provide a summary of events leading up to the Company's entry into Administration and the facts and matters which give rise to the Enforcement Related Claims. Further details on these matters is set out at paragraph 2 of Part 2A of Section I of the draft Explanatory Statement (pages 62 to 65), which the Court is respectfully invited to read.
25. Save where it is necessary to distinguish them, I refer in this statement to all companies within the Shandong Iron and Steel group as "**Shandong**".
26. A simplified structure chart showing the Company's group prior to 16 April 2015 is at page 333 and a simplified structure chart showing the Company's group from and after 16 April 2015 is at page 334.

The Company

27. The Company was incorporated on 26 March 1986 in Canada, and was later registered under the laws of Bermuda on 29 January 2004 as an exempted company. Prior to 16 April 2015, it operated as a mineral exploration and development company, and indirectly held significant interests in an iron ore mine and related infrastructure projects in Sierra Leone, West Africa through:
- (a) the Company's 100% ownership of four companies registered in Bermuda, namely TIO, ARPS (together, the "**Bermuda HoldCos**"), and two other entities, African Minerals Engineering Limited, and African Power Limited ("**APL**"); and
 - (b) the Bermuda HoldCos' majority shareholding in three companies registered in Sierra Leone, namely TIO SL, ARPS SL (together, the "**OpCos**") and African Power (SL) Limited ("**APSL**").
28. As an exempted company, the Company did not carry on business domestically within Bermuda. Prior to 7 April 2015, its shares were admitted to trading on the Alternative Investment Market of the London Stock Exchange. Prior to its Administration in March 2015, its main business and commercial activities were carried out from London at all

material times. Since the commencement of the Administration, the secretary and directors of the Company have all resigned from their roles. All decisions relating to the Company are now made by the Administrators.

The Enforcement Related Claims

29. In March 2012, Shandong completed a major investment in the Company and its subsidiaries by investing US\$1.5 billion in return for 25% of the shares of the OpCos.
30. In April 2013, the Company (as parent guarantor) and the OpCos (as borrowers), entered into a US\$250 million pre-export finance facility agreement (the “**PXF**”) with the Standard Bank of South Africa Limited as lender. The Company executed charges over its 100% shareholding in the Bermuda HoldCos (the “**Charged Shares**”) as security for its guarantee of the borrowings of the OpCos under the PXF.
31. As disclosed in various RNS announcements made by the Company at the time, in 2014 the Company’s financial performance began to decline. In late November 2014, the Company defaulted on a scheduled repayment of principal under the PXF.
32. On 27 February 2015, Shandong Steel Hongkong Zengli Limited (“**SSHZ**”), a newly formed affiliate of Shandong, acquired all of the rights and obligations under the PXF. On the same day: (a) Standard Advisory London Limited (as then facility agent under the PXF) issued an acceleration notice in respect of the PXF to the OpCos on the basis of their failure to make scheduled repayments of principal under the PXF which were due to be repaid on 28 November 2014, 31 December 2014 and 31 January 2015; and (b) Standard Bank PLC (the then security agent) notified the directors of the OpCo’s that SSHZ had exercised its powers to appoint directors to the boards of the OpCo’s and invited the existing OpCo directors to step down.
33. On 4 March 2015, Madison Pacific Trust Limited (“**Madison Pacific**”), a Hong Kong incorporated trustee services company, informed the Company that it had been appointed as agent to the then security agent to conduct a sale process in relation to the Charged Shares

34. On 26 March 2015, the Company entered Administration on the basis that it was cash-flow and balance sheet insolvent, and that its centre of main interest was in England.
35. On 31 March 2015, Madison Pacific was appointed as replacement facility agent and security agent under the PXF and continued to conduct the sales process in respect of the Charged Shares. At the conclusion of this sales process, the Charged Shares were sold to a Shandong entity on 15 April 2015. I understand Madison Pacific's press release from around the time (pages 335 to 336) that the consideration provided for the Charged Shares was approximately US\$170 million (the "**Enforcement Sale**").
36. The Enforcement Sale had the effect of segregating the Company's group between the Company (and certain subsidiaries) which are now controlled by the Administrators, and the OpCos (and certain other entities), which are now ultimately owned and controlled by Shandong.
37. In light of the facts and matters described above, I believe the Enforcement Related Claims may potentially be capable of being brought against Shandong and connected parties (including Madison Pacific), without limitation, for conspiracy and/or against Madison Pacific for failing in its duty as mortgagee to obtain the best price reasonably obtainable for the Charged Shares. Further information relating to the Enforcement Related Claims has been set out in the Explanatory Statement (page 66).

F. The current status of the Administration

38. In this section I summarise the current status of the Administration, further details of which can be found in the Administrators' latest progress report dated 31 December 2019 (pages 304 to 330) and in my fourth witness statement dated 21 February 2020 ("**Wormleighton 4**") in support of, amongst other things, the Administrators' latest application to extend the Administration (pages 337 to 354).
39. In summary:
 - (a) the Company's principal liabilities are all owed to unsecured creditors; it has no secured creditors;

- (b) on 10 March 2016, District Judge Lambert gave permission to the Administrators to make distributions, and the Administration was thereby converted into a distributing administration (pages 355 to 356). An interim dividend of 0.77p in the £ was declared on 26 July 2016, and paid shortly thereafter; and
- (c) as at the date of this witness statement, the Company's creditor constituency can be summarised as follows:
- (i) Wilmington Trust (London) Limited (the "**Bond Trustee**"), as trustee of US\$400 million 8.50% convertible bonds due 2017 (the "**Bonds**", the holders of those bonds being the "**Bondholders**") issued by the Company, has admitted claims of US\$400 million, comprising approximately 66.7% of the Company's liabilities. The Bonds are governed by an English law trust deed dated 10 February 2012 between the Company and the Bond Trustee (page 382), the terms of which contain a jurisdiction clause in favour of the English Courts;
 - (ii) China Railways Materials Company Limited ("**CRM**"), has admitted claims of US\$78.2 million, comprising approximately 13.1% of the Company's liabilities;
 - (iii) Jianlong (Hong Kong) International Trade Co. Limited and Hong Kong Jianlong Resources Co. Limited ("**Jianlong**"), have admitted claims of US\$113.5 million, comprising approximately 19.0% of the Company's liabilities; and
 - (iv) other creditors, have admitted claims of US\$7.5 million comprising approximately 1.2% of the Company's liabilities.

40. As well as the Scheme, the Administrators' current intention is to progress certain other key tasks before the Company can exit Administration. These matters are set out in greater detail in Wormleighton 4, however they include the following principal matters:

- (a) to recover US\$21,000,000 cash held by APSL in an account at China Development Bank. The Administrators are in the process of implementing a transaction to facilitate a return of capital to the Company via APL, which is a wholly-owned subsidiary of the Company and the 75 per cent. shareholder of APSL. This has the potential to realise around US\$15,750,000 (less any agreed taxes and associated realisation costs and expenses) for the Company; and
- (b) investigating the likelihood of recoveries in respect of a US\$ 10 million contingent claim against, amongst others, the OpCos and, if necessary, pursuing those recoveries once it becomes permissible for the Administrators to do so.

G. Development of the proposed Scheme

- 41. As a result of the circumstances surrounding the Enforcement Sale described above, the Administrators have considered in detail the Company's potential claims for damages against, amongst others, Shandong and Madison Pacific, for loss suffered as a result of certain wrongful acts leading up to, and in the conduct of, the Enforcement Sale (the Enforcement Related Claims, as defined in the Scheme).
- 42. The Administrators considered the merits and practical implications of bringing the Enforcement Related Claims on behalf of the Company and undertook preparatory work with an intention to commence the Enforcement Related Claims. Around the same time, the Administrators engaged in discussions with the Company's largest creditors, namely, an ad hoc committee of Bondholders representing almost 40% in aggregate of the principal value of all outstanding Bonds (the "**Ad-Hoc Committee**"), CRM and Jianlong.
- 43. A difficulty that the Administrators have encountered is that some of the Company's creditors wish to see the Enforcement Related Claims pursued whilst others are not interested in such a course and wish instead to recover the maximum cash distributions as soon as possible and do not support the pursuit of the Enforcement Related Claims which they believe would be likely to delay their receipt of cash distributions.
- 44. In order to satisfy both competing interests, the Administrators discussed with the Ad Hoc Committee, CRM, and Jianlong, a proposal for a scheme of arrangement pursuant to which:

(a) the Administrators would declare a dividend of the available cash remaining in the Company's estate; (b) the Enforcement Related Claims would be transferred to a special purpose vehicle in which those creditors of the Company who wished to obtain a share of any recoveries from litigating the Enforcement Related Claims would receive a beneficial interest in exchange for contributing their pro rata portion of the available cash in order to fund the litigation; and (c) those creditors of the Company who preferred to obtain their share of the available cash, would be entitled to receive a cash distribution, would not fund the litigation of the Enforcement Related Claims and would not share in any recoveries resulting from the litigation.

45. Separately, the Administrators also took steps in order to ascertain the extent to which third parties might be interested in acquiring the Enforcement Related Claims (and at what price). In particular, on 16 March 2020, the Administrators launched a public sales process of the Enforcement Related Claims that was open to any person, and was advertised on the Administration Website (page 488). Forty parties (or their legal advisers on their behalf) were individually contacted by the Administrators' advisers and invited to participate. Those parties included the Company's largest creditors, Shandong, Madison Pacific and others who were considered to be potentially interested in investing in assets of this type (including distressed investors, special situations funds and litigation funders). A number of parties engaged with the process, and were provided with access to a confidential data room containing a significant amount of information about the Enforcement Related Claims.
46. Ultimately, however, only one party (the "**Bidder**") submitted a non-binding conditional bid that contemplated the Bidder providing nominal upfront consideration and funding the costs of bringing the Enforcement Process Claims with any recovery net of third party costs to be split 50/50 between the Bidder and the Company's creditors.
47. After consideration, and consultation with certain significant creditors, the Administrators declined this bid on the basis that it did not present a better result for the Company's creditors as a whole than the Transaction.

H. Who will be affected by the Scheme

48. From the Scheme Effective Date, all Scheme Creditors (including those who do not vote in favour of the Scheme), the Joint Administrators and the Company will be bound by the terms of the Scheme. The CRV Trustee and the Information Agent will be required to be bound by, and take certain steps in relation to, the Scheme.
49. The Bond Trustee holds an Admitted Claim in respect of the Bonds. The Scheme will compromise the Admitted Claim held by the Bond Trustee. At paragraph 54 below, I set how Bondholders will receive Scheme Consideration via the Bond Trustee.

I. The terms of the Scheme

50. The detailed terms of the Scheme are at pages 24 to 41.
51. The principal purpose of the Scheme is to facilitate the implementation of the Transaction. It will do so by, amongst other things:
- (a) binding all Scheme Creditors to the compromise described at paragraph 12 above;
 - (b) effecting the exchange of a proportion of Scheme Creditors' Admitted Claims for Scheme Consideration (Clause 5.1);
 - (c) effecting the absolute and irrevocable release and discharge of any and all other Claims that each Scheme Creditor has or may have against the Company and the Protected Parties, subject to certain exceptions (Clause 8.2 and Clause 8.3), discussed further at Section Q below; and
 - (d) granting the Company and Joint Administrators authority on behalf of Scheme Creditors to enter into the Scheme Document and the Other Scheme Documents to which Scheme Creditors are party in order to implement the Transaction (Clause 4).
52. The occurrence of the Scheme Effective Date will be conditional on (a) the delivery of the Court order sanctioning the Scheme to the Registrar of Companies, and (b) the Company

and the CRV Trustee entering into a deed of assignment in substantially the same form as that which is appended to the draft Explanatory Statement (the “**Deed of Assignment**”, at pages 191 to 211), pursuant to which the Administrators will exercise their statutory powers to transfer the Enforcement Related Claims to the CRV Trustee. The final-form draft Deed of Assignment is appended to the Explanatory Statement (pages 191 to 211) and summarised at Section P below.

J. Scheme consideration

Scheme Creditors

53. Details of the steps that each Scheme Creditor will need to take in order to make an Election and receive CRV Interests will be set out in full in the Explanatory Statement, and in the case of Bondholders (who, as described below, are not Scheme Creditors), in a notice that is to be published by the Bond Trustee via the Clearing Systems. However, in summary:
- (a) in exchange for their agreement to release the Released Portion of their Admitted Claims, each Scheme Creditor will be entitled to receive or direct the application of its Pro Rata Allocation of Scheme Consideration in accordance with the terms of the Scheme;
 - (b) subject to paragraph 53(c) below, each Scheme Creditor shall be entitled to receive its Cash Consideration from the Company on the Distribution Date (each as defined in the Scheme), using the payment details for each Scheme Creditor that have been communicated to the Administrators. No action is required from a Scheme Creditor with Admitted Claims to be entitled to receive its Cash Consideration. Scheme Creditors have been asked to provide the Administrators with updated bank details so far as necessary (see paragraph 10.2 of the PSL, at pages 9 to 10);
 - (c) subject to paragraph 53(d) below, each Scheme Creditor shall be entitled, in its sole discretion, to elect to direct the Company to transfer an amount equal to its Cash Consideration to the CRV Trustee in exchange for the CRV Trustee issuing CRV Interests to that Scheme Creditor in a nominal amount equal to its Pro Rata Allocation of Scheme Consideration (a “**CRV Election**”), entitling that Scheme

Creditor to have its name (or the name of its Nominated Recipient) entered on the CRV's beneficiary register by the CRV Trustee on the Distribution Date, and shall thereafter be entitled to share in the property of the CRV and in any proceeds and/or recoveries from the Enforcement Related Claims.

- (d) in order to make a CRV Election, a Scheme Creditor must deliver a CRV Election Letter and accompanying documents to the Information Agent by the CRV Election Deadline (5.00 pm (London time) on 3 August 2020). Among other things, the CRV Election Letter requires Scheme Creditors to provide certain representations and warranties regarding its status as an investor under UK, EU and US regulatory laws and to comply with KYC requirements, the details of which are set out in full in the Explanatory Statement at paragraphs 3.10 to 3.15 of Part 4 of Section I (pages 81 to 82 and 137 to 139). The CRV Election Letter is at page 146;
- (e) a Scheme Creditor may appoint a Nominated Recipient to receive all (but not part) of its CRV Interests. In order to do so, the relevant Scheme Creditor must deliver a Nominated Recipient Form and accompanying documents to the Information Agent by the Nominated Recipient Deadline (5.00 pm (London time) on 3 August 2020). Among other things, the Nominated Recipient Form also requires Scheme Creditors to provide certain representations and warranties regarding the Nominated Recipient's status as an investor under UK, EU and US regulatory and securities laws and to comply with KYC requirements in respect of the Nominated Recipient, the details of which are set out in full in the Explanatory Statement at paragraphs 3.16 to 3.18 of Part 4 of Section I (page 82). The Nominated Recipient Form is at pages 147 to 148;
- (f) CRV Interests will be issued by the CRV to Scheme Creditors directly, and not by or through the Company or the Administrators. The CRV Trustee will undertake to the Company, the Scheme Creditors and the Court before the Scheme Sanction Hearing to administer the issuance of CRV Interests in accordance with the terms of the Scheme (the CRV Trustee Undertaking, as defined in the Scheme). In this regard, the CRV Trustee will have access to information provided by Scheme

Creditors (and/or their Nominated Recipient) who make a CRV Election for the purpose of undertaking KYC checks, verifying Scheme Creditors' (or their Nominated Recipient, as applicable) entitlement to receive CRV Interests, and issuing CRV Interests to Scheme Creditors or their Nominated Recipient; and

- (g) the Company's and the Administrators' obligations to provide Scheme Consideration to a Scheme Creditor that has made a CRV Election shall be wholly discharged and satisfied by the Company transferring an amount in cash equal to that Scheme Creditor's Cash Consideration to the CRV Trustee.

Bondholders

- 54. I understand that, in accordance with the Extraordinary Resolution and MOU Committee Letter (each described below), copies of which have been provided by the solicitors for the Ad Hoc Group, the Bond Trustee has been instructed to vote the Admitted Claim it holds in favour of the Scheme.
- 55. Accordingly, Bondholders are not Scheme Creditors and may not vote at the Scheme Meeting. The Scheme will compromise the Admitted Claim held by the Bond Trustee. Each Bondholder will be given the opportunity, but not the obligation, to elect whether to receive an immediate cash distribution or to cause the cash distribution they would otherwise be entitled to receive (in each case net of any amounts provided for in the Trust Deed and the Extraordinary Resolution) to be contributed to the CRV in exchange for an interest in the CRV, which will allow the Bondholders to obtain a share of any recoveries from the Enforcement Related Claims (a "**Bondholder CRV Election**"). Bondholders will be offered the opportunity to make that election via the Clearing Systems.
- 56. If a Bondholder makes a Bondholder CRV Election, subject to completion of all required KYC, anti-money laundering and similar requirements reasonably required by the CRV Trustee, that Bondholder shall be entitled to have its name (or the name of its nominee) entered on the CRV's beneficiary register by the CRV Trustee on or around the date of the Distribution Date and shall thereafter be entitled to share in the property of the CRV and in any proceeds and/or recoveries accrued by litigating the Enforcement Related Claims.

57. A Bondholder wishing to make a Bondholder CRV Election will be required to, among other things, make certain representations and warranties regarding its (or its nominee's) status under UK, EU and US regulatory and securities laws.
58. Details of the steps that each Bondholder will need to take in order to make a Bondholder CRV Election and receive CRV Interests will be set out in a notice to be published by the Bond Trustee via the Clearing Systems.
59. For the avoidance of doubt, (i) any distribution of cash to Bondholders shall be administered by the Bond Trustee, and shall not be the responsibility of the Company or the Administrators, and (ii) any CRV Interests required to be issued to Bondholders in connection with a Bondholder CRV Election shall be issued by the CRV to Bondholders directly, and not by or through the Company or the Administrators.
60. Clause 5.7 of the Scheme confirms that no CRV Interests will be issued or transferred to a person who is a Disqualified Person (as defined in the Scheme) or located in a jurisdiction where such distributions would, or may, in the reasonable opinion of the CRV Trustee or the Company, be prohibited by law (page 33). I am not aware of any Disqualified Person, however, I will update the Court to the extent I become aware of any or otherwise receive comments from Scheme Creditors on this part of the Scheme.

K. Voting on the Scheme

61. In light of the COVID-19 pandemic, it is presently unclear whether government guidance relating to social-distancing will allow for a Scheme Meeting to be held in person. The Administrators are cognisant that even if social-distancing rules are relaxed by the date of the Scheme Meeting such that the Scheme Meeting is able to be held in person, certain Scheme Creditors may nevertheless be reluctant to attend. The Scheme Meeting will therefore be conducted by video and telephone conference.
62. Further details of how Scheme creditors may register to attend the Scheme Meeting submit information regarding the Scheme, and vote at and attend the Scheme Meeting is contained in Part 4 of Section 1 (*Actions to be taken by Scheme Creditors and Conditions to*

Implementation of the Scheme) and Section IV (*Instruction Packet*) of the Explanatory Statement (pages 78 to 85 and pages 135 to 155).

Record Date

63. All Scheme Creditors who have filed a proof of debt by the Record Date and completed Registration (defined below) are entitled to attend and vote on the Scheme at the Scheme Meeting and may do so directly or by proxy by submitting a Proxy Form to the Information Agent by the Voting Instruction Deadline.
64. The Administrators have invited anyone who believes that they have a Provable Claim but have not yet submitted a proof of debt, to do so as soon as possible, and have made clear that anyone who has not done so by the Record Date will not be able to attend and vote at the Scheme Meeting (see para 12.5 of the PSL at page 12).

Registration

65. Scheme Creditors who wish to receive dial-in details to attend and vote at the Scheme Meeting must register (“**Registration**”) by providing the following information (the “**Registration Information**”) to the Information Agent by the Registration Deadline (15 July 2020), either via a link on the Scheme Website entitled “register here” or by email to the Information Agent:
 - (a) for Scheme Creditors that are natural persons, (i) their name and address provided in their proof of debt, (ii) a telephone number, and (iii) an email address; and
 - (b) for Scheme Creditors that are a company or corporation: (i) their name and address as stated in the proof of debt; and (ii) the phone number and email address of the person authorised to do all things necessary to enable the Scheme Creditor to vote (“**Authorised Person**”).
66. If the Information Agent is satisfied with a Scheme Creditor’s Registration Information, it will email the Scheme Creditor video and phone dial-in details for the Scheme Meeting. If the Information Agent is not so satisfied, it will inform the Scheme Creditor of its decision

using the email address provided by the Scheme Creditor and will explain what Registration Information must be provided in order to complete Registration.

67. If a Scheme Creditor does not provide the Registration Information by the Registration Deadline, they will not be able to access the Portal or be provided with video and phone dial-in details in order to attend and vote at the Scheme Meeting.
68. Whilst the Registration Process is a condition to Scheme Creditors' (or their Proxy's) ability to attend the Scheme Meeting, the Administrators consider that it is justified and necessary in order to verify the identity of Scheme Creditors (or their Proxy) who wish to vote on the Scheme and preserve the integrity of the Scheme Meeting, in circumstances where the identity of Scheme Creditors and Proxies cannot be verified in person at a physical meeting.

Submitting information and using the Portal

69. Once Scheme Creditors have completed Registration, they will also be provided with secure log-in details to access the Portal. Scheme Creditors are encouraged to use the Portal to: (a) upload certified copies of its (or its Authorised Person's) passport or national identity card and, if the Scheme Creditor is a company or corporation, an appropriately certified copy of the resolution of directors or the governing body of the Scheme Creditor evidencing that the Authorised Person has been granted the power and authority by the Scheme Creditor to do all things necessary to enable the Scheme Creditor to vote on the Scheme; (b) complete a Proxy Form and supporting information; (c) complete a CRV Election Letter and make a CRV Election; (d) complete a Nominated Recipient Form; (e) vote prior to the Scheme; (f) provide the securities and regulatory confirmations at Annex A of the Explanatory Statement; and (g) upload the KYC Documentation required in order to make a CRV Election and, if applicable, appoint a Nominated Recipient.
70. Scheme Creditors will be able to access the Portal at any time using their secure log-in details. The Joint Administrators, the Information Agent and CRV Trustee will also have access to the Portal as necessary to facilitate the Transaction.

71. A Scheme Creditor may also provide the information requested in the Instruction Packet by emailing it to the Information Agent by the relevant deadline, provided it has completed Registration.

Attending the Scheme Meeting

72. By way of summary, subject to Registration:
- (a) a Scheme Creditor who is a natural person may attend and vote themselves, whilst a Scheme Creditor that is a company or corporation may attend by appointing an Authorised Person to act as its representative at the Scheme Meeting;
 - (b) Scheme Creditors who wish to appoint the Chairman or a nominee to act as their Proxy at the Scheme Meeting, must submit a Proxy Form to the Information Agent by the Voting Instruction Deadline;
 - (c) as mentioned above, the Bond Trustee has been instructed to vote the Admitted Claim that it holds in favour of the Scheme. The Bondholders are therefore not entitled to attend the Scheme Meeting; and
 - (d) Scheme Creditors will be able to vote on the Scheme in advance of the Scheme Meeting using the Portal or by emailing the Voting Form to the Information by the Remote Voting Deadline (12.00 pm (London) on 19 July 2020). Scheme Creditors who have voted in advance of the Scheme Meeting will still be permitted to attend and vote at the Scheme Meeting. Where this is the case, only the vote cast at the Scheme Meeting will be considered by the Chairman.
73. Each Scheme Creditor attending the Scheme Meeting (in person or by a Proxy other than the Chairman) will be required to check-in before the Scheme Meeting to permit the Chairman to verify their identity. Accordingly, check-in for the Scheme Meeting will commence at 09:30 a.m. (London time) on 20 July 2020.
74. Scheme Creditors' eligibility to enter the Scheme Meeting will be verified as follows:

- (a) Scheme Creditors attending via phone must dial in using the same phone number provided during Registration. Scheme Creditors dialing in using a different phone number will not be allowed to attend the meeting via phone;
 - (b) Scheme Creditors attending via video will be asked one or more security questions based on the passport or national identity card provided following Registration;
 - (c) Authorised Representatives will be asked one or more security questions based on the passport or national identity card provided following Registration . Before the Scheme Meeting, and as a condition of being permitted to enter the Scheme Meeting, Authorised Representatives will also be required to provide an appropriately certified copy of the resolution of directors or the governing body of the Scheme Creditor evidencing that the Authorised Person has been granted the power and authority by the Scheme Creditor to do all things necessary to enable the Scheme Creditor to vote; and
 - (d) Proxies (other than the Chairman) attending via phone or video on behalf of Scheme Creditors will be asked to confirm their name and passport or national identity card number provided on the Proxy Form. Proxies attending via phone must dial-in using the phone number provided in the Proxy Form.
75. Scheme Creditors are entitled to vote on the Scheme at the Scheme Meeting in accordance with their allocated Voting Value. The Administrators will calculate Voting Values as follows: (i) in respect of Admitted Claims, in accordance with the proof of debt received and accepted by the Administrators; and (ii) in respect of Undetermined Provable Claims, in accordance with the Voting Value which they determine and communicate to the relevant Scheme Creditor by the Initial Determination Date (5.00 p.m. (London time) on 19 July 2020), if the proof of debt relating to the Undetermined Provable Claim is received by the Record Date (5.00 p.m. (London time) on 13 July 2020).
76. Voting Values will be calculated by the Administrators solely for the purpose of calculating the value of votes cast at the Scheme Meeting, in order to determine whether the Scheme has been approved by the requisite majority of Scheme Creditors, and will not be

determinative or indicative of our views as to the validity or value of an Undetermined Provable Claim, nor any entitlements to Scheme Consideration which may derive from/attach to such Provable Claim.

77. For the purposes of ascertaining whether a majority in number of Scheme Creditors have Voted in favour of the Scheme, each Scheme Creditor will have one vote relevant to their Claim.
78. So far as the conduct of the Scheme Meeting is concerned, either myself or Mr. Nicholas Edwards will act as Chairman of the Scheme Meeting, or, if for any reason we are unable so to act, Ms. Osborne, a partner of Akin Gump LLP, will be the Chairman. The Chairman shall retain responsibility and sole discretion to: (i) supervise check-in and admitting Scheme Creditors into the Scheme Meeting; (ii) determine the entitlement to vote and the Voting Value of any Scheme Creditor at the Scheme Meeting; (iii) adjourn the Scheme Meeting for such period as appropriate provided that, if adjourned, the Scheme Meeting recommences as soon as reasonably practicable thereafter; (iv) oversee voting; (v) accept incomplete or late Proxy Forms; (vi) in the event of a vote being cast by more than one Scheme Creditor in respect of the same debt, count only the votes of the person with the ultimate economic interest in that debt; and (vii) be at liberty to rely on the electronic confirmations (in respect of electronic Proxy Forms submitted via the Portal) as a warranty that the Authorised Person (or person submitting such confirmation) has been duly authorised by the relevant Scheme Creditor.

L. Verification and adjudication of Provable Claims

79. All proofs of debt in respect of Undetermined Provable Claims and which are received by the Company and the Information Agent by the Bar Date will be considered by the Administrators who shall determine whether to accept or reject such Claims, in whole or in part, as soon as reasonably practicable, based upon a review of the proof of debt and any supporting documents and applying the principles and rules which govern the valuation and admission of proofs of debt by in the Company's administration. If a creditor disagrees with the Administrators' decision, it will be entitled to apply to the High Court for an order reversing or varying it.

M. Adequate Reserves and Determination of Claims

80. Upon receipt of an Undetermined Provable Claim by the Bar Date (as discussed below), the Administrators shall as soon as reasonably practicable, in their sole discretion, set aside from the Scheme Consideration such amounts as they consider necessary in order to adequately reserve for it (each an “**Adequate Reserve**” and together, the “**Adequate Reserves**”).
81. If an Undetermined Provable Claim is determined and accepted as an Admitted Claim, the relevant Scheme Creditor shall be entitled to receive or direct the application of its Pro Rata Allocation of Scheme Consideration. Details of the timing of a distribution of Scheme Consideration to such a Scheme Creditor are set out at paragraph 2.12 of Part 4 (*Actions to be taken by Scheme Creditors and Conditions to Implementation of the Scheme*) of Section 1 of the Explanatory Statement (pages 79).
82. The Information Agent shall announce on the Scheme Website when the Administrators have determined all Undetermined Provable Claims, and confirm the residual amount of Adequate Reserves (if any).
83. If the value of Adequate Reserves exceeds £10,000, the Administrators shall make a distribution in cash (a “**Second Distribution**”) to all Scheme Creditors in accordance with their Pro Rata Allocation. Scheme Creditors shall have no ability to make an election with respect to a Second Distribution. Information regarding a Second Distribution (if any) will be provided to Scheme Creditors by the Information Agent and by the Bond Trustee.
84. If the residual amount is less than £10,000, the Administrators will retain such amount and it will be treated in the same way as other cash of the Company in the ongoing Administration.

N. Bar Date

85. The Scheme prescribes a date (the “**Bar Date**”) by which Scheme Creditors must submit proofs of debt in respect of Provable Claims (other than Admitted Claims) to the Company and Information Agent in order to establish if they have an Admitted Claim and, if so, are

entitled to receive Scheme Consideration. The Bar Date will be the date falling one (1) week after the Scheme Effective Date, currently anticipated to fall on or around 3 August 2020.

86. The Administrators consider this to be an appropriate and reasonable length of time, given that: (a) the Company's entry into Administration over 5 years ago was high profile and well publicised, such that Scheme Creditors are likely to have been aware of their right to prove in the Administration for some time; (b) the Administration Website contains details of how creditors may prove in the Administration; (c) the Administrators have implemented an extensive proving process, in particular, on 27 April 2016 the Administrators announced their intention to declare a dividend and invited the Company's creditors to submit proofs of debts, following which, on 26 July 2016, an interim dividend of 0.77p in the £ was declared (the "**First Dividend**"); and (d) the Administrators have not received a proof of debt since 30 March 2017.
87. Each Scheme Creditor irrevocably and unconditionally releases and waives any entitlement to assert, any and all Provable Claims in respect of which no proof of debt has been submitted to, and received by, the Company by the Bar Date (an "**Unsubmitted Claim**"). Each Scheme Creditor will not be entitled to receive any Scheme Consideration pursuant to the Scheme in respect of such Unsubmitted Claims and will not be able to recover or receive any payments for such Unsubmitted Claims in the Administration (even if further assets become available for distribution after the Scheme Effective Date).

O. Class Composition

88. The Administrators have considered the present rights of each of the Scheme Creditors, the way in which those rights will be affected under the Scheme and having taken legal advice, privilege in which is not waived, have concluded that the Scheme Creditors fall into a single class for the purposes of voting on the Scheme at the Scheme Meeting.
89. In particular, the Administrators consider that the rights of the Scheme Creditors are the same or not so dissimilar as to make it impossible for them to consult together with a view to their common interest because: (a) as unsecured creditors of the Company, the Scheme

Creditors rank *pari passu* as between themselves in the Company's administration; and (b) if the Scheme becomes effective in accordance with its terms, those rights will be compromised in materially the same way; and (c) Scheme Creditors will receive the same entitlements under the Scheme, namely the right to receive or direct the application of its Pro Rata Allocation of the Scheme Consideration in accordance with the terms of the Scheme.

P. Transfer of the Enforcement Related Claims pursuant to the Deed of Assignment

90. The Deed of Assignment (pages 191 to 211) is the document by which the Enforcement Related Claims will be transferred from the Company to the CRV Trustee. As well as provisions which are common to most assignment deeds entered into by an office-holder, the draft Deed of Assignment contains the following specific features:

- (a) the Company acting by the Administrators (exercising powers conferred on them under the Insolvency Act 1986) will assign to the CRV Trustee all right, title, interest and benefit in the Enforcement Related Claims (Clause 2);
- (b) the Company will provide certain documentation and information relating to the Enforcement Related Claims (Clause 3);
- (c) until the Company exits Administration, the Company shall cooperate with the CRV Trustee's reasonable requests for assistance, subject to an arrangement being in place to pay or reimburse the Company or the Administrators, as applicable, for their costs and expenses (including legal advice) incurred in connection with complying with such assistance (Clause 4);
- (d) the CRV Trustee agrees not to commence proceedings in relation to the Enforcement Related Claims unless and until it has obtained an after the event or similar insurance policy or arrangement in an amount of at least £10 million to cover any potential adverse cost liability of the Company and the Administrators in connection with any proceedings commenced by the CRV Trustee in relation to the Enforcement Related Claims (Clause 4.3);

- (e) the Company and the Administrators make no representation or warranty regarding the existence, validity, merits or prospects of success of the Enforcement Related Claims, or that any of the Documents or Confidential Information (each as defined in the Deed of Assignment) will support the Enforcement Related Claims (Clause 6);
- (f) the CRV Trustee agrees that it takes an assignment of the Enforcement Related Claims on an “as seen” or “as known” basis (Clause 6.4(c)); and
- (g) the Administrators and the Company benefit from exclusions of liability regarding the Enforcement Related Claims (Clause 8).

Q. Terms of the Deed of Release

- 91. The Deed of Release (pages 212 to 221) is the document that implements the release of certain of the Scheme Creditors’ Claims against the Company and the Protected Parties. The Protected Parties comprise the Joint Administrators, Deloitte LLP, the Advisers, the CRV Trustee, the Bond Trustee, members of the Ad Hoc Committee, the CRV Trustee and the Information Agent.¹
- 92. Under the Deed of Release, as well as other terms typical to such documents, each Scheme Creditor (and, as applicable, its Nominated Recipient) irrevocably and unconditionally releases:
 - (a) all Claims in respect of the Released Portion of its Admitted Claim. The Released Portion is a percentage of the total value of each Scheme Creditor’s Admitted Claim, which is calculated as the ratio of the total value of all Scheme Consideration against the total value of all Admitted Claims as at the later of 5 pm on 3 August

¹ So far as the Joint Administrators, Deloitte LLP, the Advisers, the CRV Trustee, the Bond Trustee, and members of the Ad Hoc Committee are concerned, Protected Parties also includes their respective members, partners, directors, officers, employees and any of their respective agents, professional advisers or their employees.

2020 or the date on which all Undetermined Provable Claims are finally adjudicated upon²;

- (b) all Claims against the Company and the Protected Parties in connection with: (i) the Released Portion; (ii) the Scheme or Other Scheme Document (or any other document entered into by the Company, the Joint Administrators or any Protected Party in connection with the Scheme or Transaction and referred to in an Other Scheme Document) and/or the implementation of the Scheme and the Transaction; and (iii) the execution and implementation of the steps contemplated by clause 3 and clause 4 of the Deed of Assignment; and
- (c) all Claims in respect of any act done or omitted to be done in good faith by the Company and any Protected Party (other than the CRV Trustee and the Information Agent), in pursuance of its functions or duties under the Scheme, or the good faith exercise or non-exercise by the Company and any Protected Party (other than the CRV Trustee and the Information Agent) of any power or discretion conferred upon them under the Scheme.

93. The Deed of Release shall not release: (a) any part of a Scheme Creditor's Admitted Claim that is not attributable to the First Dividend or the Released Portion (the Unreleased Portion)³; (b) the Enforcement Related Claims; (c) any Excluded Claims (being Claims relating to administration expenses and non-provable claims); (d) any Claim in respect of an Allowed Proceeding (being Claims against the Company or Information Agent to enforce the terms of the Scheme); (e) any Claim arising out of wilful default, fraud or dishonesty against the Company and those Protected Parties (other than the CRV Trustee and the Information Agent); (f) any Claim arising out of fraud, dishonesty, wilful default, or gross negligence against the Information Agent or CRV Trustee; and (g) any Claim in

² By way of example, as at 22 June 2020, the Released Portion equates to 1.86% of each Scheme Creditor's Admitted Claim. The calculation is as follows: £7,805,747 (Scheme Consideration) / £419,627,522 (total value of Admitted Claims as at 22 June 2020) *100 = 1.86%.

³ By way of example, as at 22 June 2020, the Unreleased Portion equates to 97.37% of each Scheme Creditor's Admitted Claim. The calculation is as follows: (£419,627,522 (total value of Admitted Claims at 22 June 2020) - £7,805,747 (Scheme Consideration) - £3,231,131 (First Dividend)) / 419,627,522 (total value of Admitted Claims at 22 June 2020) * 100 = 97.37%.

respect of any Adviser of any Scheme Creditor arising under a duty of care which has been specifically and expressly acknowledged in writing by the relevant Adviser.

R. Jurisdiction to sanction the proposed Scheme

94. Based on the following facts and matters, I believe that the Court has jurisdiction to order the convening of the Scheme Meeting and to sanction the Scheme pursuant to Part 26 of the Companies Act 2006 and that:

(a) the Court has jurisdiction over the Company on at least the following basis:

- (i) the Company is a company which is liable to be wound up in England and Wales and has a sufficient connection to England and Wales;
- (ii) although the Company is established under the laws of Bermuda, the Company entered into Administration in England on the basis that, prior to Administration, its centre of main interests was in England;
- (iii) since its entry into Administration, the Company's centre of main interests has continued to be in England, given that all or substantially all of the Administrators' actions have been taken in England, where the Administrators have administered the Company's interests in a manner that has been ascertainable by third parties including creditors;
- (iv) the Company has no assets or operations in Bermuda, and the Administrators do not intend to propose a parallel scheme of arrangement in Bermuda or seek recognition of the Scheme in Bermuda; and

(b) the Court has jurisdiction over the Scheme Creditors on at least the following basis:

- (i) as far as I am aware, as at the date of this statement, at least 22 Scheme Creditors are domiciled in the United Kingdom (on their basis that they have their statutory seat, central administration, or principal place of business in

the United Kingdom).⁴ Schedule 1 to this witness statement contains names of these creditors and the basis on which I consider them to be domiciled in the UK;

- (ii) the Scheme Creditors have lodged proofs of debt in the Administration in England;
- (iii) the terms and conditions of the Bonds (page 487), and the trust deed governing the Bonds are governed by English law and subject to the jurisdiction of the English courts page 382); and
- (iv) the Memorandum of Understanding (discussed below) is governed by English Law and subject to the jurisdiction of the English courts.

S. Creditor support for the Scheme

95. On 21 November 2018, the Bondholders approved an extraordinary resolution (the “**Extraordinary Resolution**”, pages 489 to 492) which, amongst other things:
- (a) approved the Transaction, including the proposed distribution of cash by the Company to its creditors and the option for creditors to elect to direct that cash to a creditor recovery vehicle to pursue the Enforcement Related Claims which the Company would assign to that vehicle;
 - (b) directed the Bond Trustee to enter into the Memorandum of Understanding in the then-current form or such revised form as approved by a committee of Bondholders (“**MoU Committee**”), which contemplated that the Bond Trustee would vote its Admitted Claim in favour of the Transaction; and
 - (c) authorised the Bond Trustee to do all things necessary to give effect to the Transaction, if so instructed.

⁴ Schedule 1 does not contain the details of natural persons who are creditors of the Company who, on the basis of the information submitted with their proofs of debt, have (or had at the time of submission of their proof of debt) a residential address in the UK. The Administrators believe there are four such creditors.

96. Following approval of the Extraordinary Resolution by 99.47% of the Bondholders that voted (including CRM), the Bond Trustee and Jianlong jointly proposed to the Administrators the Memorandum of Understanding.
97. The Memorandum of Understanding was subsequently revised and the revised form was approved by the MoU Committee as contemplated by the Extraordinary Resolution.
98. By a letter dated 8 June 2020 (the “**MoU Committee Letter**”, at pages 222 to 228), the MoU Committee instructed the Bond Trustee to, amongst other things:
- (a) vote in favour of the Scheme; and
 - (b) receive the Scheme Consideration on behalf of, and on trust for, the Bondholders (and therefore the Bond Trustee will not make a CRV Election).
99. The Memorandum of Understanding was entered into by the Administrators and the Bond Trustee on 11 June 2020, and by Jianlong on 12 June 2020. It is currently with CRM for signing.
100. The Memorandum of Understanding (pages 229 to 303 sets out high level terms of the Scheme and contains legally binding commitments from the Bond Trustee (who shall not be required to take any action unless authorised and properly instructed to do so), and, upon execution, Jianlong and CRM to (among other things):
- (a) cooperate in good faith with the other parties to the Memorandum of Understanding and the Administrators and use commercially reasonable endeavors to successfully implement the Transaction in accordance with the Memorandum of Understanding;
 - (b) vote in favour of any resolution or other matter requiring the approval of that party, including the Scheme, and execute and deliver (or authorise a person to execute and deliver on its behalf) within any applicable time period, any document or notice in order to implement the Transaction; and

- (c) not challenge or object or support any challenge or objection to any terms of the Transaction, the Scheme or any other process which is proposed to implement the Transaction.
101. The obligations of the parties to the Memorandum of Understanding will automatically terminate on the earliest to occur of:
- (a) if the Scheme is not approved by the requisite consent thresholds at the Scheme Meeting, the date of the Scheme Meeting;
 - (b) if the High Court declines to sanction the Scheme, the date on which the High Court does so;
 - (c) if the Scheme has not become effective by the Long Stop Date, the Long Stop Date; and
 - (d) the Scheme Effective Date.
102. In addition, the Memorandum of Understanding may also be terminated by the Majority Creditors (as defined in the Memorandum of Understanding) upon two (2) Business Days' notice to the Company if:
- (a) the Company fails to file a claim form in respect of the Scheme with the High Court by 22 June 2020; or
 - (b) the Scheme Convening Hearing does not occur by 29 June 2020.
103. No fees, payments (other than the payments to be made pursuant to the terms of the Scheme) or other inducements have been, or will be, paid or otherwise made by the Company to any Scheme Creditor pursuant to the terms of the Memorandum of Understanding or the Scheme.
104. Together, the Bond Trustee and Jianlong represent approximately 85.7% of Admitted Claims who have undertaken to vote in favour of the Scheme.

T. Issues raised by Scheme Creditors

105. As explained at Section C above, Scheme Creditors have received notice and information regarding the Scheme by way of the Practice Statement Letter. The Administrators have also published bi-annual updates on the Administration Website regarding the possible transfer of the Enforcement Related Claims to a vehicle controlled by some or all of the Company's creditors. To date, the Administrators have received no queries regarding, or objections to, the Scheme from Scheme Creditors (or anyone else). To the extent any such queries or objections are made, the Administrators will update the Court as appropriate.

U. Why the Scheme is in the best interests of Scheme Creditors

106. In the Administrators' view, a scheme of arrangement is a fair and reasonable mechanism for distributing the Company's cash and its interest in the Enforcement Related Claims in a way which enables creditors to elect to receive the form of consideration which best suits their interests. In particular, pursuant to the Scheme, all ordinary, unsecured creditors of the Company have the opportunity, but not the obligation, to obtain interests in the CRV, which will enable them to obtain a share of any recoveries from the Enforcement Related Claims, whilst those creditors who do not wish to obtain a share of any recoveries from the Enforcement Related Claims will instead receive an immediate cash distribution. In this regard, the Scheme provides a transparent, binding and fair mechanism by which interests in the Enforcement Related Claims can be distributed to Scheme Creditors according to their wishes.
107. In addition, implementing the Scheme now provides an opportunity for the CRV Trustee to consider and take advice on the Enforcement Related Claims (and the documents relating to those Claims which are to be transferred to the CRV Trustee pursuant to the Deed of Assignment) and, if it chooses, commence proceedings in respect of the Enforcement Related Claims, well in advance of the expiry of applicable statutory limitation deadlines on those Claims. The Scheme therefore facilitates the underlying commercial rationale of the Transaction and preserves and enables the realisation of value from the Enforcement Related Claims.

108. The Administrators consider that if the Scheme does not become effective:
- (a) the Enforcement Related Claims will not be transferred to the CRV Trustee by way of the Deed of Assignment. Scheme Creditors will not have the opportunity to receive CRV Interests;
 - (b) the Administrators are unlikely to pursue the Enforcement Related Claims because:
 - (i) there is no consensus amongst the Company's creditors as to whether those Claims should be pursued; (ii) the Company's estate is unlikely to have sufficient funds to pursue the Claims; and (iii) as far as the Administrators are aware, there is insufficient appetite on the part of the Scheme Creditors for the Administration to remain open whilst the Enforcement Related Claims are pursued by the Company;
 - (c) the Administrators may be invited by creditors to consider and implement other mechanisms by which the Enforcement Related Claims may be transferred to the CRV Trustee (or other vehicle under the control of some or all of the Company's creditors) or to a third party. Such a mechanism may increase the costs of the Administration, decrease the amount of cash available for distribution to creditors, and not contain the same fairness safeguards that are inherent in schemes of arrangement; and
 - (d) there will be less time for the CRV Trustee (if it takes an assignment of the Enforcement Related Claims outside of the Transaction) or any other assignee of the Enforcement Related Claims to consider those Claims and commence proceedings before the expiry of applicable statutory limitation deadlines.
109. In light of the position agreed with the Company's largest creditor comprising approximately 85.7% of the Admitted Claims, the Administrators considered (and continue to consider) it appropriate to propose a scheme of arrangement reflecting the terms agreed.
110. The Administrators are therefore recommending that all Scheme Creditors support the Scheme on the basis that they: (i) are satisfied with the fairness and appropriateness of the Scheme, and (ii) consider that the Scheme represents a fair outcome for all Scheme Creditors.

111. For the avoidance of doubt, the Scheme does not resolve all issues in the Administration. Regardless of whether the Scheme becomes effective in accordance with its terms, the Company will remain in administration and any remaining assets will be distributed in accordance with the Insolvency Act and the Insolvency Rules.

Statement of truth

I believe that the facts stated in this Witness Statement are true. I understand that proceedings for contempt of court may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief in its truth.



Signed

Ian Colin Wormleighton

Dated: 23 June 2020

Schedule A

List of corporate Scheme Creditors believed to be domiciled within the United Kingdom

[Registered office addresses and company/LLP numbers obtained from Companies House
at around 10:00 am 17 June 2020]

No.	Entity / Individual	UK Company/LLP	Registered Office Address	UK Company Number
1	Cushman & Wakefield PLC	<ul style="list-style-type: none"> • UK PLC • Registered office address in UK • UK company number 	125 Old Broad Street, London, United Kingdom, EC2N 1AR	11414195
2	Cleary Gottlieb Steen & Hamilton LLP	<ul style="list-style-type: none"> • Registered office address in UK • UK LLP number 	2 London Wall Place, London, England EC2Y 5AU	OC310280
3	Easytranslate Limited	<ul style="list-style-type: none"> • Registered office address in UK • UK company number 	Office 105 239 High Street Kensington, London, W8 6SN	08878487
4	Ernst & Young Limited	<ul style="list-style-type: none"> • Registered office address in UK • UK company number 	1 More London Place, London, SE1 2AF	05458987
5	Fastnet International Limited	<ul style="list-style-type: none"> • Registered office address in UK • UK company number 	Shaftesbury Court, 95 Ditchling Road, Brighton, East Sussex, BN1 4ST	03015861
6	Forensic Risk Alliance Limited	<ul style="list-style-type: none"> • Registered office address in UK • UK company number 	3rd Floor Audrey House, 16-20 Ely Place, London, EC1N 6SN	03895636
7	G3 Good Governance Group Limited	<ul style="list-style-type: none"> • Registered office address in UK • UK company number 	40 George Street, London, W1U 7DW	05057564
8	Gartner U.K. Limited	<ul style="list-style-type: none"> • Registered office address in UK • UK company number 	Tamesis, The Glanty, Egham, Surrey, TW20 9AW	02266016

9	Igate Computer Systems (UK) Limited	<ul style="list-style-type: none"> Registered office address in UK UK company number 	Level 25 25 Canada Square, Canary Wharf, United Kingdom, E14 5LQ	02859908
10	Itelligence Business Solutions (UK) Ltd	<ul style="list-style-type: none"> Registered office address in UK UK company number 	12 Gough Square, London, EC4A 3DW	03689001
11	Jefferies International Limited	<ul style="list-style-type: none"> Registered office address in UK UK company number 	100 Bishopsgate, London, England, EC2N 4JL	01978621
12	Kirkland & Ellis (International) LLP	<ul style="list-style-type: none"> Registered office address in UK UK company number 	30 St Mary Axe, London, EC3A 8AF	OC425451
13	Mercer Limited	<ul style="list-style-type: none"> Registered office address in UK UK company number 	1 Tower Place West, Tower Place, London, EC3R 5BU	00984275
14	Reuters Limited	<ul style="list-style-type: none"> Registered office address in UK UK company number 	Five Canada Square, Canary Wharf, London, United Kingdom, E14 5AQ	03477402
15	Richard Davies Investor Relations Limited	<ul style="list-style-type: none"> Registered office address in UK UK company number 	Elder House, St Georges Business Park, Brooklands Road, Weybridge, England, KT13 0TS	04557486
16	Rushton International Limited	<ul style="list-style-type: none"> Registered office address in UK UK company number 	Richmond House, Walkern Road, Stevenage, Hertfordshire, SG1 3QP	03444488
17	Standard Chartered Bank	<ul style="list-style-type: none"> UK PLC Registered office address in UK UK company number 	1 Basinghall Avenue, London, EC2V 5DD	ZC000018
18	Tavistock PR Limited	<ul style="list-style-type: none"> Registered office address in UK UK company number 	1 Cornhill, London, England, EC3V 3ND	04755625

19	Trident Building Consultancy Limited	<ul style="list-style-type: none"> Registered office address in UK UK company number 	1 St. James Court, Whitefriars, Norwich, Norfolk, United Kingdom, NR3 1RU	03616946
20	Turner & Townsend Europe Limited	<ul style="list-style-type: none"> Registered office address in UK UK company number 	Low Hall, Calverley Lane, Horsforth, Leeds, LS18 4GH	03514794
21	Vodafone Limited	<ul style="list-style-type: none"> Registered office address in UK UK company number 	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN	01471587
22	Wilmington Trust (London) Limited	<ul style="list-style-type: none"> Registered office address in UK UK company number 	Third Floor, 1 King's Arms Yard, London, EC2R 7AF	05650152