

Joint Liquidators' progress report from 19 October 2019 to 18 October 2020

16 December 2020

MP & Silva limited - in Liquidation

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Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used in this report

| Abbreviation or definition | Meaning |
|----------------------------|--|
| Advance Payments | Payments made by customers for sports rights in advance of the actual tournament concerned, the ownership of which are currently being disputed |
| Advance Payers | Customers who made Advance Payments |
| Bank of England base rate | The base rate is the interest rate that banks and lenders pay when they borrow from the Bank of England, which is the central bank of the United Kingdom |
| Company | MP & Silva Limited - in Compulsory Liquidation |
| HMRC | HM Revenue & Customs, the UK government's agency concerned with collecting taxes |
| Insolvency Service | An executive agency of the Department for Business, Energy and Industrial Strategy responsible for administering compulsory liquidations |
| IR16 | Insolvency (England and Wales) Rules 2016 |
| IA 86 | The Insolvency Act 1986 |
| ISA | Insolvency Services Accounts – a bank account maintained with the Bank of England typically used for all receipts and payments of Company assets in a compulsory liquidation. |
| Joint Liquidators/we | Zelf Hussain and Michael John Andrew Jervis of PwC |
| Official Receiver | A civil servant of the Insolvency Service and officer of the court, who manages at least the initial stages of a compulsory liquidation and undertakes an investigation into the conduct of its directors |
| Preferential Creditors | Creditors with claims for: <ol style="list-style-type: none">1. unpaid wages for the whole or any part of the period of four months before 17 October 2018 (up to a maximum of £800);2. accrued holiday pay for any period before 17 October 2018; and3. unpaid pension contributions in certain circumstances |
| Prescribed Part | The amount set aside for Unsecured Creditors from floating charge funds in accordance with Section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003. In this instance the Company had not granted a floating charge and therefore the prescribed part is not relevant. |
| PwC | PricewaterhouseCoopers LLP |
| the Group | MP and Silva Limited was the UK based subsidiary of a world wide group of companies that bought and sold media rights |
| RPS | Redundancy Payments Service (part of the Insolvency Service, an executive agency of the Department for Business, Energy & Industrial Strategy) |
| Secured Creditors | Creditors with security in respect of their debt, in accordance with Section 248 IA86 |
| Winding up order | The court order dated 17 October 2018 placing the Company into liquidation |
| Unsecured Creditors | Creditors who are neither secured nor preferential |

This report has been prepared by Zelf Hussain and Michael Jervis as Joint Liquidators of the Company, solely to comply with the Joint Liquidators' statutory duty to report to creditors under IR16 on the progress of the liquidation, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the Company.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.

Any persons choosing to rely on this report for any purpose or in any context other than under IR16 do so at their own risk. To the fullest extent permitted by law, the Joint Liquidators do not assume any liability in respect of this report to any such person.

Please note you should read this report in conjunction with the Joint Liquidators' previous reports issued to the Company's creditors, which can be found at <https://www.pwc.co.uk/mpsilva>. Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

Zelf Hussain and Michael Jervis have been appointed as Joint Liquidators of the Company. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The Joint Liquidators are bound by the Insolvency Code of Ethics which can be found at:

<https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

The Joint Liquidators may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the Joint Liquidators. Personal data will be kept secure and processed only for matters relating to the Joint Liquidators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Joint Liquidators.

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Key messages

Why we've sent you this report

I'm writing to update you on the progress of the liquidation of MP & Silva Limited in the 12 months since our last report dated 12 December 2019.

You can still view our earlier report on our website at www.pwc.co.uk/mpsilva.

How much creditors have/might received

The following table summarises the possible outcome for creditors, based on what we currently know.

| Class of creditor | Current estimate (p in £) | Previous estimate (p in £) |
|-----------------------------------|---------------------------|----------------------------|
| Secured creditor(s) | N/A | N/A |
| Preferential Creditors (now paid) | 100 p/£ | 100 p/£ |
| Unsecured Creditors | 0.4 - 7.4 p/£ | 2 - 21 p/£ |

As noted later in this report, there remains material uncertainty regarding asset realisations, the extent that significant unsecured claims may be mitigated, and the costs associated with litigation that may be required to settle the beneficial ownership of certain assets. Accordingly, there remains a large range of possible outcomes for the unsecured creditors.

What you need to do

We've asked for outstanding claims from Unsecured Creditors so that we can agree them for dividend purposes.

If you haven't already done so, please send your claim to us so that we can agree it. A claim form can be downloaded from our website at www.pwc.co.uk/mpsilva or you can get one by telephoning Syed Shah on 0113 289 4314.

We may decide that some or all Unsecured Creditors who are owed £1,000 or less by the Company won't be required to submit a proof of debt in order to receive the anticipated dividend payment.

An Unsecured Creditor who we decide is not required to submit a proof of debt will be notified, when we deliver notice of our intention to pay a dividend, of the amount we'll treat as their admitted debt for the purpose of the dividend, unless the Unsecured Creditor advises us that the amount is incorrect (in which case a proof of debt will be required) or not owed.

Please note that should you wish to vote in relation to any decision procedure during the liquidation or object to a decision sought by deemed consent, you'll need to submit a proof of debt, even if one is not required for dividend purposes.

All known Preferential Creditor claims have been paid.

Overview of what we've done to date

This is our second progress report. You may wish to refer to our previous report which can be found at www.pwc.co.uk/mpsilva. As explained in our previous report, the Company was part of an international group of companies which acquired and sold sports media rights around the world.

Following a creditor petition served on 24 August 2018, the Company was wound up by the court on 17 October 2018. On 19 October 2018 Zelf Hussain and Mike Jervis were appointed as Joint Liquidators of the Company by the Secretary of State.

We immediately took steps to secure the assets and books and records of the Company, and made contact with certain of the former employees to assist us in our functions. We secured funds from the Company's bank accounts and transferred these to the ISA, or to bank accounts held by the Liquidators for the disputed Advanced Payment funds.

We established that there were a number of areas of work which could have a material impact on the outcome for creditors:

- the status of funds held in purported trust accounts on behalf of the Advance Payers, and whether these formed part of the liquidation estate. We have undertaken significant investigation into the background to these payments and have entered dialogue with the Advance Payers to seek to agree their status, or failing that, make a request to the court for directions;
- the agreement of significant claims, including claims resulting from investigations by HMRC and other bodies, and the potential mitigation of claims by other creditors; and
- understanding the complex intercompany position within the Group and pursuing claims against Group members where this suggested there might be value, including facilitating the opening of insolvency proceedings in other jurisdictions. This resulted in the submission of claims in respect of the insolvency proceedings of Group companies in Ireland, Monaco and Luxembourg.

In addition, we have:

- undertaken the recovery of book debts from third party debtors;
- investigated post petition payments and recovered £71k;
- agreed a recovery of an arbitration payment deposit (SCAI);
- responded to requests from HMRC and the EC for information in connection with their statutory investigations; and
- Undertaken various VAT recoveries including VAT paid from the rent deposit account.

We set out later in this report more detail on the work undertaken and progress made in this reporting period.

Outcome for creditors

Secured Creditors

There were no Secured Creditors as at the date of the Winding up order.

Preferential Creditors (mainly employees)

We paid Preferential Creditors in full on 31 July 2019.

Unsecured Creditors

Dividends become available for Unsecured Creditors when there are sufficient funds (after costs of the liquidation) to pay the Secured and Preferential Creditors in full, with an amount left over. In certain circumstances, part of the amount available for Secured Creditors may be ring-fenced for the benefit of Unsecured Creditors. This Prescribed Part is paid out of 'net property', which are floating charge realisations after costs, and after paying - or setting aside enough to pay - Preferential Creditors in full. But it only has to be made available where the floating charge was created on or after 15 September 2003. In this instance, whilst an outstanding charge does exist, this has no floating charge aspect and therefore does not trigger the Prescribed Part.

We estimate a dividend of between 0.4% and 7.4% will be paid to the Unsecured Creditors based on currently available information.

The wide range of the dividend estimate is primarily caused by three factors, discussed in more detail later, namely:

- the prospect of Unsecured Creditors' claims ultimately being adjudicated and admitted to rank for dividends at a significantly lower level than has been submitted;
- the uncertain level of distributions from overseas insolvent entities; and
- current uncertainty over the extent of the Company's assets (i.e. whether this should include the Advanced Monies).

We've calculated this illustrative range of outcomes for Unsecured Creditors based on claims received to date and review of the limited Company accounting records we have access to. Following extensive communication with overseas office holders, third party debtors and high value (£5 million or more) creditors of the Company, we have revised our estimate for the dividend in the best case scenario to take into account additional information that we received or obtained during the period covered by this report. This is attributed primarily, but not exclusively to, in our best case scenario we no longer assumes that the Advance Payments will become an asset of the Company with minimal legal cost incurred and we now think it is reasonable to expect a 50% mitigation, as opposed to a 100% mitigation, of a contingent claim submitted by a high value creditor of the Company.

Progress since we last reported

Realisation of assets

As described in our last report, the formally appointed directors of the Company have not assisted the Joint Liquidators in their enquiries. We have however received some assistance from former members of the Company's senior management team.

Advance Payments funds

Under the Company's standard sale contracts, certain customers made payments in advance for sports rights before the actual tournament had commenced. As the Company's financial distress escalated in the summer of 2018, the Company's senior management team took steps to transfer some Advance Payments (equivalent to approximately £13.2m), into separate bank accounts, which were expressed to be "trust" accounts. Since liquidation, the question has arisen as to whether these funds form part of the liquidation estate, or belong to third parties.

We have carried out searches for underlying transaction documents, bank statements and email correspondence to understand the factual and contractual background to the Advance Payments. In our view, based on the legal advice we have received (privilege in which is not waived), the creation of a trust represented an improper preference under section 239 of IA 86. This is because the Company took action which placed the Advance Payers in a better position in a potential insolvency than the Advance Payers would have been, in the absence of the creation of the trust. The Joint Liquidators consider that the trust should therefore be unwound so that money held in the trust accounts is made available to the estate, from which a dividend will be paid to all Unsecured Creditors.

Our lawyers have written to all six Advance Payers and invited them to confirm that they do not have or assert any beneficial interest in funds which were paid into the trust accounts. As the majority of the Advance Payers are based outside the UK and given the investigations which we have been required to conduct, corresponding with the Advance Payers and receiving responses in a timely manner has been quite challenging.

In the period covered by this report, our lawyers have had numerous and detailed exchanges with lawyers representing the largest Advance Payer ("Advance Payer 1"), whose potential trust claim represents the majority of the funds held. We and our lawyers have conducted substantial work and analysis to answer queries and provide documents to Advance Payer 1 as requested by their lawyers. In order to provide the analysis requested, we have had to work with banks and other third parties, as well as undertake forensic investigations into the Company's records, which has proven to be a time consuming exercise.

PwC Forensics have undertaken forensic investigations into the Company's records, worked with third parties to maintain access to the systems, conducted analysis on invoicing and booking systems, provided ongoing support to the Joint Liquidators to locate and provide specific email communications and processed and loaded specific datasets into our e-review platform for in-depth search and review capabilities. The work PwC forensics have performed has been of vital importance to support us in dealing with the Advance Payments matter.

However, despite an extensive exchange of letters, calls and documents, Advance Payer 1 has not confirmed that it does not claim any interest in the payments it made which were held by the Company in the trust accounts, nor has it been able to establish to our satisfaction that the trust does not represent a preference that should be void under the Insolvency Act.

We are pleased to confirm that two of the Advance Payers have now confirmed to us in writing that they do not claim any interest in the trust monies. As a result, we are in the process of transferring the relevant Advance Payments (approximately £129,000) into the general estate funds.

We will continue to make attempts to correspond with the remaining three Advance Payers, none of which have responded to us so far and whose positions on this issue remain unclear.

Given the apparent impasse with Advanced Payer 1, we are considering, in consultation with the liquidation committee, whether to seek an order from the court unwinding the preferences given to Advance Payers. If we need to go down the court route, we think it could take 9 to 12 months to get a court decision (or longer, should that first instance decision be appealed). This should then allow us to proceed to a first and final dividend payment to the unsecured creditors.

As previously described, the advanced payments continue to be held in two separate non-Insolvency Services Accounts, opened with Barclays Bank.

As at the end of the period covered by this report, the account balances were:

US\$:17,302,670.73; and

€: 348,453.94.

Book debt collection (excluding inter-Group Claims)

The Company's records indicated it had a number of book debts with a total book value of £1.1m, mostly due from overseas customers. Where the debts owed are significant, we have investigated further to seek to understand the contractual position and whether these related to services provided or yet to come. To date we have collected book debts worth £238,486.20. We have written to or emailed all outstanding third party debtors where contact information could be identified. To assist with book debt collection and ensure withholding taxes are not deducted from relevant balances, we obtained a certificate of UK residence from HMRC.

In certain instances we have outsourced the recovery of some foreign jurisdiction book debts to Pythagoras Capital Limited. We have involved this company when our attempts to enter into dialogue over debts due has been unsuccessful and usually where the debtor is based abroad and litigation may be costly, or where the debtor has refused to pay on the basis of a commercial issue. Where we have instructed Pythagoras Capital Limited, it is on the basis of no win no fee,

Intra-Group Claims

We set out below the position of Group entities which were understood to owe the Company money at the date of liquidation, with their estimated pre-liquidation cash balances.

| <i>Entity</i> | <i>Latest Cash balance</i> | <i>Balances with the UK entity</i> | <i>Action taken to date</i> | <i>Status and next step</i> |
|----------------|----------------------------|------------------------------------|--|--|
| Ireland | \$4.9m | Owes UK:\$37.5m | <ul style="list-style-type: none"> Filed petition with the aim to wind up the company and to stop the court from issuing a garnishee order to another single creditor which sought to claim the remaining cash in the bank in full Worked with PwC Forensics team to collate data/documents from various sources to support the correspondence with the garnishee order creditor, in order to preserve value for the benefit of the Company from the Irish entity. Held meetings with KPMG to discuss and lodge our claim Liaised with former employees in the group finance division and London management team to further substantiate our claim Worked with local insolvency specialists to explore options available to us should our claim continue to be rejected | <ul style="list-style-type: none"> On 22 May 2019, the court appointed an Insolvency Practitioner (Wendy McVeigh) from KPMG to act as liquidator With limited records or information on how the intercompany position worked, the liquidator indicated she intended to reject most of the Company's claim Following extensive communication and further exchange of documents, a significant percentage of the Company's claim (€9.5 million is now likely to be admitted for dividend purposes We will continue to seek that the full value of the claim is admitted and pursue necessary legal options should this be in the interests of creditors The liquidator has indicated that there will be a small dividend (around 2%) paid in due course |

| | | | | |
|-------------------|--------|--|---|--|
| Dubai | \$0.5m | Owes UK:\$19.9m UK owes: \$1.5m | <ul style="list-style-type: none"> • Worked with the director who was still in office until end of 2018, to assess the situation of the company • Worked with the local insolvency specialist in exploring options available to us • Concluded that the creditor process in UAE is largely untested, and costly to pursue • The most commercial option is for the bankruptcy administrator of the parent company (MP & Silva Holding S.A) to trigger the shareholder insolvency process | <ul style="list-style-type: none"> • We have offered assistance to the Luxembourg bankruptcy administrator of MP & Silva Holding S.A on the mechanism to put the Dubai entity - at this stage it is unclear if this is an action the bankruptcy administrator will wish to pursue • We will submit a claim should the Dubai entity go into formal insolvency proceedings |
| Monaco | \$7m | Owes UK: \$17.2m | <ul style="list-style-type: none"> • As a significant part of the Finance function was located in Monaco, as well as the administrative access to some critical information systems, we coordinated with the Monaco liquidator, who was appointed shortly before the UK liquidators were appointed, with the aim of gathering information to facilitate recovery of the UK estate's assets • Submitted a proof of debt for the amount owed to the Company • Exchanged communications to ensure our claim was admitted and obtain regular updates regarding dividend prospects | <ul style="list-style-type: none"> • The Monaco entity was already in liquidation when we were appointed • The Company has had a claim of €14,927,911.67 admitted for dividend purposes • The dividend percentage to unsecured creditors is expected to be 2.73%. |
| Luxembourg | \$4.7m | Owes UK: \$9.7m | <ul style="list-style-type: none"> • Worked with local legal advisor to assess the local insolvency procedure • Collated and reviewed documents in order to assess options available to us based on the potential value from the estate, our position to recover, and the complexity of the local process • Instructed and supported PwC Luxembourg to prepare court submissions to start the petition process as a creditor • Liaised closely with PwC Luxembourg to agree strategy and reviewed legal documents before filing • Arranged payment to local bailiff to present enforcement of tribunal decision • Reviewed certificate from local bailiff explaining his unsuccessful attempts to enforce the tribunal decision. • We liaised with PwC Luxembourg to prepare a writ of summons and filed for bankruptcy with the local court • Liaised with PwC Luxembourg to register a hard copy of our claim with the bankruptcy administrator | <ul style="list-style-type: none"> • The sixth chamber of the District Court of Luxembourg declared MP & Silva Holding S.A. bankrupt and a bankruptcy administrator has been appointed over the estate • Attended calls with the bankruptcy administrator and exchanged a number of emails to understand her insolvency strategy and dividend prospects • Provided access to some books and records to the bankruptcy administrator to assist her with asset realisations • We will continue to monitor the progress of the insolvency and ensure our claim is admitted and provide assistance where there is a benefit to creditors of the Company through enhanced asset realisations. |

| | | | | |
|-----------|--------|-----------------|--|--|
| Singapore | \$5.6m | Owes UK: \$6.6m | <ul style="list-style-type: none"> Worked with local insolvency specialist in exploring the options available to us as a creditor of the entity Worked with the director who was willing to put the entity into an insolvency process The local court issued the order to put the estate in compulsory liquidation and appointed the liquidators (PwC) in February 2019. | <ul style="list-style-type: none"> We are in regular contact with the liquidators. To date we have not received information on dividend prospects or time frame to a distribution. We will continue to monitor the progress of the insolvency and ensure our claim is admitted and provide assistance where there is a benefit to creditors of the Company through enhanced asset realisations. |
| New York | \$15k | Owes UK: \$1m | <ul style="list-style-type: none"> Worked with the local insolvency specialist in exploring the options for the entity Coordinated with liquidator of the Singapore entity to start the closure process of the entity | <ul style="list-style-type: none"> It is a subsidiary of the Singapore entity, therefore we have been in regular communication with PwC Singapore regarding dividend prospects. |
| Paris | \$1k | n/a | <ul style="list-style-type: none"> Worked with the former accountants to assess the status of the company Worked with the local insolvency specialist in exploring the options available to us for the entity. | <ul style="list-style-type: none"> Concluded that the subsidiary has nil value to be recovered and any potential claim from creditors is unlikely to cause any financial obligation to the UK estate. Accordingly no further action will be taken. |
| Poland | \$2k | n/a | <ul style="list-style-type: none"> Worked with the local insolvency specialist in exploring the options for the entity | <ul style="list-style-type: none"> As the entity has nil value to be recovered, no further action will be taken. |
| Budapest | \$1m | n/a | <ul style="list-style-type: none"> Worked with local insolvency specialist in exploring the options available to us for the entity Exchanged communications and liaised with the director who was willing to assist us in putting the entity into an insolvency process As the entity had a small amount of cash in the bank and some regular expenses were still being incurred. We worked with the local director in dealing with tax authority requests for payment, auditors' request for information, etc. The director resigned in March 2019. | <ul style="list-style-type: none"> After consultation with local advisors, we have made a decision to not pursue any further action due to the minimal benefit to the estate of the UK Company and high costs of formal insolvency proceedings. We are aware that the local tax authority in Hungary, which has a preferential claim over the entity, has successfully petitioned to put Hungarian entity into bankruptcy. |

Post-petition disposition

Under Section 127 of IA86, any payments made by the Company after the presentation of a winding up petition are void and can be recoverable unless the court sanctions otherwise. As the winding up petition against the Company was presented on 24 August 2018, we have reviewed transactions that took place after this date. Bank account statements obtained provided limited information to us, but we worked with the pre appointment accountant to understand more about the transactions and we carried out investigations to ascertain whether these payments were beneficial to the estate of the Company.

We identified two payments made to Westminster City Council after 24 August 2018 totalling £71,308 which did not benefit the estate of the Company. We wrote to Westminster City Council on a number of occasions requesting the payments be refunded, unfortunately the requests were ignored. We engaged Schofield Sweeney on a no win no fee basis to assist with the refund. I am pleased to confirm that Westminster City Council have now refunded £71,308 to the estate of the Company.

SCAI Deposit

The Company previously submitted the equivalent of £132,093.42 to the Swiss Chambers' Arbitration Institution to cover some of the costs of arbitration. The deposit was initially subject to a freezing order, which in our view was invalid. We exchanged a high volume of correspondence with the Swiss Chambers' Arbitration Institution and liaised with our lawyers to review notices we received and ensure our compliance with the appropriate legislation and rules of the Swiss Chambers' Arbitration Institution.

We are pleased to confirm the freezing order was annulled and the funds were available to be refunded to the estate of the Company. We liaised closely with the Insolvency Service to ensure they were able to receive they had the facilities to accept funds in a foreign currency, following which the funds were paid into the liquidation estate.

Interest

During the period covered by this report, we received £17,804.12 in relation to bank interest.

Foreign currency account

The Joint Liquidators had previously understood the Japanese Yen account with Barclays Bank, which holds a balance of ¥17,302,670.73 (£124,264.87), to represent monies to be considered as Advanced Payments only, the ownership of which was disputed. However, a further review of Company books and records during the period, highlighted that this account was actually an undisputed asset of the Company. We are therefore in the process of having these funds transferred into the ISA account of the Company.

Other issues - HMRC Tax enquiry

HMRC have been conducting an inquiry into the pre appointment tax affairs of the Company. As part of this inquiry, we have met with HMRC representatives in our Leeds office to discuss the tax affairs of the Company, communicated regularly with HMRC via emails and last year a HMRC Data Auditor visited our office in London to download some of the electronic records of the Company. In the period covered by this report, HMRC have requested pre appointment bank statements, information regarding transactions shown on statements including details of payees and recipients, documents regarding our claim against Group company Media Partners & Silva Ltd (Ireland) and information regarding pre appointment services provided to the Company by a third party technology services provider. We have engaged positively with HMRC and have worked with third party agents, former staff and banks where appropriate to obtain the requested information.

The assistance we have provided to HMRC is required by law and is, in our view, beneficial to the estate of the Company, to minimise the size of the claim from HMRC. The costs of complying with the HMRC enquiry have been significant and may rise further. HMRC has stated it will submit a revised proof of debt in due course following the conclusion of its enquiry. If in the view of HMRC, the Company under declared its profits in the UK, this will result in an increased claim in respect of Corporation Tax.

Other issues - European Commission investigation

The European Commission was conducting an investigation into potential anti-competitive behavior by a number of companies within the MP & Silva group prior to the liquidation. We received a letter from the EU commission requesting substantial documentation and management information regarding the Company. We sought assistance from our lawyers and their competition policy experts to ensure we complied with our obligations on this matter. Following the exchange of a number of emails and letters, I am pleased to confirm the investigation has been administratively closed.

Other issues - FIFA

FIFA is the international governing body of football and responsible for organising quadrennial football tournament, known as the FIFA World Cup. FIFA has submitted a considerable claim against the Company and this claim represents more than 75% of the total value of Unsecured Creditor claims we have received to date. FIFA's claim arises from the failure of the Company to pay a guaranteed amount for broadcasting rights related to the 2018 and 2022 World Cups. FIFA has acknowledged that it will mitigate its loss by reselling the rights to the 2022 World Cup and

has indicated it hopes to complete a sale in the first half of 2021. It would be technically very difficult for us to pay a final dividend without being able to confirm the final value of any such large creditor claims.

Dealing with creditors

We have received numerous enquiries from creditors around the world, many of whom are unfamiliar with the Insolvency regulations of England and Wales. Where we have written to creditors based in the European Union, we have had to ensure our compliance with Article 54 of Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings. This has presented a unique challenge in explaining the procedure to creditors and we have answered a high volume of follow up queries. We have also received claims from creditors that relate to other companies in the Group and have rejected such claims accordingly.

When we are in a position to distribute a dividend to Unsecured Creditors of the Company, we will instruct our specialist claims team, to review and adjudicate on proof of debts we have received, their purpose being to agree a suitable figure to represent the claim of each Unsecured Creditor against the Company. Once determined, this will be the figure used as a basis of calculation for an unsecured dividend.

Statutory and compliance

During the period covered by this report we have:

- Prepared and distributed the Joint Liquidators' progress report from 19 October 2018 to 18 October 2019.
- Filled notices at Companies House regarding the liquidation committee

VAT Matters

The Company has now deregistered for VAT purposes. We submitted two VAT returns in the period covered by this report. We will submit a VAT 426 to HMRC to reclaim VAT into the estate of the Company in due course.

We have also worked with the former accountants of the Company and our VAT specialist to submit pre liquidation VAT returns for the period 01/05/2018 to 16/10/2018. The purpose of submitting the pre-appointment VAT returns was to reduce HMRC's unsecured claim into the estate and we have a statutory obligation to submit pre-appointment VAT returns to HMRC, where we have the necessary information to do so.

Tax Matters

We are required to submit a corporation tax return for the period ended 19 October 2019, however given the ongoing inquiry into the pre appointment tax affairs of the Company, we are liaising with HMRC on getting the tax information for 2015 and 2016 agreed. We have prepared a draft of the post appointment tax return, but before we can file this we require clarity from HMRC on their position on previous tax years.

Liquidation committee

On 15 August 2019, creditors decided to form a liquidation committee consisting of the following members:

1. Stefan Felsing
2. Angela Gandy
3. Fédération Internationale de Football Association ("FIFA")
4. Grant Thornton UK LLP
5. HM Revenue and Customs

The membership of the liquidation committee was reduced afterwards when Stefan Felsing resigned.

We continue to communicate with the liquidation committee regularly on key case matters and progress towards paying a dividend through regular written updates and remain available to speak to individual members over the phone. The liquidation committee met on 5 September 2019 and 4 December 2020, although regular written updates have been provided regularly in the intertwining period. We will seek direction from the liquidation committee on how

best to deal with the Advanced Payments matters based on a review of the options available to us, as the issue continues to develop towards court action, expected to occur in the middle of 2021.

The committee had previously approved a remuneration report dated 7 June 2019. As the costs of the liquidation have exceeded that estimate of £1,529,390, an updated draft remuneration report was disclosed to the liquidation committee on 3 December 2020, which they are currently considering, before being made available to all creditors. As previously, once considered by the liquidation committee and finalised, this document will be made available to creditors via the case website (at <https://www.pwc.co.uk/mpsilva>).

Investigations and actions

As this liquidation is a Winding up by the court, it is for the Official Receiver to undertake the formal investigation into the affairs of the directors. We will continue to liaise with and assist the Official Receiver as necessary.

Nothing has come to our attention during the period under review to suggest that we need to do any more work in line with our duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No.2.

Our receipts and payments account

We set out in Appendix A an account of our receipts and payments in the liquidation from 19 October 2019 to 18 October 2020.

Our expenses

We set out in Appendix B a statement of the expenses we've incurred to the date covered by this report and an estimate of our future expenses.

The statement excludes any potential tax liabilities that we may need to pay as a liquidation expense in due course because amounts due will depend on the position at the end of the tax accounting period

Our fees

We set out in Appendix C an update on our fees, disbursements and other related matters.

Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge our fees and expenses within eight weeks of receiving this report as set out in Rule 18.34 IR16. This information can also be found in the guide to fees at:

<http://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/creditors-guide-to-liquidators-fees-england-and-wales.ashx>

You can also get a copy free of charge by telephoning Syed Shah on 0113 289 4314.

What we still need to do

In summary the significant outstanding matters in the liquidation are:

- Seek court direction to determine or otherwise settle the status of the Advance Payments;
- Continue to comply with HMRC enquiries into the pre-liquidation tax affairs of the Company;
- Continue to liaise with Pythagoras Capital Limited over the collection of the remaining book debts;
- Agree our claims with office holders of overseas insolvent entities and collect distributions to the Company;
- Agree Unsecured Creditors' claims; and
- Issue a Notice of Intended Dividend to creditors and, as expected, pay a dividend.

Once these matters have been completed, we will file the relevant notices with the Registrar to cease to act and to bring the liquidation to an end.

Next report

We expect to send our next report to creditors at the end of the liquidation or in about 12 months, whichever is the sooner.

If you've got any questions, please get in touch with Syed Shah at syed.s.shah@pwc.com.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Zelf Hussain', written in a cursive style.

Zelf Hussain
Joint Liquidator

Appendices

Appendix A: Receipts and payments

GBP ISA Account

| <i>MP & Silva Limited - in liquidation ISA account</i> | | | |
|---|-----------------------|-----------------------|-------------------------|
| | 19 Oct 18 - 18 Oct 19 | 19 Oct 19 - 18 Oct 20 | Total as at 18 Oct 2020 |
| | (£) | (£) | (£) |
| RECEIPTS | | | |
| Cash / Balance at Bank | 5,702,681.54 | - | 5,702,681.54 |
| SCAJ Deposit Refund | - | 132,093.42 | 132,093.42 |
| Book debts | 238,846.20 | - | 238,846.20 |
| Interest Earned | 32,753.51 | 17,804.12 | 50,557.63 |
| Futures & Fittings | 7,000.00 | - | 7,000.00 |
| Insurance Refund | 2,123.51 | - | 2,123.51 |
| Post Petition Payment Refund | - | 71,308.00 | 71,308.00 |
| Total | 5,983,404.76 | 221,205.54 | 6,204,610.30 |
| PAYMENTS | | | |
| ISA Debit Balance | 11,000.00 | - | 11,000.00 |
| Bank Charges | 182.25 | 246.90 | 429.15 |
| Statutory advertising | 75.00 | - | 75.00 |
| Professional Fees | 28,777.50 | 1,980.00 | 30,757.50 |
| Legal fees & Expenses | 280,440.43 | 172,437.53 | 452,877.96 |
| Corporation Tax | 6,550.70 | 3,560.82 | 10,111.52 |
| Data capture, review & Storage | 50,899.63 | - | 50,899.63 |
| Post Redirection | 513.33 | 313.00 | 826.33 |
| Insurance | 2,416.32 | - | 2,416.32 |
| Payroll and associated costs | 47,474.18 | - | 47,474.18 |
| Petitioner Costs refund | - | 100,554.07 | 100,554.07 |
| Liquidation committee expenses | - | 204.60 | 204.60 |
| Office holders' fees | - | 1,523,390.00 | 1,523,390.00 |
| Office holders' expenses | - | 3,991.92 | 3,991.92 |
| Total | 428,329.34 | 1,812,678.84 | 2,241,008.18 |
| VAT Control account | 59,676.73 | (333,905.70) | (274,228.97) |
| Preferential dividend declared at 100p in the £ on 10th August 2019 | (69,580.46) | - | (69,580.46) |
| Net Receipts/(Payments) | 5,545,171.69 | (1,925,379.00) | 3,619,792.69 |

* Interest bearing account subject to Bank of England base rate

EUR Account

*Advanced Payment account with Barclays -
EURO
Receipts and payments account as at 18
October 2020*

19 Oct 18 to
18 Aug 2020

| RECEIPTS | (€) |
|--------------------------------|-------------------|
| Cash / Balance at Bank | 349,990.43 |
| Total | 349,990.43 |
| | |
| PAYMENTS | |
| Bank Charges | 1,536.49 |
| Total | 1,536.49 |
| | |
| Net Receipts/(Payments) | 348,453.94 |

* Negative Interest bearing account

USD Account

*Advanced Payment account with
Barclays - USD*

*Receipts and payments account as at 18
October 2020*

| | 19 Oct 2018 to 18 Aug 2020 |
|--------------------------------|-------------------------------|
| RECEIPTS | (\$) |
| Balance at Bank | 17,197,025.81 |
| Interest | 103,864.88 |
| Total | 17,300,890.69 |
| PAYMENTS | |
| Bank charges | 7.72 |
| Total | 7.72 |
| Net Receipts/(Payments) | 17,300,882.97 |

* interest bearing account

Yen Account

*Foreign Currency account with Barclays –
YEN*

*Receipts and payments account as at 18
October 2020*

| | 19 Oct 2018 to 18 Aug 2020 |
|--------------------------------|-------------------------------|
| RECEIPTS | (¥) |
| Balance at Bank | 17,784,756.00 |
| Total | 17,784,756.00 |
| PAYMENTS | |
| Bank charges | 858.00 |
| Total | 858.00 |
| Net Receipts/(Payments) | 17,783,898 |

* non interest bearing account

Appendix B: Expenses

The following table provides details of our expenses. Expenses are amounts properly payable by us as Joint Liquidators from the estate and includes our fees, but excludes distributions to creditors. The table also excludes any potential tax liabilities that we may need to pay as a liquidation expense because amounts becoming due will depend on the position at the end of the tax accounting period.

The table should be read in conjunction with the receipts and payments account at Appendix A, which shows expenses actually paid during the period and the total paid to date.

As explained later in this report, in order to effectively wind up the company's affairs and realise the maximum possible assets, we will incur expenses beyond what we had estimated in our report last year. The increase in expenses is primarily driven by, but not exclusively, the additional legal costs and Joint Liquidators' time costs we will incur in dealing with Advance Payments. Additionally, we now expect the liquidation to come to an end in October 2022, as opposed to previous forecasts which were based on the liquidation coming to an end in October 2020, as a result of this we are required to complete additional statutory work such as filing annual corporation tax returns, preparing and circulating annual progress reports.

This expenses summary includes costs paid to third parties including solicitors, professional firms, and in this instance, other PwC firms based in Europe. These parties are listed in Appendix C, under "Details of Subcontracted Work".

| | Brought forward from preceding period | Incurrd in the period under review | Cumulative | Estimated future | Anticipated total | Intial Estimate | Variance |
|---------------------------------------|---|--|------------------|---------------------|----------------------|--------------------|-----------------------|
| | £ | £ | £ | £ | £ | £ | £ |
| Office holders' fees - Statutory work | 1,276,409 | 390,788 | 1,667,197 | 411,944.05 | 2,079,141 | 1,529,390 | (549,750.55) |
| Office holders' fees - Litigation | - | - | - | 400,000 | 400,000 | 0 | (400,000.00) |
| Office holders' expenses | 949 | 1,420 | 2,369 | 4,000 | 6,369 | 5,114 | (1,254.13) |
| Bank Charges | 182 | 247 | 429 | 1,000 | 1,429 | 682 | (746.90) |
| Contingency | - | - | - | - | - | 30,000 | 30,000.00 |
| ISA Debit Balance | 11,000 | - | 11,000 | - | 11,000 | 11,000 | - |
| Statutory advertising | 75 | - | 75 | - | 75 | 0 | (75.00) |
| Professional Fees | 28,778 | 1,980 | 30,758 | 2,500 | 33,258 | 31,373 | (1,885.00) |
| Legal fees & Expenses | 280,440 | 314,388 | 594,828 | 30,000 | 624,828 | 710,032.77 | 85,204.71 |
| Litigation legal fees | - | - | - | 550,000 | 550,000 | 0 | (550,000.00) |
| Corporation Tax | 6,551 | 3,561 | 10,112 | 6,000 | 16,112 | 6,551 | (9,560.82) |
| Data capture, review & Storage | 50,900 | - | 50,900 | - | 50,900 | 53,539 | 2,639.34 |
| Post Redirection | 513 | 313 | 826 | - | 826 | - | (826.33) |
| Insurance | 2,416 | - | 2,416 | - | 2,416 | 3,416 | 1,000.00 |
| Payroll and associated costs | 47,474 | - | 47,474 | - | 47,474 | 47,379 | (94.89) |
| Petitioner Costs refund | - | 100,554 | 100,554 | - | 100,554 | 100,843 | 288.44 |
| Liquidation committee expenses | - | 205 | 205 | 250 | 455 | 0 | (454.60) |
| Total | 1,705,687 | 813,454 | 2,519,141 | 1,405,694 | 3,924,835 | 2,529,320 | (1,395,515.73) |

Appendix C: Remuneration update

The Committee had previously approved a remuneration report dated 7 June 2019, fixing the basis of the liquidators' fees on the time properly spent by us and our staff on the liquidation. The initial fee estimate included in this remuneration report was £1,529,390. The liquidators' time costs to date have now exceeded this figure and, as shown in the receipts and payments account, the liquidators have fully drawn the previously approved amount as fees on account.

Since our last report, it has been clear that our expected time costs will exceed the initial estimate. The reasons for this include:

- we have been unable to reach agreement with the main Advanced Monies creditors, meaning that we need to start to prepare for litigation on the matter;
- the liquidation will therefore take longer to conclude;
- research in relation to the background factual position on the Advanced Monies has proved more complex and time consuming than anticipated;
- the collection of book debts has the potential to prove more successful than first anticipated. As most of these debtors are abroad, we have engaged specialist agents and continue to support them with information and assistance in the expectation of significant recoveries;
- there have been investigations and regulatory matters which we have had to deal with, such as the EU investigation, which we were not aware of at the time of the initial fee estimate;
- HMRC enquiries are continuing in respect of the Company's recent trading activities, as well as specific information relating to targeted transactions; and
- further research has been needed to prove the Company's claims in Group company insolvencies.

As noted earlier in this report, we will shortly be holding a meeting of the liquidation committee to consider the strategy for progressing the liquidation. We will prepare a draft remuneration report for consideration of the committee in tandem with this and then circulate creditors with a final remuneration report, with revised fee estimate, via the case website (at <https://www.pwc.co.uk/mpsilva>).

Our hours and average rates

We set out in the table below an analysis of the time spent, by workstream, in the year to 18 October 2020. Later in this appendix, we provide further information on the work undertaken for each workstream.

| Work Type Group | Hours | | | | | | Grand Total | Total Cost (£) |
|------------------------|--------------|-------------|----------------|---------------|------------------|-----------------|---------------|-------------------|
| | Partner | Director | Senior Manager | Manager | Senior Associate | Associate/Other | | |
| Accounting & Treasury | | | 0.10 | 6.55 | 14.05 | 27.20 | 47.90 | 12,460.25 |
| Assets | | | 4.80 | 25.30 | | 20.10 | 50.20 | 18,275.00 |
| Creditors | | 0.25 | 7.15 | 6.40 | 1.90 | 11.90 | 27.60 | 9,942.00 |
| Employees & Pensions | | | | 0.20 | 3.00 | | 3.20 | 771.00 |
| Investigations | 1.00 | | 8.10 | 59.00 | 58.35 | 21.90 | 158.35 | 67,367.00 |
| Statutory & Compliance | 6.90 | | 6.65 | 42.70 | 6.30 | 55.25 | 117.70 | 41,067.25 |
| Strategy & Planning | 42.70 | | 23.50 | 91.85 | | 57.20 | 215.25 | 103,997.25 |
| Tax | 2.00 | 1.00 | 1.65 | 31.15 | 2.10 | 13.45 | 51.35 | 30,331.00 |
| Trading | 8.00 | | 18.90 | 35.10 | | 30.80 | 92.80 | 41,052.50 |
| VAT | | | 3.30 | 17.95 | 7.85 | 6.55 | 35.75 | 20,513.25 |
| Book debt realisations | | | 0.55 | 13.15 | | 20.45 | 34.15 | 10,756.00 |
| Committees | | | 0.35 | 22.85 | | 11.50 | 34.80 | 12,551.25 |
| Group companies | | | 6.90 | 22.00 | | 30.85 | 59.75 | 19,691.25 |
| Property | | | 1.25 | 1.25 | | 3.25 | 6.85 | 2,012.50 |
| Grand Total | 60.50 | 1.25 | 83.30 | 375.45 | 103.55 | 310.60 | 934.65 | 390,767.50 |

In the table below, we compare the time spent by workstream to date, with what we previously estimated by work stream from appointment to closure of the case (which was initially estimated to be October 2020). We will be providing further information regarding the estimated costs of the work needed to complete the liquidation in our second remuneration report, once agreed with the committee.

| Category of work | Previous Fees Estimate (June 2019) | | 19 October 2018 - 18 October 2020 | | Difference |
|------------------------------|------------------------------------|------------------|-----------------------------------|---------------------|--------------------|
| | Hours | £ | Hours | £ | £ |
| Accounting and treasury | 161 | 64,365 | 265.90 | 74,902.75 | (10,537.75) |
| Assets | 380 | 133,125 | 249.85 | 85,000.25 | 48,124.75 |
| Book debt realisations | 150 | 54,400 | 77.10 | 20,946.75 | 33,453.25 |
| Creditors | 526 | 193,785 | 219.45 | 66,966.50 | 126,818.50 |
| Committee | - | - | 192.95 | 73,299.75 | - |
| Employees & pensions | 92 | 37,080 | 78.10 | 20,958.00 | 16,122.00 |
| Group companies | 435 | 225,625 | 385.05 | 186,498.75 | 39,126.25 |
| Investigations | 470 | 188,950 | 877.90 | 337,021.75 | (148,071.75) |
| Property | 130 | 60,635 | 146.37 | 64,278.30 | (3,643.30) |
| Litigation | - | - | 92.80 | 41,052.50 | - |
| Statutory and compliance | 325 | 157,225 | 487.20 | 174,420.25 | (17,195.25) |
| Strategy and planning | 606 | 312,295 | 744.35 | 386,809.75 | (74,514.75) |
| Tax | 140 | 58,800 | 190.26 | 95,931.00 | (37,131.00) |
| VAT | 100 | 43,075 | 66.15 | 39,109.75 | 3,965.25 |
| Total hours and costs | 3,515 | 1,529,360 | 4,073.43 | 1,667,196.05 | -137,836.05 |

Our time charging policy and hourly rates

We and our team charge our time for the work we need to do in the liquidation. We delegate tasks to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed and we supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by our senior staff or us.

All of our staff who work on the liquidation (including our cashiers, support and secretarial staff) charge time directly to the case and are included in any analysis of time charged. Each grade of staff has an hourly charge out rate which is reviewed from time to time. For the avoidance of doubt, work carried out by our cashiers, support and secretarial staff is charged on a time costs basis and is included in the analysis of hourly rates charged by partners or other staff members. Time is charged in three minute units (i.e. 0.05 units). We don't charge general or overhead costs.

We set out below the maximum charge-out rates per hour for the grades of our staff who already or who are likely to work on the liquidation. We call on colleagues in our Tax, VAT, Real Estate and Pensions departments where we need their expert advice. Their specialist charge-out rates vary but the following are the maximum rates by grade per hour. In common with many professional firms, our scale rates may rise to cover annual inflationary cost increases.

| Grade | Maximum rate per hour to 30 June 2020 (£) | Maximum rate per hour from 1 July 2020 (£) | Specialist maximum rate per hour (£) |
|------------------|---|--|--------------------------------------|
| Partner | 910 | 955 | 1,600 |
| Director | 800 | 840 | 1,465 |
| Senior Manager | 695 | 665 | 1,355 |
| Manager | 525 | 575 | 815 |
| Senior Associate | 435 | 465 | 605 |
| Associate | 270 | 297 | 325 |
| Support staff | 140 | 155 | 230 |

Payments to associates

We have paid around £29,000.00 to firms associated with PwC in the period covered by this report. These payments were for legal and technical advice on legal proceedings against MP & Silva Holding S.A. These payments were approved by the liquidation committee as a Category 2 disbursement in September 2019.

Our work in the period

Earlier in this section we have included an analysis of the time spent by the various grades of staff.

Whilst this is not an exhaustive list, in the following table we provide more detail on the key areas of work.

| Area of work | Work undertaken | Why the work was necessary | What, if any, financial benefit the work provided to creditors or whether it was required by statute |
|--------------------------------|--|---|---|
| Accounting and treasury | <ul style="list-style-type: none"> Entering receipts and payments into the accounting system Performing bank account reconciliations Monitoring our accounts for receipt of awaited funds Transferring balances from non ISA accounts to the ISA account | <ul style="list-style-type: none"> To ensure the proper management of the funds of the estate. | <ul style="list-style-type: none"> To ensure the proper management of the funds that will in due course be distributed to creditors. |
| Assets | <ul style="list-style-type: none"> Reviewed interest rate policy of non ISA accounts Reviewed post petition payments with assistance of pre appointment accountant Wrote to Westminster Council on a number of occasions requested refund of post petition payment Appointed a solicitor to recover post petition payment on our behalf Liaise with the Swiss Chambers' Arbitration Institution to ensure refund of deposit | <ul style="list-style-type: none"> To recover the maximum value for assets. | <ul style="list-style-type: none"> To recover the maximum value for assets. |

| | | | |
|---------------------------------|--|---|---|
| | <ul style="list-style-type: none"> • Held regular conference calls and exchanged emails with our lawyers on strategy and progress of Advance Payments matter • Reviewed and approved letters and notices prepared by our lawyers on the Advance Payments matter • Held a conference call with the lawyers representing the most financially significant Advance Payer • Carried out extensive and detailed review of Company records for underlying transaction documents, bank statements and email correspondence to understand the factual and contractual background to the Advance Payments • Reviewed correspondence received from the Advance Payers • Updated internal systems to accurate record of key work streams were maintained. | | |
| Creditors | <ul style="list-style-type: none"> • Receiving and following up creditor enquiries via telephone, email and post • Reviewing and preparing correspondence to creditors and their representatives • Reviewing and processing customer deposit claim forms • Updating our website to include up to date information for creditors | <ul style="list-style-type: none"> • To recover the maximum value for assets. | <ul style="list-style-type: none"> • To realise the maximum funds to be distributed to creditors. |
| Employees & Pensions | <ul style="list-style-type: none"> • Updating internal file system with information regarding former employees • Reviewing and responding to correspondence from the RPS • Arranging for letters to be issued to former employees regarding the unsecured element of their claim • Liaising with our employee specialist team to progress employee claims | <ul style="list-style-type: none"> • To ensure creditors will receive the correct dividend payment | <ul style="list-style-type: none"> • To enable the ultimate payment of a distribution to Unsecured Creditors. • To fulfil our obligations to treat all creditors equally. |
| Investigations | <ul style="list-style-type: none"> • Met with HMRC representatives in our Leeds office • Receiving and following up HMRC enquiries via telephone, email and post • Liaised with third parties to obtain relevant Company records to ensure compliance with HMRC enquiry • Arranged calls and sent emails to former employees of the Company to understand Company affairs • Liaised with our Tax specialists to ensure corporation tax charges applied by HMRC were proper and we were in compliance with HMRC enquiry | <ul style="list-style-type: none"> • To ensure valid claims are admitted for dividend purposes • To distribute funds to the creditors • To provide creditors with information requested. | <ul style="list-style-type: none"> • Dealing the enquiries of statutory bodies • obtaining information to clarify the position of potential assets and liabilities of the Company • To ensure the correct distribution of funds. |

| | | | |
|---------------------------------|--|--|---|
| | <ul style="list-style-type: none"> Receiving and following up EU commission enquiries via telephone, email and post Held conference calls with our lawyers to discuss correspondence received from EU commission and ensure our compliance | | |
| Statutory and compliance | <ul style="list-style-type: none"> Preparation and submission of the latest annual progress report Preparing 6 monthly internal case reviews and arranging for their approval by the Joint Liquidators Filing case records in line with internal policy Filing of appropriate notices at Companies House Dealing with postal correspondence received Updating asset realisation and case costs forecasts to account for new information that comes to light Creating and updating WIP reports on a regular basis Arranging for allocation of funds to internal PwC teams that have assisted with the liquidation Carrying out conflict and independence checks on parties we were considering legal action against Liaising with our finance team to raise invoices in respect of Joint Liquidators' time costs Arranging and providing access to the internal systems to staff on the engagement Preparing and updating a permanent file that contains hard copies of all key documentation | <ul style="list-style-type: none"> To meet the statutory duties of the Liquidators. | <ul style="list-style-type: none"> Statutory duties of the Liquidators. |
| Strategy & Planning | <ul style="list-style-type: none"> Conducting regular reviews of the file to assess case strategy and progress Holding internal meetings to discuss the ongoing progress of the case Maintaining fee budgets & monitoring costs Considering timings for key milestones and key strategic decisions Arranging and holding telephone conferences with our lawyers Reviewing the future work to be undertaken Corresponding with PwC Forensics regarding ongoing requests for data and review of ongoing work streams | <ul style="list-style-type: none"> Consideration of the strategy for ensuring the circa £13.2m advanced payment funds are applied correctly for the benefit of the appropriate creditors To ensure proper management of the liquidation. | <ul style="list-style-type: none"> To ensure orderly management and progression of the case in a cost effective manner |
| Book debt realisations | <ul style="list-style-type: none"> Corresponding with debtors regarding amounts due and our appointment as liquidators Liaising with former employees of the Company to understand | <ul style="list-style-type: none"> To meet the statutory duties of the Liquidators. | <ul style="list-style-type: none"> To realise the maximum funds to be distributed to creditors. |

| | | | |
|------------------------|---|---|---|
| | <ul style="list-style-type: none"> outstanding balances and to locate supporting evidence for the debts Reviewing and assessing debtors ledgers Corresponding with third party agents and PwC Singapore regarding book debt collection strategy and progress Negotiating commission rates with third party agents | | |
| Committees | <ul style="list-style-type: none"> Corresponded with committee members by phone and email Prepared and circulated regular updates to committee | <ul style="list-style-type: none"> To provide creditors with information requested. To ensure proper management of the liquidation. | <ul style="list-style-type: none"> To ensure proper management of the liquidation. |
| Group companies | <ul style="list-style-type: none"> Receiving and following up on overseas entity enquiries via telephone, email and post Challenged the rejection of elements of our claim where appropriate Reviewed bank statements of the Company to evidence our claim Held conference calls with liquidators/bankruptcy administrators of overseas entities Provided access to books and records of the Group's finances to overseas liquidators/bankruptcy administrators to assist them with asset realisation Reviewed reports and other correspondence received regarding dividend prospects Liaised closely with PwC Luxembourg and local bailiff on issuing statutory notices. Monitored the insolvency progression of key overseas entities Liaising with former employees of the Company to understand nature of intra group trading Sought technical and legal advice from PwC Ireland on Irish insolvency rules Reviewing and assessing overseas debtor ledgers Translated correspondence received from overseas office holders into English | <ul style="list-style-type: none"> To recover the maximum value for assets | <ul style="list-style-type: none"> To recover the maximum value for assets |
| Property | <ul style="list-style-type: none"> Issued multiple letters, emails and calls to seek copies of rent invoices from landlord and their solicitors Reviewed rent invoices for improper deductions Arranged redirection of post from previous address of the Company to our Leeds office. | <ul style="list-style-type: none"> To ensure all recoverable amounts are realised; To meet the statutory duties of the Liquidators. | <ul style="list-style-type: none"> Statutory duties of the Liquidators. |

- Updated internal system for latest position on property of Company

Tax & VAT

- Preparation of corporation tax return
 - Reviewed correspondence from HMRC regarding pre appointment tax returns and agreed liability for each years with HMRC
 - Holding telephone conferences with our tax team and case lawyers to discuss tax affairs of the Company
 - Investigated impact of EU Mandatory Disclosure Regime on our obligation as proper office holders and ensured compliance
 - Sought VAT advice on deduction to rent deposit.
 - Issued quarterly VAT returns
 - Deregistered the Company for VAT purposes
- To meet the statutory duties of the Liquidators.
 - To meet the statutory duties of the Liquidators.

Our future work

As noted above, we will be discussing the liquidation strategy with the liquidation committee and issuing a revised remuneration report and fee estimate in the near future. As the estimated future costs could depend on the strategy options being pursued, we have not provided estimates of future costs below, but will do so in our remuneration report.

| Area of work | Work undertaken | Whether or not the work will provide a financial benefit to creditors |
|--------------------------------|---|---|
| Accounting and treasury | <ul style="list-style-type: none"> • Dealing with receipts, payments and journals • Manage the advance payment funds and transfer to the ISA if and when appropriate • Carrying out bank reconciliations • Closure of the bank account | <ul style="list-style-type: none"> • To ensure the proper management of the funds that will in due course be distributed to creditors |
| Advance payer funds | <ul style="list-style-type: none"> • Hold meetings with our lawyers to discuss progress and strategy on Advance Payments matter • Continue to try and get agreement of non-responding Advance Payers • Make application to court to seek direction on ownership of Advance Payment monies should this be necessary • Serve application on the overseas Advanced Payers in accordance with applicable laws • Review filing papers, applications and notices prepared by our lawyers • Deal with any court orders regarding general or specific disclosure of Company records | <ul style="list-style-type: none"> • to establish which parties are beneficially entitled to the Advanced Payment funds • to obtain £13.2m for the benefit of the general body of creditors |

| | | |
|---------------------------------|--|---|
| | <ul style="list-style-type: none"> • Liaise with legal counsel on preparation and review of legal submissions • Attend merits hearing • Should an appeal against an initial judgement be made by any of the Advance Payers, we would take all necessary steps to defend our position on ownership of the Advance Payments | |
| Book debt realisations | <ul style="list-style-type: none"> • Liaise with our agents to ensure recovery of outstanding book debts • Work with former employees, PwC forensics and banks to review books and records relating to outstanding balances | <ul style="list-style-type: none"> • To realise the maximum funds to be distributed to the creditors |
| Group companies | <ul style="list-style-type: none"> • Investigate what value can be recovered for the benefit of the Company • Liaise with liquidators of insolvent group companies to submit claim • Hold regular strategy meetings with our lawyers and local insolvency specialist to decide on next steps • Work with former employees, PwC forensics and banks to review books and records relating to outstanding balances | <ul style="list-style-type: none"> • To realise the maximum funds to be distributed to the creditors |
| Other Assets | <ul style="list-style-type: none"> • Deal with any remaining assets of the Company | <ul style="list-style-type: none"> • To realise the maximum funds to be distributed to the creditors |
| Creditors | <ul style="list-style-type: none"> • Responding to creditors queries • Adjudicate on creditor claims received • Issuing a notice of intended dividend and paying final dividends to Unsecured Creditors | <ul style="list-style-type: none"> • To ensure the correct distribution of funds |
| Employees & Pensions | <ul style="list-style-type: none"> • Respond to queries from former employees | <ul style="list-style-type: none"> • To ensure the correct distribution of funds |
| Investigations | <ul style="list-style-type: none"> • Ensure continued compliance with HMRC tax enquiry • Ad hoc investigatory work as requested by stakeholders with appropriate legal authority | <ul style="list-style-type: none"> • Statutory duties of the Liquidators. |
| Statutory and compliance | <ul style="list-style-type: none"> • Preparing and issuing periodic progress reports to creditors and the registrar • prepare and circulate a second remuneration report • Dealing with books and records prior to closure. • Preparing closure documents and filing the notice of move to dissolution with the Registrar • Closure of internal systems and databases • Maintenance of the website and uploading documents for creditors • Reviewing and updating estimated outcome statement | <ul style="list-style-type: none"> • Statutory duties of the Liquidators |
| Strategy and planning | <ul style="list-style-type: none"> • Holding internal meetings to discuss the ongoing progress of the case • Review of time costs against fees estimate | <ul style="list-style-type: none"> • To ensure orderly management and progression of the case in a cost effective manner |

| | | |
|--------------------|---|---|
| | <ul style="list-style-type: none"> • Discussions on dividend strategy • Planning for the most efficient route for closure | |
| Committees | <ul style="list-style-type: none"> • Prepare committee reports and updates and circulate any required documents after the meeting. • Holding further committee meetings to update with the progress of the liquidation and agree strategy for key matters | <ul style="list-style-type: none"> • To update the committee and ensure creditors are informed of matters. |
| Tax and VAT | <ul style="list-style-type: none"> • Preparation of annual tax computations • Submit VAT periodic VAT 426 to recover VAT • Liaising with HMRC and obtaining tax clearance • Finalise the Company's VAT position | <ul style="list-style-type: none"> • Statutory duties of the Joint Liquidators |

Disbursements

We don't need to get approval to draw expenses or disbursements unless they are for shared or allocated services provided by our own firm, including room hire, document storage, photocopying, communication facilities. These types of expenses are called 'Category 2' disbursements and they must be directly incurred on the case, subject to a reasonable method of calculation and allocation and approved by the same party who approves our fees.

Our expenses policy allows for all properly incurred expenses to be recharged to the liquidation and has been approved by the liquidation committee where required.

The following disbursements arose in the period of this report.

| Category | Policy | Costs incurred (£) |
|--------------|--------------------------------------|--------------------|
| 2 | PwC Luxembourg | 18,899.56 |
| 1 | Travel expenses | 37.11 |
| 1 | Postage expenses | 1,167.13 |
| 1 | Archiving books and records expenses | 215.29 |
| Total | | 20,319.09 |

Our relationships

We have no business or personal relationships with the parties who approve our fees or who provide services to the liquidation where the relationship could give rise to a conflict of interest.

Details of subcontracted work

We instructed the following professionals on this case:

| Service provided | Name of firm /organisation | Reason selected | Basis of fees |
|---|----------------------------|--|--|
| Accounting services, including: <ul style="list-style-type: none"> Assistance with bringing the Company's Tax and VAT position up to date Assistance with book debt collection Obtaining payee details for unfamiliar bank transactions Compliance with ongoing HMRC tax enquiry | Charter Tax | Pre - liquidation accountancy provider with knowledge of and easier access to certain of the accounting records of the Company | Combination of time costs, fixed fee and disbursements |
| Legal services, including: <ul style="list-style-type: none"> General advice regarding advance monies issues General advice regarding matters arising in the liquidation as required Lease forfeiture/surrender | Herbert Smith Freehills | Insolvency expertise | Time costs and disbursements |
| Pre appointment service provider assisting with access to Company records | TSG | Existing commercial relationship with Company, and more efficient access to certain records | A mixture of fixed fee, time costs and disbursements |
| Pre appointment service provider assisting with access to Company records | Xytech Systems | Existing commercial relationship with Company, and more efficient access to certain records | Time costs |
| Insurance | JLT | Industry knowledge and expertise | Agreed premiums |
| Data storage | Iron Mountain | Industry knowledge and expertise | Calculated by applicable rates per unit |
| Legal advice, including: <ul style="list-style-type: none"> preparing the petition paper for MP & SILVA HOLDING S.A Presenting the petition to the local court Registering our the claim of the Company with the court General advice on local insolvency procedures | PwC Luxembourg | Industry knowledge and expertise | Time costs and disbursements |
| Assistance with representation on Irish entity liquidation committee | PwC Eire | Industry knowledge and expertise | Time costs and disbursements |
| Property consulting services, including: <ul style="list-style-type: none"> Potential disposal of leasehold interests Potential disposal of office furniture and equipment | Lambert Smith Hampton | Industry knowledge and expertise | Time costs and disbursements |
| Recovery of post petition payments | Schofield Sweeney LLP | Industry knowledge and expertise | No win no fee basis and percentage of realisations |

Third party book debt collection

Pythagoras Capital
Ltd

Industry knowledge
and expertise

No win no fee basis
and percentage of
realisations

We require all third party professionals to submit time costs analysis and narrative in support of invoices rendered. We undertake the following steps to review professional firms' costs:

- Review amounts charged against the description of work undertaken and the circumstances of the case
- Seek further breakdown of costs and detail of work undertaken where necessary
- Comparisons with upfront budgets
- Review of disbursements claimed
- Ongoing dialogues with regards to the work being performed

We are satisfied that the amounts incurred to date are reasonable in the circumstances of the case

Appendix D: Other information

| | |
|---|---|
| Company's registered name: | MP & SILVA LIMITED |
| Trading name: | MP & Silva |
| Registered number: | 07263750 |
| Registered address: | Central Square, 29 Wellington Street, Leeds, West Yorkshire, LS1 4DL |
| Date of the Liquidators' appointment: | 19 October 2018 |
| Liquidators' names, addresses and contact details: | Zelf Hussain and Michael Jervis, both of PwC LLP, 7 More London, Riverside, London, SE1 2RT |

Appendix E : Group Structure

